GODEWIND IMMOBILIEN AG

Prospectus

for the public offering of

137,500,000 newly issued ordinary registered shares with no par value from a capital increase against contributions in cash resolved by the ordinary general shareholders' meeting of the Company held on February 20, 2018, of which 112,500,000 newly issued ordinary registered shares with no par value in a base deal and up to 25,000,000 newly issued ordinary registered shares with no par value subject to exercise of an upsize option upon decision of the Company in consultation with the Joint Bookrunners on or about March 27, 2018

and at the same time

for the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with additional post-admission obligations (Prime Standard)

of

up to 137,500,000 newly issued ordinary registered shares with no par value from a capital increase against contributions in cash resolved by the ordinary general shareholders' meeting of the Company held on February 20, 2018, of which 112,500,000 newly issued ordinary registered shares with no par value in a base deal and up to 25,000,000 newly issued ordinary registered shares with no par value subject to exercise of an upsize option upon decision of the Company in consultation with the Joint Bookrunners on or about March 27, 2018

and

15,000,000 existing ordinary registered shares with no par value (existing share capital)

each such share with a notional value of EUR 1.00 and full dividend rights from January 1, 2018

of

Godewind Immobilien AG

Hamburg, Germany

Offer Price: EUR 4.00

International Securities Identification Number (ISIN): DE000A2G8XX3
German Securities Identification Number (WKN): A2G8XX
Trading Symbol: GWD

Joint Global Coordinators and Joint Bookrunners

Citi **J.P. Morgan**

Joint Bookrunners

Berenberg **Société Générale**

The date of this prospectus is March 9, 2018

CONTENTS

1. SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as elements ("**Elements**"). These Elements are numbered in Sections A–E (A.1–E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words "not applicable."*

Section A—Introduction and Warnings		
A.1	**Warnings**	This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Godewind Immobilien AG, with its registered office at Am Sandtorkai 77, 20457 Hamburg, Germany, a German stock corporation (*Aktiengesellschaft*) registered with the commercial register maintained by the local court (*Amtsgericht*) in Hamburg, Germany, under HRB 139152 (the "**Company**"), together with Citigroup Global Markets Limited ("**Citi**"), J.P. Morgan Securities plc ("**J.P. Morgan**" and, together with Citi, the "**Joint Global Coordinators**"), Joh. Berenberg Gossler & Co. KG ("**Berenberg**") and Société Générale ("**Société Générale**" and, together with the Joint Global Coordinators and Berenberg, the "**Joint Bookrunners**"), assume responsibility for the contents of this summary, including any translation thereof, pursuant to Section 5(2b) No. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). With regard to the content of this summary, including any translation thereof, civil liability attaches to the persons who have assumed responsibility for the contents of this summary or who have arranged for the issuance, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, all necessary key information.
A.2	**Information regarding the subsequent use of the Prospectus**	Not applicable. Consent regarding the use of the Prospectus for a subsequent resale or placement of the Shares (as defined in Element B.6) has not been granted.

Section B—Issuer		
B.1	**Legal and commercial name**	The legal name of the Company is "Godewind Immobilien AG" and the commercial name of the Company is "Godewind Immobilien".
B.2	**Domicile, legal form, legislation under which the issuer operates, country of incorporation**	The Company has its registered seat in Hamburg with registered office at Am Sandtorkai 77, 20457 Hamburg, Germany, and is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under HRB 139152. The Company is a German stock corporation (*Aktiengesellschaft*) incorporated in Germany and governed by German law, in particular the German Stock Corporation Act (*Aktiengesetz*).

Section B—Issuer		
B.3	**Current operations and principal business activities and principal markets in which the issuer competes**	The Company is a real estate business venture with a strategy to buy, hold, manage and selectively sell commercial real estate assets across Germany. In the medium term the Company plans to build up a commercial real estate portfolio valued at up to EUR 3 billion. Upon completion of the offering the Company intends to invest the proceeds in attractive acquisitions with an estimated asset split of at least 60% office, approximately 20% retail & logistics and approximately 20% in other commercial assets. The vision and strategy will be executed by a skilled and financially committed management team with a proven track record in developing successful listed real estate companies. The Company will focus on generating shareholder value through selected acquisitions of assets across multiple asset classes in order to develop a diversified portfolio. The acquisitions will be split into a three-tier operations strategy where the assets will be categorized into either the cash generating hold portfolio or the value-add portfolio with the potential to be unlocked through the Company's active asset management. A smaller portion of the portfolio will be opportunistically managed to seize market opportunities or monetize value creation. The Company was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law in 2001. In the past, the Company engaged in trading activities in shares of listed holding and real estate companies but had limited business operations of its own. The Company changed its legal form into a stock corporation in 2015. Due to trading losses in the past, the Company has a significant amount of tax loss carry forwards in the form of corporate income tax (*Körperschaftsteuer*) and trade tax (*Gewerbesteuer*) loss carry forwards. The business objective of the Company was changed in 2017 to allow it to acquire commercial real estate with a focus on buying, holding, repositioning and trading commercial property portfolios and assets. The Company expects to commence operations under its amended business objective following completion of the Offering.
B.4a	**Most significant recent trends affecting the issuer and the industry in which it operates**	The Company expects to be most significantly affected by its ability to execute its acquisition strategy, as well as developments in, and related to, the commercial real estate market in Germany. Given the Company's focus on office, retail, logistic and other commercial assets, the Company also expects to be affected by macroeconomic developments such as gross domestic product, interest rates, unemployment rates, purchasing power, inflation, the development of the tertiary economic sector, the number of office workers as well as overall population change. In addition, the Company will be affected by rent levels and vacancy rates in the regions and commercial sectors where it operates.
B.5	**Description of the Group and the issuer's position within the Group**	The Company is the parent company of Godewind Beteiligungsgesellschaft mbH, which was incorporated on March 7, 2018 and is the only subsidiary of the Company.

<table>
<tr><th colspan="3">Section B—Issuer</th></tr>
<tr><td>B.6</td><td>Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital and voting rights</td><td>The following legal entities or persons hold an interest in the Company as of the date of this Prospectus (the "Existing Shareholders"):
<table>
<tr><th></th><th colspan="2">Shareholdings</th></tr>
<tr><th>Name of shareholder or shareholder group</th><th>No-par value Shares</th><th>%</th></tr>
<tr><td>Karl Philipp Ehlerding</td><td>8,994,000</td><td>60</td></tr>
<tr><td>Ehlerding Beteiligungs GmbH</td><td>2,571,000</td><td>17</td></tr>
<tr><td>Petram Beteiligungs GmbH</td><td>1,080,000</td><td>7</td></tr>
<tr><td>Walentina Ehlerding</td><td>735,000</td><td>5</td></tr>
<tr><td>John Frederik Ehlerding</td><td>1,500,000</td><td>10</td></tr>
<tr><td>Baumann Consultants GmbH</td><td>120,000</td><td>1</td></tr>
<tr><td>Free float</td><td>0</td><td>0</td></tr>
<tr><td>Total</td><td>15,000,000</td><td>100</td></tr>
</table></td></tr>
<tr><td></td><td>Voting rights</td><td>Each ordinary registered share with no-par value (auf den Namen lautende Stückaktien) of the Company (all shares of the Company outstanding together, the "Shares" and each such share a "Share") carries one vote at the Company's general shareholders' meeting (Hauptversammlung) (the "General Shareholders' Meeting"). There are no restrictions on voting rights. All Shares have identical voting rights.</td></tr>
<tr><td></td><td>Direct or indirect control over the issuer and nature of such control</td><td>Upon completion of the Offering, the Existing Shareholders will continue to hold 15,000,000 Shares, or 12% of the share capital in a Base Deal Scenario (as defined in E.1) and 10% of the share capital in an Upsize Scenario (as defined in E.1).</td></tr>
<tr><td>B.7</td><td>Selected key historical financial information</td><td>Historical financial information

The financial information in the following tables is taken or derived from the separate 2016 and 2017 audited financial statements of the Company prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") (the "IFRS Financial Statements"). The financial information for 2015 has been taken from the 2015 comparative figures included in the 2016 IFRS Financial Statements.

Where financial information in the following tables is denoted as "audited," it was taken from the IFRS Financial Statements. The label "unaudited" is used in the following tables to indicate financial information that was not taken from the IFRS Financial Statements, but that was either taken or derived from internal accounting records or management reporting systems or is based on calculations of these figures or recomputed from the IFRS Financial Statements.</td></tr>
</table>

Income Statement

The following table shows the income statement and other comprehensive income of the Company for the periods indicated:

	2015	2016	2017
	(audited) in EUR thousands		
Other operating income	42	0	43
Personnel expenses	20	(26)	(8)
Other operating expenses	(134)	(137)	(481)
Net financial profit/loss	59	31	496
Income taxes	1	0	—
Net profit/(loss) for the period	(12)	(133)	50
Unrealized gains from the fair value measurement of securities	4	612	—
Other comprehensive income, net of taxes	4	612	(616)
Reclassification of unrealized gains from the fair value measurement of securities	—	—	(616)
Total comprehensive income	**(8)**	**479**	**(566)**

Statement of Financial Position

The following table shows the statement of financial position of the Company as of the dates indicated:

	As at December 31,		
	2015	2016	2017
	(audited) in EUR thousands		
Assets			
Non-current assets			
Intangible assets	—	2	—
Other non-current receivables	113	107	95
Current assets			
Current income tax receivables	0	1	—
Receivables from related parties	5,621	2,258	—
Securities held as current assets	7	6,068	—
Other current assets	—	—	344
Cash and cash equivalents	50	1,928	19,172
Total assets	**5,791**	**10,365**	**19,611**
Equity and Liabilities			
Equity			
Subscribed capital	500	500	15,000
Capital reserves	0	0	0
Accumulated other comprehensive income	4	616	—
Accumulated retained earnings attributable to shareholders	3,644	3,511	3,561
Total equity	**4,147**	**4,627**	**18,561**
Non-current liabilities			
Provisions for pensions and similar obligations	452	431	374
Current liabilities			
Current income tax liabilities	1	0	—
Trade payables	13	13	668
Liabilities to related parties	1,167	5,253	—
Other current liabilities	10	42	9
Total equity and liabilities	**5,791**	**10,365**	**19,611**

Statement of Cash Flows

The following table shows the statement of cash flows of the Company for the periods indicated:

	For the year ended December 31,		
	2015	2016	2017
		(audited) in EUR thousand	
Net cash flows from operating activities	(125)	(111)	(228)
Net cash flows from investing activities	0	(5,452)	5,966
Net cash flows from financing activities	172	7,441	11,505
Net increase/decrease in cash and cash equivalents	47	1,878	17,243
Cash and cash equivalents at the end of the period	**50**	**1,928**	**19,172**

Significant changes to the issuer's financial condition and operating results during and subsequent to the period covered by the historical key financial information

The following significant changes in the Company's financial condition and results of operations occurred in 2015, 2016 and 2017. Given the limited informational value of the Company's historical financial information in assessing its future business, the Company does not consider these changes to be material.

Total comprehensive income amounted to a loss of EUR 8 thousand in 2015, a gain of EUR 479 thousand in 2016 and a loss of EUR 566 thousand in 2017. The change in total comprehensive income from 2015 to 2016 was mainly due to unrealized gains from the fair value measurement of securities. This change in total comprehensive income from 2016 to 2017 was mainly due to the reclassification of unrealized gains from the fair value measurement of securities due to the sale of securities to net profit for the period.

Assets increased by EUR 4,574 thousand, or 79%, from EUR 5,791 thousand as of December 31, 2015, to EUR 10,365 thousand as of December 31, 2016, which was mainly due to an increase in short-term securities. Assets increased by EUR 9,246 thousand, or 89%, to EUR 19,611 thousand as of December 31, 2017, which was mainly due to the Company's capital increase in cash in December 2017.

Liabilities (consisting of non-current liabilities and current liabilities) increased by EUR 4,094 thousand, or 70%, from EUR 1,644 thousand as of December 31, 2015, to EUR 5,738 thousand as of December 31, 2016, which was mainly due to an increase in liabilities to related parties. Liabilities (consisting of non-current liabilities and current liabilities) decreased by EUR 4,717 thousand, or 82%, to EUR 1,021 thousand as of December 31, 2017, which was mainly due to the repayment of liabilities to related parties.

As a result of the foregoing, equity increased by EUR 480 thousand, or 12%, from EUR 4,147 thousand as of December 31, 2015, to EUR 4,627 thousand as of December 31, 2016. Equity increased by EUR 13,934 thousand, or 301%, to EUR 18,561 thousand as of December 31, 2017.

There have been no significant changes in the Company's financial or trading position between December 31, 2017, and the date of this Prospectus.

Section B—Issuer		
B.8	**Selected key *pro forma* financial information**	Not applicable. No *pro forma* financial information has been prepared by the Company.
B.9	**Profit forecast or estimate**	Not applicable. No profit forecast or profit estimate is presented by the Company.
B.10	**Qualifications in the audit report on the historical financial information**	Not applicable. The audit reports on the historical financial information included in this Prospectus have been issued without qualifications.
B.11	**Insufficiency of the issuer's working capital for its present requirements**	Not applicable. The Company is of the opinion that it is in a position to meet the payment obligations that become due within at least the next twelve months.

Section C—Securities		
C.1	**Type and class of the securities being offered and/or admitted to trading**	This Prospectus relates to the public offering (the "**Offering**") of 137,500,000 ordinary registered shares with no-par value (*auf den Namen lautende Stückaktien*), each such Share with a notional interest of EUR 1.00 in the share capital and with full dividend rights from January 1, 2018, consisting of 137,500,000 newly issued ordinary registered shares with no-par value from a capital increase against contributions in cash (the "**Capital Increase**") resolved by the ordinary General Shareholders' Meeting held on February 20, 2018 (the "**Offer Shares**"). The Offer Shares consist of: • 112,500,000 newly issued ordinary registered shares (the "**Base Shares**"); and • 25,000,000 newly issued ordinary registered shares (the "**Upsize Shares**"). The Company will decide on or about March 27, 2018, after consultation with the Joint Bookrunners and in its free discretion, whether and which amount of the Upsize Shares shall be allocated to investors who have submitted orders during the Offer Period (the "**Upsize Option**"). Furthermore, for the purposes of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with additional post-admission obligations (Prime Standard), this Prospectus covers a total of up to 152,500,000 ordinary registered shares, each such Share with no-par value and a notional interest of EUR 1.00 in the share capital and full dividend rights from January 1, 2018.
	Security identification number	International Securities Identification Number (ISIN): DE000A2G8XX3 German Securities Code (*Wertpapierkennnummer*) (WKN): A2G8XX Trading Symbol: GWD
C.2	**Currency**	Euro.

Section C—Securities		
C.3	**The number of shares issued and fully paid**	The share capital of the Company amounts to EUR 15,000,000 as of the date of this Prospectus. It is divided into 15,000,000 ordinary registered shares with no par value (*auf den Namen lautende Stückaktien*). The share capital of the Company is fully paid in.
	Nominal value	Each of the Shares represents a notional value of EUR 1.00 in the share capital.
C.4	**A description of the rights attached to the securities**	Each of the Shares entitles a shareholder to one vote at the General Shareholders' Meeting. The Offer Shares carry full dividend rights from January 1, 2018 and for all subsequent financial years.
C.5	**Description of any restrictions on the free transferability of the securities**	Not applicable. The Shares are freely transferable in accordance with the legal provisions applicable to registered shares.
C.6	**Application for admission to trading on a regulated market and identity of regulated markets where the securities are to be traded**	On or around March 12, 2018, the Company intends to apply for the admission of the Shares (entire share capital, including the Offer Shares) to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard). The Shares are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) on April 4, 2018 (the "**Listing**"). The decision on the admission of the Shares to trading will be made solely at the discretion of the Frankfurt Stock Exchange. Trading in the Shares on the Frankfurt Stock Exchange is planned to commence on April 5, 2018.
C.7	**Dividend policy**	After initiation and acquisition of first portfolios and assets, the Company intends to target a dividend pay-out of at least 60% of funds from operations I ("**FFO I**"). FFO I represents net income/loss for the respective period adjusted for the result from disposal of investment property, the result from disposal of real estate inventory, the result from the remeasurement of investment property, the gain/loss from the remeasurement of derivates and other effects, as well as deferred taxes and the tax effects from the result of the disposal of investment property and the disposal from real estate inventory as well as adjustments of non-recurring operating income/expenses and tax effects from the settlement of interest swaps. In addition, the Company aims to pay special dividends in the event of material disposals. In case the Company is unable to sign legally binding agreements relating to the acquisition of assets with an acquisition value of more than EUR 500 million within 18 months following the completion of the Offering, the Management Board of the Company (the "**Management Board**") may propose to the Company's shareholders' meeting to reduce the Company's share capital. For legal reasons, this first requires a prior capital increase from the capital reserves, in which the deposits in capital reserves are transferred into share capital. For its part, the capital reduction must comply with legal prerequisites, in particular aimed at the protection of the creditors of the Company. This includes the necessity of following a waiting period of six months from the adoption of the resolution, and the possibility that creditors would require the provision of security by the Company. Alternatively, the Management Board may resolve to dissolve to

Section C—Securities		
		the extent legally permissible the capital reserves (*Kapitalrücklage*) of the Company, convene the General Shareholders' Meeting and propose to resolve on the distribution of an extraordinary dividend of the Company's distributable cash, provided such distribution is in the best interest of the Company and legally feasible. The Company has a contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 KStG) of EUR 133 million, which it expects to allow for the payment of dividends free of German withholding tax (subject to the order of utilization according to Section 27 KStG) until such amounts have been fully utilized. There is no defined expiry date for the contribution account for tax purposes. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the level of distributable profit for the respective year, the Company's results of operations, financial condition, acquisition policy, market developments and capital requirements based on the financial statements of the Company prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as well as shareholders' consent.

Section D—Risks		
Before making a decision on the purchase of the Company's securities, investors should carefully read and consider the following material risk factors. The occurrence of one or more of these risks may, either on its or their own or in combination with other circumstances, materially impair the business activities of the Company and have a material adverse effect on the Company's business, financial position, cash flow and results of operations. The order in which the risks are stated implies neither any information on the probability of occurrence nor on the gravity or significance of individual risks. Apart from these, additional risks and other aspects may be of importance of which the Company has no knowledge at present. Following the occurrence of any of these risks, stock exchange prices of the securities of the Company may decrease and investors could lose the capital invested in whole or in part.		
D.1	**Key risks specific to the issuer and its industry**	• The Company lacks meaningful previous operating and financial history and investors might therefore not be able to assess the Company's prospects. • The Company is dependent on the relationships, skills, expertise and experience in the real estate industry of the members of the management team, and it could be adversely affected by the loss of any members of the management team. • The Company may be unable to identify suitable acquisition opportunities or successfully complete acquisitions. • Before the Company uses the Offering proceeds to conduct acquisitions, it may be exposed to risks common to investing in marketable securities and Company's business strategy is dependent on the amount of proceeds raised in the Offering. • In case the Company is unable to sign legally binding agreements relating to the acquisition of real estate assets, the Company may not be in a position to return the proceeds of the Offering to the shareholders. • The Company is exposed to valuation risks inherent in assessing and executing real estate acquisitions. • The German real estate market is highly competitive. • The Company may be adversely affected by the illiquidity of real estate assets and may be unable to sell real estate assets on favorable terms. • The Company could be subject to liability claims in connection with sold properties. • The current economic environment is characterized by low interest rates and comparatively high valuations of real estate portfolios in Germany, and any change in interest rate may materially affect the valuation of real estate assets. • The Company may be exposed to interest rate risk in managing and disposing of real estate assets or portfolios. • If interest rates change, the market deteriorates, or the Company's rent levels or vacancy levels develop unfavorably, the Company might be required to adjust the current fair values of its real estate which could lead to the recognition of significant book losses. • The Company may be unable to obtain financing, including through any subsequent share offering, if required, to complete real estate acquisitions or to implement operational improvements in the acquired business.

Section D—Risks		
		• The Company will need to hire additional employees in order to successfully implement its acquisition plan and an inability to hire qualified personnel in a timely manner may affect business operations. • The Company will not have control of the persons executing outsourced activities. • The Company could be adversely affected by a deterioration of economic conditions and the business environment in key German regions. • The Company will be subject to risks related to commercial real estate. • An increase in vacancy levels could adversely affect rental income and profitability. • Under certain circumstances, the Company's tax loss carry forwards could be cancelled in full or in part and thus no longer be used in the future or value adjustments would have to be made in respect of capitalized loss carry forwards.
D.3	**Key risks specific to the securities**	• The market price and trading volume of the Shares could fluctuate significantly, resulting in substantial losses. • Future capital measures, such as future offerings of debt or equity securities, could lead to substantial dilution and may adversely affect the market price of the Shares. • The Shares have not been publicly traded yet, and a liquid trading market in the Shares may not develop or may not be sustained. • Investors with a reference currency other than the euro may be subject to foreign exchange risks when investing in the Shares. • The payment of future dividends will depend on the Company's business, financial condition, cash flows and results of operations. • Possible future sales of large numbers of Shares could adversely affect the Company's share price. • The Offering may not take place and investors could therefore lose security commissions already paid and face risks associated with any short selling of the Shares.

Section E—Offer		
E.1	**The total net proceeds**	The Company will receive the proceeds of the Offering resulting from the sale of the Offer Shares after deduction of fees, commissions and costs. The amount of the gross proceeds from the sale of the Offer Shares depends on the number of Offer Shares placed, including Offer Shares that may be sold upon an exercise of the Upsize Option. Assuming in a base deal scenario without exercise of the Upsize Option, 112,500,000 Base Shares are sold in the Offering (the "**Base Deal Scenario**") at the Offer Price of EUR 4.00 (the "**Offer Price**"), the Company's gross proceeds from the Offering would be EUR 450 million. Assuming that the Upsize Option is fully exercised and the maximum number of Offer Shares (137,500,000 Offer Shares) is placed (the "**Upsize Scenario**") at the Offer Price, gross proceeds to the Company would amount to EUR 550 million.

Section E—Offer		
	Estimate of the total expenses of the Offering and listing, including estimated expenses charged to the investor by the issuer	As the costs related to the Offering and the Listing are contingent on the total number of Offer Shares placed in the Offering (including Shares that may be sold upon an exercise of the Upsize Option), which also affects the amount of the Joint Bookrunners' commissions (in particular the payment of the Incentive Fee (as defined below), which depends upon the discretion of the Company), it is not possible as of the date of this Prospectus to reliably predict the exact amount of the costs which have to be borne by the Company. In the Base Deal Scenario, assuming the payment in full of the incentive fee of up to 0.55% of the aggregate gross Offering proceeds excluding the aggregate gross proceeds from the Firm Commitment Shares (defined below) (the "**Incentive Fee**"), the Company estimates that the total costs (excluding tax effects) related to the Offering and the Listing will amount to approximately EUR 12.8 million (of which EUR 0.3 million have already been reflected as deferred expenses and liabilities as of December 31, 2017), including underwriting and placement commissions to be paid to the Joint Bookrunners of up to EUR 11 million. In the Upsize Scenario, assuming the payment in full of the Incentive Fee, the Company estimates that the total costs (excluding tax effects) related to the Offering and the Listing will amount to approximately EUR 15.6 million (of which EUR 0.3 million have already been reflected as deferred expenses and liabilities as of December 31, 2017), including, underwriting and placement commissions to be paid to the Joint Bookrunners of up to EUR 13.8 million. Investors will not be charged with expenses by the Company or the Joint Bookrunners.
	Firm Commitments and Preferential Allocation	Members of the Management Board and Supervisory Board, either directly or through legal entities fully owned by the members of the Management Board or the Supervisory Board (the "**Participation Entities**"), have provided commitments for a total of 12,500,000 Offer Shares (such Offer Shares, the "**Firm Commitment Shares**") at the Offer Price, and such number of Offer Shares will be preferentially allocated to those entities or individuals or other investors procured by them. Mr. Stavros Efremidis has agreed to acquire 3,750,000 Firm Commitment Shares and Mr. Ralf Struckmeyer has agreed to acquire 150,000 Firm Commitment Shares, in each case through their respective Participation Entities. Dr. Bertrand Malmendier (through his Participation Entity) and Dr. Roland Folz have each agreed to acquire 125,000 Firm Commitment Shares. Mr. Karl Ehlerding has provided a commitment for the remaining 8,350,000 Firm Commitment Shares to the extent that they are not acquired by the other members of the Supervisory Board, the members of the Management Board or other investors procured by the members of the Supervisory Board or the Management Board.
E.2a	**Reasons for the Offering, use of proceeds, estimated net amount of proceeds**	The Company intends to use the estimated net proceeds from the sale of the Offer Shares in the amount of approximately EUR 437.5 million in the Base Deal Scenario and in the amount of approximately EUR 534.8 million in the Upsize Scenario (assuming the payment in full of the Incentive Fee) to acquire attractive real estate opportunities with an estimated asset split of at least 60% in office, approximately 20% in retail & logistics and approximately 20% in other commercial real estate assets. The Company will seek to maintain significant flexibility in the execution of its strategy, taking advantage of a variety of real estate acquisition opportunities,

Section E—Offer		
		including single asset purchases, portfolio purchases and the acquisition of participations in publicly and privately held real estate companies. The Company has already identified promising off-market acquisition opportunities. These opportunities include office portfolios with an estimated total value of EUR 1.8 billion, a weighted average lease term (“**WALT**”) of 6.4 years, an annual rental income of EUR 105 million, an average vacancy rate of 10% and an average yield of 5.8%. The Company has also identified off-market retail and logistics opportunities with a total estimated value of EUR 1.9 billion, a WALT of 5.8 years, an annual rental income of EUR 130 million, an average vacancy rate of 8% and a yield of 6.7%. The Company has submitted a non-binding offer with regard to the potential acquisition of a real estate portfolio exceeding the amount of EUR 1 billion. No assurance can be given that any offer the Company has made or will make in respect of any of these identified opportunities will be accepted, that related negotiations will be successful or that the Company will complete any such acquisition. In addition to using the proceeds of the Offering in the execution of its acquisition strategy, the Company intends to enter into financing arrangements in connection with the acquisition of commercial real estate assets and portfolios in the future, while targeting a net loan to-value ratio of between 45% and 55%.
E.3	**Offer conditions**	The Offering consists of (i) an initial public offering of the Offer Shares (a) in Germany and (b) Luxembourg and (ii) a private placement to certain institutional investors in various other jurisdictions outside Germany. In the United States, the Offer Shares will be offered and sold only to persons reasonably believed to be qualified institutional buyers (“**QIBs**”) as defined in Rule 144A (“**Rule 144A**”) under the United States Securities Act of 1933, as amended (the “**Securities Act**”), in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S**”). The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.
	Offer Period	The period during which purchase orders for Offer Shares can be submitted will commence on March 12, 2018, and is expected to end on March 27, 2018 at noon Central European Time (“**CET**”) for retail investors and at 2:00 pm CET for institutional investors (the “**Offering Period**”). Purchase orders are freely revocable until the Offering Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares.
	Offer Price	The Offer Price is EUR 4.00 per Share.
	Amendments to the Term of the Offering	The Company and the Joint Bookrunners reserve the right to reduce or increase the number of Offer Shares and/or to extend or shorten the Offering Period. If the number of Offer Shares and/or the Offering Period (collectively referred to as the “**Offering Terms**”) is or are, as the case may be, changed, the change will be announced on the website of the Company (www.godewind-ag.com) and be published via various media distributed across the entire European Economic Area. To the extent required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), a supplement to this Prospectus will be submitted to the German Federal Financial

Section E—Offer		
		Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*—"**BaFin**") and published after being approved by the BaFin on the website of the Company (www.godewind-ag.com). Any changes of the Offering Terms will also be published by way of a press release, or if required pursuant to Art. 17 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse ("**Market Abuse Regulation**"), an ad-hoc announcement. Investors will not be notified individually. Changes to the Offering Terms will not invalidate purchase orders already submitted. Under the German Securities Prospectus Act, investors that have submitted a purchase order before a supplement is published have the right to revoke their purchase order within two business days after publication of the supplement. The revocation does not require any statement of grounds and is to be declared in text form to the person designated in the supplement as recipient of the revocation. Alternatively, investors that have submitted purchase orders prior to the publication of the supplement may, within two days after the publication of the supplement, change their purchase orders or submit new limited or unlimited purchase orders. In the underwriting agreement entered into by the Company and the Joint Bookrunners for the offer and sale of the Offer Shares in connection with the Offering on March 9, 2018 (the "**Underwriting Agreement**"), the Joint Bookrunners have reserved the right to terminate the Offering under certain circumstances. The Offering may be terminated even after trading has commenced and until the Offer Shares have been delivered in book-entry form in exchange for payment of the Offer Price and the customary securities commissions.
	Delivery and Payment	The Offer Shares allotted will be made available to investors as co-ownership interests in the respective global share certificate. Delivery of the Offer Shares allotted against payment of the Offer Price and the customary securities commissions (*Effektenprovisionen*) payable to the depositary banks is expected to take place on April 5, 2018.
E.4	**Interests material to the issue/offer including conflicting interests**	In connection with the Offering and the admission to trading of the Shares on the Frankfurt Stock Exchange, the Joint Bookrunners have entered into a contractual relationship with the Company. Citi, J.P. Morgan, Berenberg and Société Générale have been appointed by the Company as Joint Bookrunners. The Joint Bookrunners are advising the Company on the Offering and coordinate the structuring and execution of the Offering. In addition, J.P. Morgan has been appointed to act as designated sponsor for the Shares and Citibank, N.A., London Branch has been appointed to act as paying agent. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering. Furthermore, in connection with the Offering, each of the Joint Bookrunners and any of their respective affiliates, acting as investors for their own account, may acquire Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, certain of the Joint Bookrunners or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Joint Bookrunners intends to disclose the extent of any such investment or transactions otherwise than in accordance

Section E—Offer		
		with any legal or regulatory obligation to do so or as disclosed in this Prospectus. Since the Company will receive the net proceeds from the Offering of the Offer Shares and these will strengthen the equity capital basis of the Company, all direct and indirect shareholders with an interest in the Company have an interest in the success of the Offering. Since the Management Board will participate in long-term incentive plans and may be allocated stock options in the Company, they have an interest in the success of the Offering. In addition to the aforementioned interests, there are no interests, including conflicting ones, which are material to the Offering.
E.5	**Name of the person or entity offering to sell the security**	The Offer Shares are offered by the Joint Bookrunners.
	Lock-up agreement: the parties involved; and indication of the period of the lock-up	The Company has agreed with the Joint Bookrunners that until the end of a period of six months following the day of the commencement of trading of the Shares on the Frankfurt Stock Exchange the Company will not: (a) announce or effect an increase of the share capital of the Company out of authorized capital; (b) propose, or initiate any of its shareholders to propose, to its shareholders' meeting to resolve upon an increase of the Company's share capital; (c) announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company; or (d) announce, enter into a transaction or perform any action economically similar to those described above under (a) to (c) without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed. Excluded from the foregoing restrictions are the issuance of (A) the Offer Shares and (B) Shares to employees and members of executive bodies of the Company or its subsidiaries under management participation plans. The Existing Shareholders, Mr. Karl Ehlerding, the Participation Entities and Dr. Roland Folz have agreed, for a period of 360 days following the first day of trading, to neither directly nor indirectly, without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed: (a) offer, pledge, allot, distribute, sell, contract to sell, market, transfer or otherwise dispose of any Shares held by it or other securities of the Company; (b) grant, issue or sell any option or conversion rights on any Shares; (c) purchase any option to sell, grant any option, right or warrant to purchase, transfer to another person or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into Shares), any Shares; or (d) enter into a transaction or perform any action economically similar to those described in (a) through (c) above, in particular enter into any swap or other agreement that transfers to another, in whole or in part,

Section E—Offer		
		the economic risk of ownership of Shares, whether any such transaction is to be settled by delivery of Shares, in cash or otherwise. The Existing Shareholders, Mr. Karl Ehlerding, the Participation Entities and Dr. Roland Folz may, either directly or indirectly, sell, transfer or otherwise dispose of Shares by means of an over-the-counter transaction at any time to their affiliates, provided that such affiliates have agreed in advance to be bound by the foregoing restrictions for the remaining lock-up period. Mr. Karl Philipp Ehlerding and Mr. John Frederik Ehlerding may sell and transfer by means of an over-the-counter transaction at any time under option agreements up to a total of 6,950,000 Shares to the Participation Entities of the Management Board members and up to a further total of 880,000 Shares to certain other investors, without such other investors having to agree to be bound by the restrictions set forth above.
E.6	**Amount and percentage of immediate dilution resulting from the Offering**	The net book value attributable to the shareholders of the Company (which is calculated as follows: total assets (EUR 19,611 thousand) less non-current (EUR 374 thousand) and current liabilities (EUR 676 thousand)) amounted to EUR 18,561 thousand as of December 31, 2017, and would amount to EUR 1.24 per Share, based on 15,000,000 outstanding Shares as of the date of this Prospectus (i.e., prior to the Capital Increase). Assuming a Base Deal Scenario and total Offering and Listing costs of the Company of EUR 12.8 million (of which EUR 0.3 million have already been reflected as deferred expenses and liabilities as of December 31, 2017) the net proceeds to the Company from the issuance of the Offer Shares would amount to approximately EUR 437.5 million. On the assumption that the Base Deal Scenario had been fully implemented by and the Company had already received the net proceeds at December 31, 2017, the carrying amount of the thus-adjusted equity on the Company's statement of financial position as of December 31, 2017, would have been EUR 455.8 million; this corresponds to EUR 3.57 per Share (calculated on the basis of 127,500,000 Shares outstanding after implementation of the Capital Increase). At the Offer Price, that would correspond to a direct dilution of EUR 0.43 (10.6%) per Share for the parties acquiring the Base Shares. Assuming an Upsize Scenario and total Offering and Listing costs of the Company of EUR 15.6 million (of which EUR 0.3 million have already been reflected as deferred expenses and liabilities as of December 31, 2017), the net proceeds to the Company from the issuance of the Offer Shares would amount to approximately EUR 534.8 million. On the assumption that the Offering had been fully implemented by and the Company had already received the net proceeds at December 31, 2017, the carrying amount of the thus-adjusted equity on the Company's statement of financial position as of December 31, 2017, would have been EUR 553.0 million; this corresponds to EUR 3.63 per Share (calculated on the basis of 152,500,000 Shares outstanding after implementation of the Capital Increase). At the Offer Price, that would correspond to a direct dilution of EUR 0.37 (9.3%) per Share for the parties acquiring the Offer Shares.
E.7	**Estimated expenses charged to the investor by the issuer**	Not applicable. Investors will not be charged with expenses by the Company or the Joint Bookrunners in connection with the Offering.

2. DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG DES PROSPEKTS

*Zusammenfassungen bestehen aus geforderten Angaben, die als "**Punkte**" bezeichnet werden. Die Punkte sind in den Abschnitten A–E (A.1–E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art des Wertpapiers und des Emittenten in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art des Wertpapiers und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis "Entfällt".*

Abschnitt A—Einleitung und Warnhinweise		
A.1	**Warnhinweise**	Diese Zusammenfassung sollte als Einführung zu diesem Prospekt (der "**Prospekt**") verstanden werden. Jede Investitionsentscheidung eines Anlegers in Bezug auf die Wertpapiere sollte auf die Prüfung des gesamten Prospekts gestützt werden. Für den Fall, dass vor einem Gericht aufgrund der im Prospekt enthaltenen Informationen Ansprüche geltend gemacht werden, könnte der klagende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedsstaaten des Europäischen Wirtschaftsraums die Kosten der Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die Godewind Immobilien AG mit Sitz Am Sandtorkai 77, 20457 Hamburg, Deutschland, eine deutsche Aktiengesellschaft, eingetragen im Handelsregister des Amtsgerichts Hamburg, Deutschland, unter HRB 139152 (die "**Gesellschaft**"), gemeinsam mit der Citigroup Global Markets Limited ("**Citi**"), der J.P. Morgan Securities plc ("**J.P. Morgan**" und, zusammen mit Citi, die "**Joint Global Coordinators**"), Joh. Berenberg Gossler & Co. KG ("**Berenberg**") und Société Générale ("**Société Générale**" und, zusammen mit den Joint Global Coordinators und Berenberg, die "**Joint Bookrunners**"), übernehmen gemäß § 5 Absatz 2b Nr. 4 Wertpapierprospektgesetz die Verantwortung für diese Zusammenfassung einschließlich etwaiger Übersetzungen hiervon. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich etwaiger Übersetzungen hiervon übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Angabe über die spätere Verwendung des Prospekts**	Entfällt. Es wurde keine Zustimmung zur Verwendung des Prospekts für einen späteren Weiterverkauf oder eine spätere Platzierung der Aktien (wie in Punkt B.6 definiert) erteilt.

Abschnitt B—Emittent		
B.1	**Juristische und kommerzielle Bezeichnung**	Die juristische Bezeichnung der Gesellschaft ist "Godewind Immobilien AG" und die kommerzielle Bezeichnung der Gesellschaft ist "Godewind Immobilien".
B.2	**Sitz, Rechtsform, geltendes Recht unter dem der Emittent operiert, Land der Gründung**	Die Gesellschaft hat ihren Sitz in Hamburg mit der Geschäftsanschrift Am Sandtorkai 77, 20457 Hamburg, Deutschland, und ist im Handelsregister des Amtsgerichts Hamburg, Deutschland, unter HRB 139152 eingetragen. Die Gesellschaft ist eine deutsche Aktiengesellschaft, die in Deutschland gegründet wurde und deutschem Recht, insbesondere dem deutschen Aktiengesetz, unterliegt.

Abschnitt B—Emittent		
B.3	**Derzeitige Geschäftstätigkeit sowie Hauptmärkte, auf denen der Emittent vertreten ist**	Die Gesellschaft ist ein Immobilienunternehmen mit der Strategie, Gewerbeimmobilien in Deutschland zu kaufen, zu halten, zu verwalten und teilweise zu verkaufen. Mittelfristig plant die Gesellschaft, ein Gewerbeimmobilienportfolio mit einem Wert von bis zu EUR 3 Mrd. aufzubauen. Nach Durchführung des Angebots beabsichtigt die Gesellschaft, den Emissionserlös in attraktive Akquisitionen und zwar zu mindestens 60% in Büro-, zu ca. 20% in Geschäfts- und Logistikimmobilien und zu ca. 20% in sonstige gewerbliche Immobilien zu investieren. Dieses Vorhaben und diese Strategie werden von einer erfahrenen und wirtschaftlich beteiligten Geschäftsführung mit einer nachweislichen Erfolgsbilanz beim Aufbau börsennotierter Immobiliengesellschaften umgesetzt. Ein Fokus der Gesellschaft wird darauf liegen durch gezielte Ankäufe von Vermögenswerten verschiedener Vermögenskategorien ein diversifiziertes Portfolio aufzubauen und dadurch einen Wertzuwachs für die Aktionäre zu generieren. Die Ankäufe werden gemäß einer dreistufigen operativen Strategie entweder dem Einnahmen generierenden Bestandsportfolio oder dem Wertschöpfungsportfolio zugeteilt, wobei das Wertschöpfungspotenzial durch das aktive Asset Management der Gesellschaft gehoben werden soll. Ein kleinerer Teil des Portfolios wird opportunistisch gemanaged, um Marktchancen zu nutzen oder Wertschöpfungen zu monetarisieren. Die Gesellschaft wurde 2001 als Gesellschaft mit beschränkter Haftung nach deutschem Recht gegründet. In der Vergangenheit hat die Gesellschaft mit Aktien börsennotierter Holding- und Immobiliengesellschaften gehandelt, war davon abgesehen aber nur eingeschränkt geschäftlich tätig. 2015 hat die Gesellschaft ihre Rechtsform in die einer Aktiengesellschaft geändert. Aufgrund von Handelsverlusten in der Vergangenheit hat die Gesellschaft in erheblichem Umfang körperschaftsteuerliche und gewerbesteuerliche Verlustvorträge. Der Unternehmensgegenstand der Gesellschaft wurde 2017 geändert, um ihr den Erwerb von Gewerbeimmobilien zu ermöglichen, wobei ein besonderer Schwerpunkt der Tätigkeit auf dem Erwerb, dem Halten, der Neupositionierung und dem Handel mit Gewerbeimmobilienportfolios und Vermögenswerten liegt. Die Gesellschaft geht davon aus, dass sie ihre Geschäftstätigkeit entsprechend dem geänderten Unternehmensgegenstand nach Abschluss des Angebots aufnehmen kann.
B.4a	**Wichtigste jüngste Trends, die sich auf den Emittenten und die Branche, in der er tätig ist beziehen**	Die Gesellschaft erwartet, dass sich ihre Fähigkeit, ihre Akquisitionsstrategie umzusetzen sowie Entwicklungen des Gewerbeimmobilienmarkts in Deutschland und damit zusammenhängende Entwicklungen ganz erheblich auf ihre Geschäfte auswirken werden. Da der Schwerpunkt der Geschäftstätigkeit der Gesellschaft auf Büro-, Einzelhandels- und Logistikimmobilien und sonstigen gewerbliche Immobilien liegt, geht sie davon aus, dass makroökonomische Entwicklungen, wie Entwicklung des Bruttosozialprodukts, Zinsraten, Arbeitslosenzahlen, Kaufkraft, Inflation, Entwicklung des tertiären Wirtschaftssektors, Zahl der Büroangestellten sowie der allgemeine Bevölkerungswandel Auswirkungen auf die Gesellschaft haben werden. Auch die Entwicklung des Mietpreisniveaus und der Leerstände in den Regionen und Branchen, in denen die Gesellschaft tätig ist, haben Einfluss auf die Entwicklung der Gesellschaft.
B.5	**Beschreibung der Gruppe und der Stellung des Emittenten in der Gruppe**	Die Gesellschaft ist die Muttergesellschaft der Godewind Beteiligungsgesellschaft mbH, die am 7. März 2018 gegründet wurde und die einzige Tochtergesellschaft der Gesellschaft ist.

<table>
<tr><th colspan="3">Abschnitt B—Emittent</th></tr>
<tr><td>B.6</td><td>Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder Stimmrechte haben</td><td>Die nachfolgenden juristischen und natürlichen Personen halten eine Beteiligung an der Gesellschaft zum Datum des Prospekts (die “Existierenden Aktionäre”):
<table>
<tr><th></th><th colspan="2">Aktienbeteiligungen</th></tr>
<tr><th>Name des Aktionärs oder der Aktionärsgruppe</th><th>Stückaktien</th><th>%</th></tr>
<tr><td>Karl Philipp Ehlerding</td><td>8.994.000</td><td>60</td></tr>
<tr><td>Ehlerding Beteiligungs GmbH</td><td>2.571.000</td><td>17</td></tr>
<tr><td>Petram Beteiligungs GmbH</td><td>1.080.000</td><td>7</td></tr>
<tr><td>Walentina Ehlerding</td><td>735.000</td><td>5</td></tr>
<tr><td>John Frederik Ehlerding</td><td>1.500.000</td><td>10</td></tr>
<tr><td>Baumann Consultants GmbH</td><td>120.000</td><td>1</td></tr>
<tr><td>Streubesitz</td><td>0</td><td>0</td></tr>
<tr><td>Gesamt</td><td>15.000.000</td><td>100</td></tr>
</table></td></tr>
<tr><td></td><td>Stimmrechte</td><td>Jede auf den Namen lautende Stückaktie der Gesellschaft (alle ausgegebenen Aktien der Gesellschaft zusammen die “Aktien” und jeweils einzeln eine “Aktie”) berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft (die “Hauptversammlung”). Es bestehen keine Stimmrechtsbeschränkungen. Alle Aktien haben das gleiche Stimmrecht.</td></tr>
<tr><td></td><td>Unmittelbare oder mittelbare Beherrschung des Emittenten und Art der Beherrschung.</td><td>Nach Abschluss des Angebots werden die Existierenden Aktionäre weiterhin 15.000.000 Aktien oder 12 % des Grundkapitals bei einem Base Deal Szenario (wie in Punkt E.1 definiert) und 10 % des Grundkapitals bei einem Upsize Szenario (wie in Punkt E.1 definiert) der Gesellschaft halten.</td></tr>
<tr><td>B.7</td><td>Ausgewählte wesentliche historische Finanzinformationen.</td><td>Historische Finanzinformationen

Die in den nachfolgenden Tabellen enthaltenen Finanzinformationen sind aus den jeweiligen geprüften Abschlüssen der Gesellschaft für 2016 und 2017 entnommen oder daraus abgeleitet. Diese Abschlüsse wurden in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union Anwendung finden (“IFRS”), erstellt (die “IFRS-Abschlüsse”). Die Finanzinformationen für 2015 wurden dem IFRS-Abschluss 2016 entnommen und stellen die Vorjahresvergleichszahlen für 2015 dar.

Finanzinformationen, die in den folgenden Tabellen als “geprüft” bezeichnet sind, sind den IFRS-Abschlüssen entnommen. Sofern in den folgenden Tabellen die Bezeichnung “ungeprüft” verwendet wird, weist dies darauf hin, dass die jeweiligen Finanzinformationen nicht aus den IFRS-Abschlüssen entnommen wurden, sondern entweder aus dem internen Rechnungswesen beziehungsweise aus der Managementberichterstattung entnommen oder hieraus abgeleitet wurden oder auf Berechnungen dieser Zahlen basieren oder anhand der IFRS-Abschlüsse berechnet wurden.</td></tr>
</table>

Abschnitt B—Emittent

Gesamtergebnisrechnung

Die nachfolgende Tabelle gibt die Gesamtergebnisrechnung der Gesellschaft für die angegebenen Zeiträume wieder:

	2015	2016	2017
	(geprüft) in Euro Tausend		
Sonstige betriebliche Erträge	42	0	43
Personalaufwand	20	(26)	(8)
Sonstige betriebliche Aufwendungen	(134)	(137)	(481)
Finanzergebnis	59	31	496
Ertragssteuern	1	0	—
Periodenergebnis	(12)	(133)	50
Unrealisierte Gewinn aus der Zeitbewertung der Wertpapiere	4	612	—
Sonstiges Ergebnis nach Steuern	4	612	(616)
Umgliederung unrealisierte Gewinne aus der Zeitbewertung der Wertpapiere in den Gewinn oder Verlust	—	—	(616)
Gesamtergebnis	**(8)**	**479**	**(566)**

Finanzinformationen aus der Bilanz

Die nachfolgende Tabelle gibt die Finanzinformationen aus der Bilanz der Gesellschaft zu den angegebenen Stichtagen wieder:

	zum 31. Dezember		
	2015	2016	2017
	(geprüft) in EUR Tausend		
Aktiva			
Langfristige Vermögenswerte			
Immaterielle Vermögenswerte	—	2	—
Sonstige langfristige Forderungen	113	107	95
Kurzfristige Vermögenswerte			
Laufende Ertragssteuerforderungen	0	1	—
Forderungen gegen nahestehende Personen	5.621	2.258	—
kurzfristige Wertpapiere	7	6.068	—
Sonstige Forderungen	—	—	344
Liquide Mittel	50	1.928	19.172
Summe Aktiva	**5.791**	**10.365**	**19.611**
Passiva			
Eigenkapital			
Gezeichnetes Kapital	500	500	15.000
Kapitalrücklage	0	0	0
Andere Rücklagen	4	616	—
kumuliertes Ergebnis	3.644	3.511	3.561
Summe Eigenkapital	**4.147**	**4.627**	**18.561**
Langfristige Schulden			
Rückstellungen für Pensionen und ähnliche Verpflichtungen	452	431	374
Kurzfristige Schulden			
Laufende Ertragssteuerschulden	1	0	—
Verbindlichkeiten aus Lieferungen und Leistungen	13	13	668
Verbindlichkeiten gegenüber nahestehenden Personen und Unternehmen	1.167	5.253	—
Sonstige kurzfristige Verbindlichkeiten	10	42	9
Summe Passiva	**5.791**	**10.365**	**19.611**

Kapitalflussrechnung

Die nachfolgende Tabelle gibt die Informationen aus der Kapitalflussrechnung der Gesellschaft für die angegebenen Zeiträume wieder:

	Für das am 31. Dezember endende Geschäftsjahr		
	2015	2016	2017
		(geprüft) in Euro Tausend	
Cash-Flow aus der betrieblichen Tätigkeit	(125)	(111)	(228)
Cash-Flow aus der Investitionstätigkeit	0	(5.452)	5.966
Cash-Flow aus der Finanzierungstätigkeit	172	7.441	11.505
Zahlungswirksame Veränderungen der liquiden Mittel	47	1.878	17.243
Liquide Mittel am Ende der Periode	**50**	**1.928**	**19.172**

Wesentliche Änderung der Finanzlage und des Betriebsergebnisses des Emittenten in dem oder nach dem von den historischen Finanzinformationen abgedeckten Zeitraums

Die nachstehenden wesentlichen Änderungen der Finanz- und Ertragslage der Gesellschaft sind 2015, 2016 und 2017 eingetreten. Angesichts der beschränkten Aussagekraft der historischen Finanzinformationen für die Beurteilung der künftigen Geschäftstätigkeit der Gesellschaft hält die Gesellschaft die Änderungen insoweit nicht für maßgeblich.

Als Betriebsergebnis ergab sich 2015 ein Verlust von EUR 8 tausend, 2016 ein Gewinn von EUR 479 tausend und 2017 ein Verlust von EUR 566 tausend. Die Veränderung des Betriebsergebnisses für 2015 gegenüber dem Betriebsergebnis für 2016 resultierte hauptsächlich aus unrealisierten Gewinnen aus der Zeitbewertung von Wertpapieren. Die Veränderung des Betriebsergebnisses für 2016 gegenüber dem Betriebsergebnis für 2017 resultierte hauptsächlich aus der Umgliederung unrealisierter Gewinne aus der Zeitbewertung der Wertpapiere infolge der Veräußerung von Wertpapieren in das Periodenergebnis.

Es kam zu einer Zunahme der Aktiva um EUR 4.574 tausend oder 79%, von EUR 5.791 tausend zum 31. Dezember 2015 auf EUR 10.365 tausend zum 31. Dezember 2016, hauptsächlich aufgrund einer Zunahme kurzfristiger Wertpapiere. Es kam zu einer Zunahme der Aktiva um EUR 9.246 tausend oder 89%, auf EUR 19.611 tausend zum 31. Dezember 2017, hauptsächlich aufgrund der Barkapitalerhöhung der Gesellschaft im Dezember 2017.

Es kam zu einer Zunahme der Verbindlichkeiten (bestehend aus langfristigen und kurzfristigen Schulden) um EUR 4.094 tausend oder 70%, von EUR 1.644 tausend zum 31. Dezember 2015 auf EUR 5.738 tausend zum 31. Dezember 2016, hauptsächlich aufgrund einer Zunahme der Verbindlichkeiten gegenüber nahestehenden Personen und Unternehmen. Es kam zu einer Abnahme der Verbindlichkeiten (bestehend aus langfristigen und kurzfristigen Schulden) um EUR 4.717 tausend oder 82%, auf EUR 1.021 tausend zum 31. Dezember 2017, hauptsächlich aufgrund der Rückzahlung von Verbindlichkeiten gegenüber nahestehenden Personen und Unternehmen.

Folglich kam es zu einer Zunahme des Eigenkapitals um EUR 480 tausend oder 12%, von EUR 4.147 tausend zum 31. Dezember 2015 auf EUR 4.627 tausend zum 31. Dezember 2016. Es kam zu einer Zunahme des

Abschnitt B—Emittent		
		Eigenkapitals um EUR 13.934 tausend oder 301%, auf EUR 18.561 tausend zum 31. Dezember 2017. Zwischen dem 31. Dezember 2017 und dem Datum dieses Prospekts haben sich keine wesentlichen Änderungen in der Finanz- oder Handelsposition der Gesellschaft ergeben.
B.8	**Ausgewählte wesentliche Pro-forma Finanzinformationen**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen erstellt.
B.9	**Gewinnprognosen oder Schätzungen**	Entfällt. Die Gesellschaft hat keine Gewinnprognose oder Gewinnschätzung erstellt.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen**	Entfällt. Die in dem Prospekt enthaltenen historischen Finanzinformationen wurden mit uneingeschränkten Bestätigungsvermerken versehen.
B.11	**Nichtausreichen des Geschäftskapitals des Emittenten zur Erfüllung bestehender Anforderungen**	Entfällt. Die Gesellschaft ist der Auffassung, dass sie in der Lage ist, sämtliche Zahlungsverpflichtungen zu erfüllen, die zumindest in den nächsten zwölf Monaten fällig werden.

Abschnitt C—Wertpapiere		
C.1	**Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere**	Dieser Prospekt bezieht sich auf das öffentliche Angebot (das “**Angebot**”) von 137.500.000 auf den Namen lautenden Stückaktien der Gesellschaft, jede solche Aktie mit einem anteiligen Betrag am Grundkapital von EUR 1,00 und voller Dividendenberechtigung ab dem 1. Januar 2018, bestehend aus 137.500.000 neu ausgegebenen, auf den Namen lautenden Stückaktien ohne Nennwert aus einer Kapitalerhöhung gegen Bareinlage (die “**Kapitalerhöhung**”), die von der ordentlichen Hauptversammlung vom 20. Februar 2018 beschlossen wurde (die “**Angebotsaktien**”). Die Angebotsaktien bestehen aus: • 112.500.000 neu ausgegebenen, auf den Namen lautenden Stückaktien (die “**Basis-Aktien**”); und • 25.000.000 neu ausgegebenen, auf den Namen lautenden Stückaktien (die “**Upsize-Aktien**”). Die Gesellschaft entscheidet am oder um den 27. März 2018, nach Abstimmung mit den Joint Bookrunners und nach ihrem freien Ermessen, ob und in welcher Höhe die Upsize-Aktien den Anlegern zugeteilt werden, die während des Angebotszeitraums Angebote unterbreitet haben (die “**Upsize Option**”). Zum Zweck der Zulassung zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse mit weiteren Zulassungsfolgepflichten (Prime Standard) bezieht sich der Prospekt darüber hinaus auf insgesamt bis zu 152.500.000 auf den Namen lautende Stückaktien der Gesellschaft, jede Aktie mit einem anteiligen Betrag am Grundkapital von EUR 1,00 sowie voller Dividendenberechtigung ab dem 1. Januar 2018.

Abschnitt C—Wertpapiere		
	Wertpapierkennung	International Securities Identification Number (ISIN): DE000A2G8XX3 Wertpapierkennnummer (WKN): A2G8XX Börsenkürzel: GWD
C.2	**Währung**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien**	Das Grundkapital der Gesellschaft beträgt zum Datum dieses Prospekts EUR 15,000,000. Es ist in 15,000,000 auf den Namen lautende Stückaktien eingeteilt. Das Grundkapital der Gesellschaft ist voll eingezahlt.
	Nennwert	Jede Aktie repräsentiert einen anteiligen Betrag am Grundkapital von EUR 1,00.
C.4	**Mit den Wertpapieren verbundene Rechte**	Jede Aktie gewährt einem Aktionär eine Stimme in der Hauptversammlung. Die Angebotsaktien sind ab dem 1. Januar 2018 und für alle folgenden Geschäftsjahre voll gewinnberechtigt.
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere**	Entfällt. Die Aktien sind gemäß den gesetzlichen Bestimmungen für Namensaktien frei übertragbar.
C.6	**Antrag auf Zulassung der Wertpapiere zum Handel an einem regulierten Markt und Nennung aller regulierten Märkte, an denen die Wertpapiere gehandelt werden bzw. werden sollen**	Die Gesellschaft beabsichtigt, die Zulassung der Aktien (gesamtes Grundkapital, einschließlich der Angebotsaktien) zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse mit weiteren Zulassungsfolgepflichten (Prime Standard) am oder um den 12. März 2018 zu beantragen. Die Aktien werden voraussichtlich am 4. April 2018 zum Handel im regulierten Markt mit weiteren Zulassungsfolgepflichten (Prime Standard) an der Frankfurter Wertpapierbörse zugelassen (die "**Börsennotierung**"). Die Entscheidung über die Zulassung der Aktien zum Handel liegt ausschließlich im Ermessen der Frankfurter Wertpapierbörse. Die Aufnahme des Handels der Aktien an der Frankfurter Wertpapierbörse ist für den 5. April 2018 geplant.
C.7	**Dividendenpolitik**	Nach einer Einführungsphase und dem Erwerb der ersten Portfolios und der ersten Vermögenswerte wird von der Gesellschaft eine Dividendenausschüttung in Höhe von mindestens 60% des operativen Ergebnisses I (*Funds from Operations I*) ("**FFO I**") angestrebt. Der FFO I entspricht dem Netto-Finanzergebnis für den jeweiligen Zeitraum, bereinigt um das Ergebnis aus der Veräußerung von Anlageobjekten, das Ergebnis aus der Veräußerung von Immobilienbestand, das Ergebnis aus der Neubewertung von Anlageobjekten, das Ergebnis aus der Bewertung von Derivaten und anderen Effekten, sowie latente Steuern und Steuereffekte aus dem Verkauf von Anlageobjekten und Immobilienbestand, nicht wiederkehrende operative Kosten/Einnahmen sowie Steuereffekte aus der Abrechnung von Zinsswaps. Außerdem plant die Gesellschaft bei erheblichen Veräußerungen die Ausschüttung einer Sonderdividende. Falls die Gesellschaft innerhalb von 18 Monaten nach dem Abschluss des Angebots keine rechtlich verbindlichen Verträge über den Erwerb von Immobilien mit einem Anschaffungswert von mehr als EUR 500 Mio. abschließen kann, kann der Vorstand der Gesellschaft (der "**Vorstand**") der Hauptversammlung vorschlagen, die Herabsetzung des Grundkapitals zu

Abschnitt C—Wertpapiere		
		beschließen. Dies erfordert aus rechtlichen Gründen zunächst eine vorherige Kapitalerhöhung aus Gesellschaftsmitteln, bei der die in der Kapitalrücklage gebundenen Einlagen in Stammkapital überführt werden. Die Kapitalherabsetzung erfordert ihrerseits die Einhaltung der gesetzlichen Voraussetzungen, insbesondere hinsichtlich des Gläubigerschutzes. Dies beinhaltet etwa die Notwendigkeit, eine Wartefrist von sechs Monaten ab der Beschlussfassung abzuwarten, sowie die Möglichkeit, dass Gläubiger Sicherheitsleistung von der Gesellschaft verlangen. Alternativ kann der Vorstand auch beschließen, die Kapitalrücklage der Gesellschaft soweit gesetzlich zulässig aufzulösen, die Hauptversammlung einzuberufen und dieser vorzuschlagen, über die Ausschüttung einer außerordentlichen Dividende ausschüttungsfähigen Mittel der Gesellschaft zu beschließen, sofern die Ausschüttung im Interesse der Gesellschaft und rechtlich zulässig ist. Die Gesellschaft hält EUR 133 Mio. auf einem steuerlichen Einlagekonto (gemäß § 27 KStG), aus dem sie voraussichtlich (unter Beachtung der Verwendungsreihenfolge gemäß § 27 KStG) Dividenden ausschütten kann, ohne dass diese der deutschen Quellensteuer unterliegen, bis der entsprechende Betrag vollständig aufgebraucht ist. Es gibt kein Ablauftermin für das Einlagekonto. Künftige Regelungen zu Dividendenausschüttungen werden in Einklang mit den geltenden rechtlichen Bestimmungen getroffen, u.a. abhängig von der Höhe der ausschüttbaren Gewinne für das jeweilige Jahr, dem Betriebsergebnis der Gesellschaft, der Finanzlage, der Akquisitionspolitik, der Marktentwicklung und den Eigenkapitalanforderungen der Gesellschaft gemäß den nach dem Handelsgesetzbuch erstellten Abschlüssen der Gesellschaft sowie von der Zustimmung der Aktionäre.

Abschnitt D—Risiken		
Anleger sollten vor einer Entscheidung über den Kauf der Wertpapiere der Gesellschaft die folgenden wesentlichen Risikofaktoren sorgfältig lesen und bedenken. Der Eintritt eines oder mehrerer dieser Risiken allein oder in Kombination mit anderen Umständen kann die geschäftlichen Tätigkeiten der Gesellschaft wesentlich beeinträchtigen und beträchtliche nachteilige Auswirkungen auf die Geschäfte der Gesellschaft, ihre Finanzlage, ihren Cashflow und ihre Ertragslage haben. Die Reihenfolge, in der die Risiken aufgeführt sind, ist keine implizite Aussage zur Wahrscheinlichkeit des Eintritts einzelner Risiken oder zu deren Schwere oder Bedeutung. Abgesehen davon können weitere Risiken und sonstige Aspekte relevant sein, von denen die Gesellschaft zum gegenwärtigen Zeitpunkt noch keine Kenntnis hat. Nach Eintritt eines der Risiken können die Börsenkurse der Wertpapiere der Gesellschaft sinken, und Anleger könnten das angelegte Kapital ganz oder teilweise verlieren.		
D.1	**Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind**	• Die Gesellschaft verfügt über keine aussagekräftige Unternehmens- oder Finanzgeschichte und Anleger sind daher möglicherweise nicht in der Lage, die Aussichten der Gesellschaft einzuschätzen. • Die Gesellschaft ist auf die Beziehungen, Kompetenzen, Expertise und Erfahrung der Geschäftsführung in der Immobilienindustrie angewiesen und könnte durch den Verlust einer dieser Personen nachteilig beeinträchtigt werden. • Die Gesellschaft ist möglicherweise nicht in der Lage, geeignete Anlagemöglichkeiten zu ermitteln oder Käufe erfolgreich abzuschließen. • Bevor die Gesellschaft die Erlöse aus dem Angebot für Akquisitionen nutzen kann, ist sie möglicherweise den Risiken ausgesetzt, die typischerweise mit einer Anlage in handelbare Wertpapiere verbunden

Abschnitt D—Risiken		
		sind, wobei die diesbezügliche Anlagestrategie der Gesellschaft von der Höhe der mit dem Angebot erzielten Erlöse abhängt. • Falls die Gesellschaft keine rechtlich verbindlichen Verträge über den Erwerb von Vermögenswerten abschließen kann, ist sie möglicherweise nicht in der Lage, den Aktionären die Erlöse aus dem Angebot zurückzuzahlen. • Die Gesellschaft ist Bewertungsrisiken ausgesetzt, die der Beurteilung und Durchführung von Immobilienkäufen immanent sind. • Der deutsche Immobilienmarkt ist sehr wettbewerbsintensiv. • Die Gesellschaft kann durch die Illiquidität von Immobilien beeinträchtigt werden und möglicherweise nicht in der Lage sein, Immobilien zu für sie vorteilhaften Bedingungen zu verkaufen. • Die Gesellschaft könnte im Zusammenhang mit verkauften Immobilien Haftungsansprüchen ausgesetzt sind. • Das derzeitige wirtschaftliche Umfeld ist von niedrigen Zinsen und vergleichsweise hohen Bewertungen von Immobilienportfolios in Deutschland geprägt. Eine Änderung von Zinssätzen kann die Bewertung von Immobilienvermögen erheblich beeinflussen. • Die Gesellschaft kann einem Zinsänderungsrisiko bei der Verwaltung und Veräußerung von Immobilienvermögen oder -portfolios unterliegen. • Im Falle einer Zinssatzänderung, einer Verschlechterung der Marksituation oder einer ungünstigen Entwicklung von Mietpreisniveau und Leerständen könnte die Gesellschaft gezwungen sein, den Zeitwert ihrer Immobilienvermögenswerte anzupassen, was zu erheblichen Buchverlusten führen könnte. • Der Gesellschaft gelingt es möglicherweise nicht, auch nicht durch ein weiteres Aktienangebot, Finanzierungen zu erhalten, die sie für den Ankauf von Immobilien oder zur Umsetzung operativer Verbesserungen im neu erworbenen Geschäft gegebenenfalls benötigt. • Die Gesellschaft wird neue Mitarbeiter einstellen müssen, um ihre Erwerbspläne erfolgreich umsetzen zu können; falls sie nicht in der Lage ist, zeitnah neue qualifizierte Mitarbeiter zu finden, kann dies die geschäftlichen Tätigkeiten der Gesellschaft wesentlich beeinträchtigen. • Die Gesellschaft hat keine Kontrolle über die Personen, die ausgelagerte Tätigkeiten ausführen. • Die Gesellschaft könnte durch eine Verschlechterung der wirtschaftlichen Bedingungen und des Geschäftsumfelds in wichtigen deutschen Regionen beeinträchtigt werden. • Die Gesellschaft ist Risiken im Zusammenhang mit Investitionen in Gewerbeimmobilien ausgesetzt. • Ein Anstieg des Leerstands könnte sich negativ auf die Mieteinnahmen und die Profitabilität auswirken. • In bestimmten Fällen könnten die steuerlichen Verlustvorträge der Gesellschaft ganz oder teilweise aufgehoben werden. Sie könnten dann künftig nicht mehr in Anspruch genommen werden, oder es müssten Wertberichtigungen der aktivierten Verlustvorträge erfolgen.

Abschnitt D—Risiken		
D.3	**Zentrale Risiken, die den Wertpapieren eigen sind**	• Der Marktpreis und das Handelsvolumen der Aktien können deutlich schwanken und zu erheblichen Verlusten führen. • Zukünftige Kapitalmaßnahmen, wie z. B. die zukünftige Ausgabe von Schuldtiteln oder Aktien, können zu einer erheblichen Verwässerung führen und sich negativ auf den Marktpreis der Aktien auswirken. • Die Aktien wurden bislang nicht öffentlich gehandelt und es könnte sein, dass sich kein liquider Markt für den Handel mit den Aktien entwickelt oder aufrechterhalten werden kann. • Anleger mit einer anderen Referenzwährung als dem Euro können bei der Anlage in die Aktien Wechselkursrisiken ausgesetzt sein. • Die Zahlung zukünftiger Dividenden hängt von den Geschäften der Gesellschaft, ihrer Finanzlage, ihrem Cashflow und ihrer Ertragslage ab. • Mögliche zukünftige Verkäufe einer großen Anzahl von Aktien könnten sich nachteilig auf den Börsenkurs der Aktien der Gesellschaft auswirken. • Das Angebot könnte nicht zustande kommen, und Investoren könnten deshalb bereits gezahlte Wertpapierprovisionen verlieren und Risiken ausgesetzt sein, die mit Leerverkäufen der Aktien zusammenhängen.

Abschnitt E—Angebot		
E.1	**Gesamtnettoerlöse**	Die Gesellschaft erhält den Erlös aus dem Angebot, der sich aus dem Verkauf der Angebotsaktien nach Abzug von Gebühren, Provisionen und Kosten ergibt. Die Höhe des Bruttoerlöses aus dem Verkauf der Angebotsaktien hängt von der Anzahl der platzierten Angebotsaktien ab, einschließlich solcher Angebotsaktien, die bei einer Ausübung der Upsize-Option verkauft werden können. Unter der Annahme, dass bei einem Base-Deal Szenario ohne Ausübung der Upsize-Option bei einem Angebot 112.500.000 Base-Aktien (das "**Base-Deal Szenario**") zum Angebotspreis von EUR 4,00 verkauft werden (der "**Angebotspreis**"), würde sich der Bruttoerlös der Gesellschaft in Zusammenhang mit dem Angebot auf EUR 450 Mio. belaufen. Unter der Annahme, dass die die Upsize-Option vollständig ausgeübt und maximale Anzahl der Angebotsaktien (137.500.000 Angebotsaktien) zum Angebotspreis platziert wird (das "**Upsize Szenario**"), würde sich der Bruttoerlös der Gesellschaft auf EUR 550 Mio. belaufen.
	Geschätzte Gesamtkosten der Emission und der Zulassung, einschließlich Schätzung der dem Emittent in Rechnung gestellten Auslagen	Da die mit dem Angebot und der Börsennotierung in Zusammenhang stehenden Kosten von der Gesamtzahl der mit dem Angebot platzierten Angebotsaktien abhängen (einschließlich solcher Aktien, die bei einer Ausübung der Upsize-Option verkauft werden können), die sich auch auf den Betrag der Provisionen der Joint Bookrunners auswirken (insbesondere auf die Zahlung der im Ermessen der Gesellschaft stehenden Erfolgsprovision (wie unten definiert)), ist es zum Datum dieses Prospekts nicht möglich, den exakten Betrag der Kosten, die die Gesellschaft zu tragen haben wird, zuverlässig vorherzusagen. Bei dem Base-Deal Szenario und unter der Annahme einer vollständigen Zahlung der Erfolgsprovision, die bis zu 0,55 % des Bruttogesamterlöses aus dem Angebot abzüglich der Bruttoerlöse aus den Festen Verpflichtungs-

Abschnitt E—Angebot		
		aktien (wie unten definiert) betragen wird (die "**Erfolgsprovision**"), geht die Gesellschaft davon aus, dass die Gesamtkosten (Steuereffekte ausgenommen) in Zusammenhang mit dem Angebot und der Börsennotierung der Aktien—einschließlich der an die Joint Bookrunners zu zahlenden Übernahme- und Platzierungsprovisionen in Höhe von bis zu EUR 11,0 Mio.—etwa EUR 12,8 Mio. betragen werden (von denen bereits EUR 0,3 Mio. zum 31. Dezember 2017 als abgrenzte Kosten und Verbindlichkeiten berücksichtigt worden sind). Unter der Annahme einer vollständigen Zahlung der Erfolgsprovision bei dem Upsize Szenario geht die Gesellschaft davon aus, dass die Gesamtkosten (Steuereffekte ausgenommen) im Zusammenhang mit dem Angebot und der Börsennotierung der Aktien, einschließlich an die Joint Bookrunners zu zahlender Übernahme- und Platzierungsprovisionen in Höhe von bis zu EUR 13,8 Mio., etwa EUR 15,6 Mio. (von denen bereits EUR 0,3 Mio. zum 31. Dezember 2017 als abgrenzte Kosten und Verbindlichkeiten berücksichtigt worden sind) betragen werden. Den Anlegern werden weder von der Gesellschaft noch von den Joint Bookrunners Kosten in Rechnung gestellt.
	Kaufverpflichtung und bevorrechtigte Zuteilung	Die Vorstands- und Aufsichtsratsmitglieder, entweder direkt oder durch juristische Personen, die sich vollständig im Besitz von den Vorstands- oder Aufsichtsratsmitgliedern befinden (die "**Beteiligungsvehikel**"), haben Zusagen für insgesamt 12.500.000 Angebotsaktien abgegeben (diese Angebotsaktien, die "**Festen Verpflichtungsaktien**") zum Angebotspreis, und diese Anzahl von Angebotsaktien wird vorzugsweise jenen juristische Personen oder Einzelpersonen oder anderen von ihnen vermittelten Investoren zugeteilt. Herr Stavros Efremidis hat zugestimmt, 3.750.000 Feste Verpflichtungsaktien zu erwerben und Herr Ralf Struckmeyer hat zugestimmt, 150.000 Feste Verpflichtungsaktien zu erwerben, jeweils über ihre jeweiligen Beteiligungsvehikel. Dr. Bertrand Malmendier (über seine Beteiligungsvehikel) und Dr. Roland Folz haben jeweils zugestimmt, 125.000 Feste Verpflichtungsaktien zu erwerben. Herr Karl Ehlerding hat eine Zusage für die verbleibenden 8.350.000 Festen Verpflichtungsaktien abgegeben, soweit sie nicht von den anderen Mitgliedern des Aufsichtsrats, den Mitgliedern des Vorstands oder anderen von den Mitgliedern des Aufsichtsrats oder des Vorstands vermittelten Investoren erworben werden.
E.2a	**Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse**	Die Gesellschaft beabsichtigt, die geschätzten Nettoerlöse aus dem Verkauf der Angebotsaktien in Höhe von ca. EUR 437,5 Mio. im Hinblick auf das Base-Deal Szenario und in Höhe von ca. EUR 534,8 Mio. im Hinblick auf das Upsize Szenario (unter der Annahme einer vollständigen Zahlung der Erfolgsprovision) in attraktive Immobilienanlagen zu investieren, wobei es sich zu mindestens 60% um Büroimmobilien, zu ca. 20% um Geschäfts- und Logistikimmobilien und zu ca. 20% um sonstige gewerbliche Immobilien handeln wird. Die Gesellschaft plant weiterhin, ihre Strategie mit erheblicher Flexibilität zu verfolgen, indem sie verschiedenste Gelegenheiten zum Erwerb von Immobilien nutzt, so beispielsweise Gelegenheiten zum Ankauf einzelner Vermögenswerte, zum Ankauf von Portfolios und zum Erwerb von Beteiligungen an öffentlichen und privaten Immobiliengesellschaften. Die Gesellschaft hat bereits vielversprechende Chancen zum außerbörslichen Erwerb von Immobilienanlagen ermittelt. Dazu zählen Büroimmobilienportfolios mit einem Gesamtwert von schätzungsweise EUR 1,8 Mrd., einer gewichteten durchschnittlichen Mietlaufzeit (*weighted average lease*

Abschnitt E—Angebot		
		term, "**WALT**") von 6,4 Jahren, jährlichen Mieteinnahmen von EUR 105 Mio., einem durchschnittlichen Leerstand von 10 % und einer durchschnittlichen Rendite von 5,8 %. Zudem sind der Gesellschaft außerbörsliche Anlagemöglichkeiten im Bereich Handel und Logistik mit einem Gesamtwert von schätzungsweise EUR 1,9 Mrd., einer gewichteten durchschnittlichen Mietlaufzeit von 5,8 Jahren, jährlichen Mieteinnahmen von EUR 130 Mio., einem durchschnittlichen Leerstand von 8 % und einer Rendite von 6,7% bekannt. Die Gesellschaft hat ein unverbindliches Angebot zum potenziellen Erwerb eines Immobilienportfolios über mehr als EUR 1 Mrd. vorgelegt. Es kann keine Zusicherung gegeben werden, dass ein Angebot, das die Gesellschaft in Bezug auf eine dieser identifizierten Chancen abgegeben hat oder vornehmen wird, akzeptiert wird, dass entsprechende Verhandlungen erfolgreich sein werden oder dass die Gesellschaft einen solchen Erwerb abschließen wird. Zusätzlich zu den Erlösen aus dem Angebot plant die Gesellschaft bei der Umsetzung ihrer Strategien beim Erwerb von Gewerbeimmobilien und Gewerbeimmobilienportfolios künftig Finanzierungsvereinbarungen abzuschließen, wobei sie einen Netto-Beleihungssatz zwischen 45 % und 55 % anstrebt.
E.3	**Angebotskonditionen**	Das Angebot besteht aus (i) einem erstmaligen öffentlichen Angebot der Angebotsaktien (a) in Deutschland und (b) in Luxemburg und (ii) einer Privatplatzierung an bestimmte institutionelle Investoren in verschiedenen anderen Jurisdiktionen außerhalb von Deutschland. In den Vereinigten Staaten werden die Angebotsaktien nur solchen Personen angeboten und verkauft, bei denen vernünftigerweise davon auszugehen ist, dass es sich um qualifizierte institutionelle Investoren (*qualified institutional buyers*, "**QIBs**") im Sinne von und im Vertrauen auf Rule 144A ("**Rule 144A**") des U.S. Securities Act of 1933, in seiner jeweils gültigen Fassung (der "**Securities Act**"), handelt, oder dass eine sonstige Ausnahme von den Registrierungspflichten des Securities Act vorliegt. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen nach Maßgabe der Regulation S ("**Regulation S**") unter dem Securities Act angeboten und verkauft. Die Angebotsaktien wurden und werden nicht gemäß dem Securities Act oder bei einer Wertpapieraufsichtsbehörde in einem US-Bundesstaat oder einer anderen Stelle innerhalb des Hoheitsgebiets der Vereinigten Staaten registriert.
	Angebotszeitraum	Der Zeitraum, in dem Kaufangebote für die Angebotsaktien unterbreitet werden können, wird am 12. März 2018 beginnen und voraussichtlich am 27. März 2018 um 12:00 Uhr Mitteleuropäischer Zeit ("**MEZ**") für Kleinanleger und um 14:00 Uhr MEZ für institutionelle Anleger (der "**Angebotszeitraum**") enden. Kaufangebote sind bis zum Ablauf des Angebotszeitraums frei widerruflich. Nach der Zuteilung der Angebotsaktien ist ein Widerruf des Kaufangebots ausgeschlossen.
	Angebotspreis	Der Angebotspreis liegt bei EUR 4,00 je Aktie.
	Änderungen der Angebotskonditionen	Die Gesellschaft und die Joint Bookrunners behalten sich das Recht vor, die Anzahl der Angebotsaktien zu erhöhen oder zu reduzieren, und/oder den Angebotszeitraum zu verkürzen oder zu verlängern. Sofern sich die Anzahl der Angebotsaktien, und/oder der Angebotszeitraum (zusammen bezeichnet als die "**Angebotsbedingungen**") ändern, wird diese Änderung auf der Internetseite der Gesellschaft (www.godewind-ag.com) bekannt gegeben

Abschnitt E—Angebot		
		und in verschiedenen Medien im gesamten Europäischen Wirtschaftsraum veröffentlicht. Soweit nach den Vorschriften des deutschen Wertpapierprospektgesetzes erforderlich, wird ein Nachtrag zu dem Prospekt bei der Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") eingereicht und nach Billigung durch die BaFin auf der Internetseite der Gesellschaft (www.godewind-ag.com) veröffentlicht. Änderungen der Angebotsbedingungen werden im Wege einer Pressemitteilung oder, sofern gemäß Art. 17 der Verordnung (EU) Nr. 596/2014 des Europäischen Parlaments und des Rates vom 16. April 2014 über Marktmissbrauch ("**Marktmissbrauchsverordnung**") erforderlich, einer Ad-hoc-Mitteilung veröffentlicht. Anleger werden nicht individuell benachrichtigt. Änderungen der Angebotsbedingungen haben nicht die Unwirksamkeit bereits abgegebener Kaufangebote zur Folge. Gemäß dem deutschen Wertpapierprospektgesetz haben Investoren, die ein Kaufangebot vor Veröffentlichung eines Nachtrags abgegeben haben, das Recht, ihr Kaufangebot innerhalb von zwei Werktagen nach Veröffentlichung des Nachtrags zu widerrufen. Der Widerruf bedarf keiner Begründung und muss in Textform gegenüber der Person, die im Nachtrag als Empfänger des Widerrufs bestimmt ist, erklärt werden. Alternativ können Anleger, die vor Veröffentlichung des Nachtrags ein Kaufangebot abgegeben haben, ihr Kaufangebot innerhalb von zwei Tagen nach Veröffentlichung des Nachtrags ändern oder neue beschränkte oder unbeschränkte Kaufangebote abgeben. Die Joint Bookrunners haben sich in dem Übernahmevertrag über das Angebot und den Verkauf der Angebotsaktien im Zusammenhang mit dem Angebot zwischen der Gesellschaft und den Joint Bookrunners vom 9. März 2018 (der "**Übernahmevertrag**") das Recht vorbehalten, das Angebot unter bestimmten Umständen zu beenden. Das Angebot kann auch nach dem Handelsbeginn und bis zu dem Zeitpunkt beendet werden, in dem die buchmäßige Lieferung der Angebotsaktien im Austausch gegen Zahlung des Angebotspreises sowie der handelsüblichen Effektprovisionen erfolgt ist.
	Lieferung und Zahlung	Die zugeteilten Angebotsaktien werden den Anlegern als Miteigentumsanteile an der Globalurkunde zur Verfügung gestellt. Die zugeteilten Angebotsaktien werden voraussichtlich am 5. April 2018 gegen Zahlung des Angebotspreises sowie der üblichen, an die Depotbanken zu zahlenden Effektprovisionen geliefert.
E.4	**Wesentliche Interessen an der Emission/ dem Angebot, einschließlich kollidierender Interessen**	Im Zusammenhang mit dem Angebot und der Börsennotierung der Aktien an der Frankfurter Wertpapierbörse befinden sich die Joint Bookrunners in einer vertraglichen Beziehung mit der Gesellschaft. Citi, J.P. Morgan, Berenberg und Société Générale wurden durch die Gesellschaft als Joint Bookrunners beauftragt. Die Joint Bookrunners beraten die Gesellschaft im Rahmen des Angebots und koordinieren die Strukturierung und Durchführung des Angebots. Darüber hinaus wurde J.P. Morgan als Designated Sponsor in Bezug auf die Aktien und Citibank N.A., Zweigstelle London als Zahlstelle bestellt. Nach erfolgreicher Durchführung des Angebots werden die Joint Bookrunners eine Provision erhalten. Aufgrund dieser vertraglichen Beziehungen haben die Joint Bookrunners ein finanzielles Interesse am Erfolg des Angebots. Darüber hinaus kann jeder der Joint Bookrunners und jedes der mit ihnen jeweils verbundenen Unternehmen Aktien im Rahmen des Angebots für eigene Rechnung erwerben und diese Aktien oder damit zusammenhängende Anlagen für eigene Rechnung halten, kaufen oder verkaufen und sie können diese Aktien oder anderen Anlagen auch außerhalb des Angebots anbieten und verkaufen. Zudem können die Joint Bookrunners einzeln oder die mit diesen verbundenen Unternehmen Finanzierungsver-

Abschnitt E—Angebot		
		einbarungen (einschließlich Swaps und Differenzkontrakte) mit Investoren abschließen, in deren Zusammenhang die Joint Bookrunners (oder ihre verbundenen Unternehmen) von Zeit zu Zeit Aktien der Gesellschaft erwerben, halten oder veräußern können. Keiner der Joint Bookrunners beabsichtigt, solche Anlagen oder Transaktion in einem weiteren Umfang offenzulegen als demjenigen, zu dem sie aufgrund gesetzlicher oder aufsichtsrechtlicher Vorschriften verpflichtet sind, oder soweit dies in diesem Prospekt offengelegt wird. Da die Gesellschaft die Nettoerlöse aus dem Angebot der Angebotsaktien erhält und diese die Eigenkapitalbasis der Gesellschaft stärken, haben alle Aktionäre, die eine unmittelbare oder mittelbare Beteiligung an der Gesellschaft halten, insbesondere die existierenden Aktionäre der Gesellschaft, ein Interesse am Erfolg des Angebots. Da die Mitglieder des Vorstands an langfristigen Bonusprogrammen teilnehmen und gegebenenfalls Optionen auf Aktien der Gesellschaft erhalten werden, haben sie ein Interesse am Erfolg des Angebots. Zusätzlich zu den vorgenannten Interessen gibt es keine weiteren Interessen, insbesondere keine widerstreitenden Interessen, die in Bezug auf das Angebot erheblich sind.
E.5	**Name der Person/ des Unternehmens, die/das das Wertpapier zum Verkauf anbietet**	Die Angebotsaktien werden von den Joint Bookrunners angeboten.
	Lock-up Vereinbarungen, beteiligte Parteien und Lockup Frist	Die Gesellschaft hat mit den Joint Bookrunners vereinbart, dass die Gesellschaft bis zum Ende eines Zeitraums von sechs Monaten nach dem ersten Handelstag der Aktien an der Frankfurter Wertpapierbörse (a) keine Erhöhung des Grundkapitals der Gesellschaft aus dem genehmigten Kapital ankündigen oder durchführen wird; (b) der Hauptversammlung keinen Beschluss über eine Erhöhung des Grundkapitals der Gesellschaft zur Abstimmung vorlegen wird, und dass sie keinen Aktionär veranlassen wird, einen entsprechenden Beschluss vorzulegen; (c) keine Ausgabe von Wertpapieren mit Wandlungs- oder Optionsrechten an Aktien der Gesellschaft ankündigen, durchführen oder vorschlagen wird; und (d) keine Transaktionen ankündigen oder abschließen oder Handlungen vornehmen wird, die in wirtschaftlicher Hinsicht mit den vorstehend unter (a) bis (c) genannten vergleichbar sind, ohne dass die Joint Global Coordinators im Voraus zugestimmt hätten; die Zustimmung darf nicht ohne angemessenen Grund verweigert oder verzögert werden. Ausgenommen von den vorstehenden Beschränkungen sind die Ausgabe (A) der Angebotsaktien, und (B) von Aktien an Mitarbeiter und Mitglieder von Organen der Gesellschaft oder ihrer Tochtergesellschaften im Rahmen von Managementbeteiligungsplänen. Die Existierenden Aktionäre, Herr Karl Ehlerding, die Beteiligungsvehikel und Dr. Roland Folz haben vereinbart, für einen Zeitraum von 360 Tagen nach dem ersten Handelstag ohne vorherige schriftliche Zustimmung der Joint Global Coordinators, die nicht ohne angemessenen Grund verweigert oder verzögert werden darf, weder unmittelbar noch mittelbar

<table>
<tr><th colspan="3">Abschnitt E—Angebot</th></tr>
<tr><td></td><td></td><td>(a) von ihnen gehaltene Aktien oder andere Wertpapiere der Gesellschaft anzubieten, zu verpfänden, zuzuteilen, zu vertreiben, zu verkaufen, sich vertraglich zu verpflichten, diese zu verkaufen, zu übertragen oder anderweitig darüber zu verfügen;
(b) ein Wandlungs- oder Optionsrecht an Aktien zu gewähren, auszugeben oder zu verkaufen;
(c) eine Option zum Verkauf zu kaufen, eine Option oder ein Recht zum Kauf oder eine Kaufgarantie an Aktien zu gewähren oder Aktien auf andere Weise (insbesondere durch Emission oder Verkauf von Wertpapieren, die in Aktien umgetauscht werden können) unmittelbar oder mittelbar zu übertragen oder darüber zu verfügen; oder
(d) Transaktionen zu vereinbaren oder Handlungen vorzunehmen, die in wirtschaftlicher Hinsicht mit den vorstehend unter (a) bis (c) genannten vergleichbar sind, insbesondere eine Swap- oder sonstige Vereinbarung abzuschließen, die das mit dem Eigentum an den Aktien verbundene wirtschaftliche Risiko ganz oder teilweise an Dritte überträgt, wobei unbeachtlich ist, ob die Erfüllung durch Übertragung von Aktien, Barmitteln oder in sonstiger Weise erfolgt.

Die Existierenden Aktionäre, Herr Karl Ehlerding, die Beteiligungsvehikel und Dr. Roland Folz dürfen Aktien jederzeit im außerbörslichen Handel unmittelbar oder mittelbar an ihre verbundenen Unternehmen verkaufen oder übertragen oder anderweitig zu deren Gunsten darüber verfügen, sofern die verbundenen Unternehmen sich im Voraus verpflichtet haben, sich für die verbleibende Dauer der Lock-up Frist an die vorstehenden Beschränkungen zu halten. Herr Karl Philipp Ehlerding und Herr John Frederik Ehlerding können im Wege einer außerbörslichen Transaktion jederzeit unter Optionsvereinbarungen insgesamt bis zu 6.950.000 Aktien an die Beteiligungsvehikel der Vorstandsmitglieder und darüber insgesamt hinaus bis zu 880.000 Aktien an bestimmte andere Anleger verkaufen, ohne dass diese anderen Anleger zustimmen müssen, an die oben genannten Beschränkungen gebunden zu sein.</td></tr>
<tr><td>E.6</td><td>Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung</td><td>Der Nettobuchwert des auf die Aktionäre entfallenden Eigenkapitals der Gesellschaft (der wie folgt berechnet wird: Gesamtvermögen (EUR 19.611 tausend) abzüglich der lang- (EUR 374 tausend) und kurzfristigen (EUR 676 tausend) Verbindlichkeiten) belief sich zum 31. Dezember 2017 auf EUR 18.561 tausend, und würde, basierend auf 15,000,000 bestehenden Aktien zum Datum der Veröffentlichung des Prospekts (d.h. vor der Kapitalerhöhung), EUR 1.24 pro Aktie entsprechen.

Ausgehend von einem Base-Deal Szenario und Angebots- und Zulassungskosten der Gesellschaft in Höhe von EUR 12,8 Mio. (von denen bereits EUR 0,3 Mio. zum 31. Dezember 2017 als abgrenzte Kosten und Verbindlichkeiten berücksichtigt worden sind), würden sich die Nettoerlöse der Gesellschaft aus der Ausgabe der Angebotsaktien auf rund EUR 437,5 Mio. belaufen. Unter der Annahme, dass das Base-Deal Szenario von der Gesellschaft vollständig durchgeführt wurde und die Gesellschaft die Nettoerlöse bereits zum 31. Dezember 2017 erhalten hätte, würde sich der entsprechend angepasste Buchwert des Eigenkapitals in der Bilanz zum 31. Dezember 2017 auf EUR 455,8 Mio. belaufen; dies entspricht EUR 3,57 pro Aktie (berechnet auf Grundlage von 127.500.000 ausgegebenen Aktien nach Durchführung der Kapitalerhöhung). Zum Angebotspreis würde dies einer unmittelbaren Verwässerung von EUR 0,43 (10,6 %) pro Aktie für Erwerber der Angebotsaktien entsprechen.</td></tr>
</table>

Abschnitt E—Angebot		
		Ausgehend von einem Upsize Szenario und Angebots- und Zulassungskosten der Gesellschaft in Höhe von EUR 15,6 Mio. (von denen bereits EUR 0,3 Mio. zum 31. Dezember 2017 als abgrenzte Kosten und Verbindlichkeiten berücksichtigt worden sind), würde sich der Nettoerlös der Gesellschaft aus dem Verkauf der Angebotsaktien auf rund EUR 534,8 Mio. belaufen. Unter der Annahme, dass das Angebot von der Gesellschaft vollständig durchgeführt wurde und die Gesellschaft den Nettoemissionserlös bereits zum 31. Dezember 2017 erhalten hätte, würde sich der entsprechend angepasste Buchwert des Eigenkapitals in der Bilanz zum 31. Dezember 2017 auf EUR 553,0 Mio. belaufen; dies entspricht EUR 3,63 pro Aktie (berechnet auf Grundlage von 152.500.000 ausgegebenen Aktien nach Durchführung der Kapitalerhöhung). Zum Angebotspreis würde dies einer unmittelbaren Verwässerung von EUR 0,37 (9,3 %) pro Aktie für Erwerber der Angebotsaktien entsprechen.
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten in Rechnung gestellt werden.**	Entfällt. Den Anlegern werden in Zusammenhang mit dem Angebot weder von der Gesellschaft noch von den Joint Bookrunners Kosten in Rechnung gestellt.

3. RISK FACTORS

*An investment in shares of Godewind Immobilien AG (the “**Company**,” and all shares of the Company outstanding together, the “**Shares**” and each share, a “**Share**”) is subject to risks. Potential investors should carefully read and consider the following risks together with the other information provided in the prospectus (the “**Prospectus**”) as well as their personal circumstances prior to making an investment decision with respect to the Shares. The order in which the risks are presented is not an indication of the likelihood of the risks actually occurring or the effects and significance of the individual risks. The following risk factors are based on assumptions which may in hindsight turn out to be incorrect. In addition, other risks and circumstances which the Company is currently unaware of or that the Company currently deems immaterial, alone or together with the following risks, could have a material adverse effect on its business, results of operations, cash flows, financial position and prospects. The occurrence of one or more of these risks, individually or cumulatively, could have a material adverse effect on the business activities of the Company, its business, results of operations, cash flows, financial position and prospects. The market price of the Shares could fall if any or all of these risks were to materialize, and prospective investors could lose all or part of their invested capital.*

3.1 Risks relating to the Company’s planned business

3.1.1 *The Company lacks meaningful previous operating and financial history and investors may therefore be unable to assess the Company’s prospects.*

In the past, the Company engaged in trading activities of shares in listed holding companies and had limited business operations. Under its new management, the Company intends to become an operating company with the strategy to acquire and manage commercial real estate assets and portfolios. The Company’s financial statements relate to a period during which the Company was not fully operational, the Company has no established competitive positioning, and there is no relevant historical data on the Company’s operating performance. As a result, the historical financial information included in this Prospectus is not representative of what the Company’s financial condition, results of operations and cash flows will be in the future. Investors therefore have limited information on which to base an assessment of the Company’s future performance beyond the experience and track record of its management, and the Company’s future financial condition, results of operations and cash flows may differ materially from such assessments.

3.1.2 *The Company is dependent on the relationships, skills, expertise and experience in the real estate industry of the members of the management team, and it could be adversely affected by the loss of any members of the management team.*

The Company’s success depends on the relationships, skills, expertise and experience in the real estate industry of the members of the management team. The Company’s management team is responsible, among other things, for deal sourcing, fund raising and the planning and execution of the Company’s strategies. These management members in particular have a broad network in the real estate and banking industries, which allows the Company to gain insight into developments and acquisition opportunities in the German real estate market. The Company’s future success will depend to a significant extent on the continued service of the members of the Company’s management team and its ability to attract and retain experienced key personnel. Competition for such personnel is intense and the Company may not be successful in attracting and retaining such personnel. The loss of any of the Company’s key personnel may limit its ability to successfully execute its business strategy. As such, the loss of any of these individuals and the Company’s inability to recruit additional key personnel may have a material adverse effect on its business, financial condition and results of operations.

3.1.3 *The Company may be unable to identify suitable acquisition opportunities or successfully complete acquisitions.*

As part of its business strategy, the Company will seek to acquire real estate assets and portfolios in Germany. The Company will only be successful in executing its strategy if it identifies attractive opportunities that are available for purchase at favourable prices. Given the high demand for commercial, office, retail and logistics real estate in Germany, such opportunities may be unavailable. An inability to identify suitable acquisition opportunities would negatively affect the growth of the Company’s business.

In addition, the Company faces competition from others interested in acquiring real estate assets and portfolios in Germany. Competitors with similar strategies may possess greater technical, financial, human and other resources and lower costs of capital than the Company does. This may increase the prices of attractive assets, making it more difficult for the Company to compete and successfully implement its growth strategy. Such competition may cause the Company to be unsuccessful in executing planned acquisitions or may result in an acquisition being made at a significantly higher price than would otherwise have been the case.

Even if the Company identifies suitable acquisition opportunities, the Company may be unsuccessful in its negotiations to complete such acquisitions. If the Company fails to complete an acquisition which it has been pursuing, it may be left with substantial unrecovered transaction costs, potentially including substantial break fees, legal costs or other expenses. Failure to identify suitable acquisition opportunities or to successfully complete acquisitions could therefore have a material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.4 *Before the Company uses the Offering proceeds to conduct acquisitions, it may be exposed to risks common to investing in marketable securities and the Company's business strategy is dependent on the amount of proceeds raised in the Offering.*

The Company intends to use the proceeds of the Offering to implement its initial real estate asset and portfolio acquisition strategy. This may take approximately 18 months to complete, but could take, depending on the market situation, considerably longer. Therefore, before the Company identifies opportunities and executes the acquisitions, the Company may invest the proceeds in short-term marketable financial instruments, the yield of which may be uncertain and would likely depend on the nature of such financial instruments and general market conditions. In addition, the Company's chosen short-term marketable financial instruments may be subject to negative interest rates, which the Company would need to pay primarily from the Offering proceeds.

If the Company fails to raise a sufficient amount of proceeds from the Offering, the Company may not be able to fully implement its business strategy or may be forced to change its business strategy entirely. This could have adverse effects on its results of operations and financial condition.

3.1.5 *In case the Company is unable to sign legally binding agreements relating to the acquisition of assets, the Company may not be in a position to return the proceeds of the Offering to the shareholders.*

In case the Company is unable to sign legally binding agreements relating to the acquisition of assets, the Company may not be in a position to return the proceeds of the Offering to the shareholders within a short period of time or at all. A reduction of the Company's share capital would require the resolution of the Company's shareholders meeting, and will be subject to legal prerequisites, in particular aimed at the protection of the creditors of the Company. This includes the necessity of following a waiting period of six months from the adoption of the resolution, and the possibility that creditors would require the provision of security by the Company. Therefore, the reduction of the share capital may be delayed or not occur at all.

Alternatively, the Management Board may dissolve to the extent legally permissible the capital reserves (*Kapitalrücklage*) of the Company and subsequently propose that the Company's shareholders meeting resolve to distribute the Company's distributable cash to its shareholders by way of an extraordinary dividend. Such distribution would require the resolution of the Company's shareholders meeting.

The payment of any extraordinary dividend will be made in accordance with applicable laws, and will depend upon, among other factors, the possibility to dissolve the capital reserves, the resulting level of distributable profit for the respective year, the Company's results of operations, financial condition, acquisition policy, market developments and capital requirements based on the financial statements of the Company prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*, "**HGB**") as well as shareholders' consent. As a result, the payment of an extraordinary dividend in the event the Company is unable to use the proceeds in the Offering to make commercial real estate acquisitions within the intended timeframe may be delayed or not occur at all.

3.1.6 *The Company is exposed to valuation risks inherent to assessing and executing real estate acquisitions.*

The acquisition of real estate assets or portfolios is subject to uncertainty and risks, including the failure to complete an acquisition despite the Company having already invested significant amounts of time, money and management resources. Acquisitions made by the Company as part of purchasing real estate assets or portfolios could prove unsuccessful in retrospect.

Due to a need to react quickly to attractive opportunities and constraints imposed by the sellers, the Company may be unable to identify and assess all risks associated with acquisitions, including structural, technical and environmental defects, as well as negative tax implications (e.g., liability as purchaser for taxes that have not been paid by the seller of the acquired property). The assumptions on which the valuation of real estate assets or portfolios is based may turn out to be incorrect. In addition, unidentified risks and/or unexpected drawbacks associated with acquisitions could arise that had not been considered in the assumptions and valuation. In such cases, the Company may not be able to reduce the agreed-upon purchase price or claim for damages.

As part of the Company's strategy, the Company will evaluate opportunities available on the real estate market in order to acquire assets or portfolios that could complement the Company's then-existing portfolio. However, the Company could overestimate the earnings potential and potential synergies from acquisitions, in particular in the case of acquisitions of portfolios. The Company may also underestimate the rental and cost risks, including expected demand from tenants for the respective property or portfolio, and consequently pay a purchase price that exceeds a property's or portfolio's actual value. In addition, properties and portfolios could be inaccurately appraised for other reasons, even if they were acquired on the basis of valuation reports and due diligence investigations. Therefore, neither a particular cash flow from rental activities, nor, if applicable, a certain price upon resale can be guaranteed with respect to acquired properties and portfolios. Furthermore, the Company can be obliged to incur further costs in order to fulfil its obligations as a landlord of properties in the then-existing portfolio; therefore additional capital expenditure with respect to acquired properties and portfolios may reduce the Company's cash available for new acquisitions.

Any of these risks in connection with future acquisitions could have material adverse effects on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.7 ***The German real estate market is highly competitive.***

The German real estate market is highly competitive. As a result of consolidation in the German real estate market, some of the Company's competitors benefit from significant economies of scale and have greater financial, technical, marketing and other resources than the Company does, which may create adverse pricing pressures. If the Company is unable to compete effectively in the acquisition, management and disposal of real estate assets or portfolios, its earnings may decline, which may have a material adverse effect on the Company's business, financial condition and results of operations.

3.1.8 ***The Company may be adversely affected by the illiquidity of real estate assets and may be unable to sell real estate assets on favourable terms.***

Real estate is not as liquid as other types of assets. If the Company needed to sell parts of its real estate portfolio to raise cash to support its operations, repay debt or for other reasons, the Company may be unable to quickly do so on favourable terms. If the Company were forced to sell a real estate asset or portfolio, there could be a significant shortfall between the price obtained and the carrying amount of the asset or portfolio sold. Illiquidity in the market for real estate could therefore have a material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.9 ***The Company could be subject to liability claims in connection with sold properties.***

The Company intends to sell properties from its then-existing portfolio on an opportunistic basis as part of its strategy. In connection with property sales, the seller usually makes representations, warranties and negative declarations of knowledge to the purchaser with respect to characteristics of the sold property. The potential liability resulting therefrom usually continues to exist for a period of several years after the sale. The Company could be subject to claims for damages from purchasers, who could assert that the Company has failed to meet its obligations or that its representations were incorrect. Furthermore, the Company could become involved in legal disputes or litigation over such claims. If the Company provides warranties to a purchaser of properties in connection with maintenance and modernization measures, and claims are asserted against the Company because of defects, the Company may not have recourse against the third parties that managed or performed the work. Liabilities for properties that the Company may sell in the future could therefore have a material adverse effect on the Company's business, net assets, financial condition, cash flows or results of operations.

3.1.10 ***The current economic environment is characterized by low interest rates and comparatively high valuations of real estate portfolios in Germany, and any change in interest rate may materially affect the valuation of real estate assets.***

The Company intends to acquire assets in the German real estate market, focusing on commercial, office, retail and logistics assets and portfolios. The real estate market is susceptible to changes in the overall economy. Factors that directly or indirectly affect the overall economy also impact supply and demand for real estate and thereby influence market prices of real estate, rent levels and vacancy rates. The Company's business is therefore highly dependent on macroeconomic and political developments, including changes in legislation, as well as other general trends affecting Germany and the Eurozone.

In recent years, one of the tools used by policymakers to support economic development after the financial crisis was lowering interest rates. Low interest rates have supported demand for real estate, particularly as a result of the availability of inexpensive financing. In addition, the low interest rate environment has increased the popularity of acquisition opportunities that provide stable and largely predictable cash flows, such as real estate in Germany. The availability of inexpensive financing and the increased interest in real estate has resulted in increased property prices.

Eventually the European Central Bank is expected to return to a policy of monetary tightening, including through progressive increases in base interest rates. When interest rates increase, the value of real estate could be adversely affected due to increases in the discount rate and a reduction in the availability of attractive financing options.

Higher interest rates could also increase investors' interest in other assets and decrease their interest in real estate. These factors could lead to a decrease in the value of the Company's real estate assets. A change in interest rates could therefore have a material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.11 *The Company may be exposed to interest rate risk in managing and disposing of real estate assets or portfolios.*

A change in the interest rate environment could also have a negative effect on the chances of successfully selling real estate assets or portfolios. Higher interest rate levels in the future might mean that potential buyers of the properties sold by the Company—provided these buyers plan to finance the purchase with borrowed funds and at a higher interest rate level—will face higher interest charges. A higher interest rate level can make it more difficult to sell real estate because potential buyers are unable to obtain the necessary borrowed funds for financing, or that they are unable to do so to the same extent as before. A change of this nature in the interest rate level could negatively impact the Company's business activities and have a significantly adverse effect on the Company's financial condition and results of operations.

3.1.12 *If interest rates change, the overall real estate market deteriorates, or the Company's rent levels or vacancy levels develop unfavourably, the Company might be required to adjust the current fair values of its real estate assets which could lead to the recognition of significant book losses.*

The Company intends to account for its investment properties (i.e. properties that are held for purposes of earning rental income, for capital appreciation or for both and that are not used by the Company itself) at fair value in accordance with IAS 40 in conjunction with IFRS 13. If one or more of the parameters of the fair value calculation deteriorate, the Company would have to revise downwards the values of the total portfolio on its balance sheets. Interest rates are an important parameter for determining the fair value of the Company's investment properties. Increased interest rates will cause the discount rate used for the internal calculation of the fair value of property to rise, thereby resulting in lower fair values of the Company's property portfolio. Any significant negative fair value adjustments the Company is required to recognize would have significant effects on its net asset value and loan to value ("**LTV**") ratios and could have material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.13 *The Company may be unable to obtain financing, including through any subsequent share offering, if required, to complete real estate acquisitions or to implement operational improvements in the acquired business.*

In the future, it may be necessary or desirable for the Company to raise additional funds. The Company may be unable to obtain debt financing on attractive terms and investors may be unwilling to invest pursuant to a capital increase. To the extent that additional financing is necessary to acquire real estate or manage its then existing portfolio and remains unavailable on acceptable terms, the Company may be compelled to restructure or abandon its acquisition plans, proceed with the acquisitions on less favourable terms or sell a part of its then existing real estate assets, which may reduce the Company's return on its assets.

Even if additional financing is unnecessary to acquire real estate assets, the Company may require financing to implement operational improvements in the acquired assets. Failure to secure additional financing on acceptable terms could therefore have a material adverse effect on the continued development or growth of the Company's business which could have a material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.14 *The Company may be required to comply with restrictive covenants under future financing agreements.*

The Company’s future financing agreements may require compliance with certain general and financial covenants such as LTV ratios, minimum interest or debt-service cover ratios as well as leverage or equity ratios and certain general covenants. A failure to comply with such covenants could cause creditors to terminate loan agreements, declare outstanding loan amounts immediately due and payable, enforce cross-default provisions, or demand extraordinary prepayments, higher interest rates, prepayment penalties or additional security interest. The restrictions imposed by future financing agreements could therefore have a material adverse effect on the Company’s business, net assets, financial condition, cash flows and results of operations.

3.1.15 *The Company will need to hire additional employees in order to successfully implement its acquisition plan and an inability to hire qualified personnel in a timely manner may affect business operations.*

As of the date of this Prospectus, the Company has two employees, not including the members of the Management Board. In addition, the Company has entered into, or expects to enter into in the near term, employment contracts with three additional employees, subject to completion of the Offering. The Company's employees will mainly focus on asset management, administrative, investor relations and financial activities. Subject to the timeframe to realize its targeted acquisition level, the Company plans to hire approximately 50 employees in the near-term to manage its assets and perform other administrative and operational functions. If the Company is unable to successfully hire sufficiently qualified personnel in a timely manner, it may experience delays in implementing its proposed acquisition plan or may face difficulties in managing its then existing real estate assets and portfolios. This could have a material adverse effect on the Company’s business, net assets, financial condition, cash flows and results of operations.

3.1.16 *The Company will not have control of the persons executing outsourced property management activities.*

The Company will rely on third-party service providers to perform property management services, including rent collection, facility management, as well as maintenance and security services. The Company will not have control of the persons carrying out these outsourced activities. Additionally, if it becomes necessary for the Company to replace any third-party service provider, the search for a suitable replacement and subsequent transition may take time, increase costs and adversely affect operations. Failure by third-party service providers to perform their contractual obligations, or inability to replace third-party service providers in a timely manner, could therefore have a material adverse effect on the Company’s operations, financial condition and results of operations.

3.1.17 *The Company could be adversely affected by a deterioration of economic conditions and the business environment in key German regions.*

The Company intends to conduct its operations across various regions in Germany. As a result, localized economic and political developments across Germany as well as other regional trends may have a significant impact on the demand for the Company’s real estate properties and the rents that it will be able to achieve, as well as on the valuation of its properties.

Such local developments may differ considerably from overall developments in Germany, and unfavourable demographic trends, increasing unemployment rates and decreasing purchasing power in particular cities could negatively affect the local real estate market and consequently the Company’s real estate portfolio. For example, if a major employer in a region becomes insolvent or re-locates elsewhere, this could adversely affect the local economy, the value of the Company’s real estate in the area and the rent the Company is able to charge tenants. Negative regional economic and political developments as well as other trends in key regional markets could therefore have a material adverse effect on the Company’s business, net assets, financial condition, cash flows or results of operations.

3.1.18 *The Company will be subject to risks related to commercial real estate.*

The Company’s strategy is to acquire commercial real estate assets and portfolios, which requires particular knowledge and skills and exposes it to certain risks characteristic of the commercial real estate market.

Demand for commercial units tends to be more site and location specific than demand for residential units, which may result in narrower demand for commercial units relative to residential units and may lead to prolonged or permanent vacancies. In addition, the re-leasing of a commercial unit generally takes longer than the re-leasing of a residential unit. The presence of competitive alternatives may affect the Company’s ability to lease space and the level of rents the Company can obtain. If the Company's commercial tenants experience financial distress, they may fail to comply with their contractual obligations, seek concessions in order to continue operations or cease their operations. Also, in the event of an economic crisis, the demand for commercial units may be affected more quickly than the demand for residential units.

In the event of a tenant default or bankruptcy, the Company may experience delays in enforcing its rights as a landlord and may incur substantial costs in protecting its interests and re-leasing its properties, such as renovating the unit to a marketable standard or removing structures of previous tenants that have not been removed according to contractual agreements.

In terms of rent, the risk with respect to commercial tenants is more concentrated, as such leases are for higher amounts than for residential units. If the aforementioned risks materialize, it could have a material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.19 ***An increase in vacancy levels could adversely affect rental income and profitability.***

Vacancy rates in the Company's real estate assets could rise. The resulting decline in rental income, as well as the additional fixed and auxiliary costs that would arise due to the maintenance of vacant real estate units would negatively affect the Company's profitability. In addition, a prolonged period of higher vacancy rates could lower rent levels generally. An increase in vacancy levels could therefore have a material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.20 ***The Company will be exposed to risks related to the structural condition of its properties and their maintenance, repair and modernization and may be burdened with substantial expenses and capital expenditure costs.***

Failure to appropriately maintain the Company's properties could pose a risk to the health and safety of its tenants as well as their employees and customers. Typically, the costs associated with maintaining property conditions to market expectations are borne primarily by the property owner and thus the Company may be burdened with substantial expenses and capital expenditure costs. The Company could incur additional costs if the actual costs of maintaining or refurbishing its properties exceed its estimates, if it is not permitted to raise rents in connection with maintenance and refurbishment measures, or if hidden defects not covered by insurance or contractual warranties are discovered during the maintenance or refurbishment process or if additional spending is required. Maintenance and capital expenditure measures may also be required to meet changing legal, environmental or market requirements (e.g., with regard to health and safety requirements and fire protection).

Any failure to undertake appropriate maintenance and capital expenditure measures could adversely affect the Company's rental income and entitle tenants to withhold or reduce rental payments or even to terminate then existing lease agreements. This could have material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.21 ***Clauses in lease agreements for real estate assets the Company acquires may be invalid and some of these agreements may not fulfil the strict written form requirements under German law.***

Lease agreements for real estate assets the Company acquires will consist largely of standardized contracts in its contractual relationships with a large number of parties, in particular with tenants. Any invalid provisions or ambiguities in standardized contracts can therefore affect a multitude of contractual relationships. Standardized terms under German law are required to comply with the statutory law on general terms and conditions (*Allgemeine Geschäftsbedingungen*), which means that they are subject to fairness control by the courts regarding their content and the way they are presented to the other contractual party. As a general rule, standardized terms are invalid if they are not transparent, unclearly worded, unbalanced or discriminatory. Any standardized clauses in the Company's contracts being invalid could lead to a substantial number of claims being brought against the Company or the Company being forced to bear costs which it had previously considered to be allocable to its contractual counterparties.

The Company expects the real estate assets it acquires to be leased predominantly long term. Pursuant to German law, fixed-term lease agreements with a term exceeding one year can be terminated prior to their contractually agreed expiration date if certain formal requirements are not complied with. These include the requirement of a document that contains all the material terms of the lease agreement, including all attachments and amendments and the signatures of all parties thereto. While the details of the applicable formal requirements are assessed differently by various German courts, most courts agree that such requirements are, in principle, strict. Some lease agreements regarding real estate owned by the Company may not satisfy the strictest interpretations of these requirements. In this case, the respective lease agreement would be deemed to have been concluded for an indefinite term and could therefore be terminated one year after handover of the respective property to the tenant at the earliest, which may result in a significantly shorter term of the lease, provided that the statutory notice period is complied with. Consequently, tenants might attempt to invoke alleged non-compliance with these formal requirements in order to procure an early termination of their lease agreements or a renegotiation of the terms of these lease agreements to the Company's disadvantage.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on the Company's business, net assets, financial condition, cash flows or results of operations.

3.1.22 *The Company could sustain substantial losses from damage not covered by, or exceeding the coverage limits of, its insurance policies.*

The Company intends to insure its properties against losses due to fire, natural hazards and specified other risks. However, insurance policies are subject to exclusions and limitations of liability. The Company may therefore have limited or no coverage for losses that are excluded or that exceed the respective coverage limitations. In addition, the Company's insurance providers could become insolvent. Should an uninsured loss or a loss in excess of the Company's insurance limits occur, the Company could lose capital invested in the affected property as well as anticipated income and capital appreciation from that property. Moreover, the Company may incur further costs to repair damage caused by uninsured risks. Losses not covered by the Company's insurance policies or in excess of coverage limits could therefore have a material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.23 *The Company is in the process of establishing internal organizational structures, in particular a risk management system. During the implementation process or even after the systems are established, the Company may be unable to identify violations of the law or pending economic damage.*

The Company is in the process of establishing risk management and compliance systems to record, quantify, and communicate relevant risks and their causes. The objective is to ensure that necessary countermeasures are initiated at an early stage. However, even if the Company successfully develops a risk management system, the Company's management may fail to recognize risks and negative developments, or may recognize them too late. This could have a material adverse effect on the Company's business, net assets, financial condition, cash flows and results of operations.

3.1.24 *The Company will need to establish IT systems, and any such systems, once established, could malfunction or become impaired or may not sufficiently reflect or support its business decisions and reporting.*

The Company will need to establish IT systems to support its daily operations and business planning. Any interruptions in, failures of or damage to the Company's IT systems could lead to delays or interruptions or errors in the Company's business processes. IT systems may be vulnerable to security breaches and cyber-attacks from unauthorized persons outside and within the Company. The Company may be unable to avoid or address malfunctions or security deficiencies in every case. Interruptions to the Company's IT systems could lead to increased costs and may result in lost rental income and could therefore have a material adverse effect on the Company's business, net assets, financial condition, cash flows, and results of operations or reputation.

3.1.25 *The Company may be adversely affected by changes to the general tax environment in Germany, and in particular changes to the German real estate transfer tax laws.*

The Company is dependent on the general tax environment in Germany. The Company's tax burden depends on various tax laws, as well as their application and interpretation. For instance, increases in the real estate transfer tax rate, as recently experienced in most German states, could make the acquisition and sale of properties more expensive and adversely affect the Company's business. Its tax planning and optimization depends on the current and expected tax environment. Amendments to tax laws may have a retroactive effect and their application or interpretation by tax authorities or courts may change unexpectedly. Furthermore, court decisions are occasionally limited to their specific facts by tax authorities by way of non-application decrees. This may also increase the Company's tax burden. Any tax assessments that deviate from the Company's expectations could lead to an increase in its tax obligations and, additionally, could give rise to interest payable on the additional amount of taxes.

As at December 31, 2017, the Company has significant tax loss carry-forwards of corporate income tax (*Körperschaftsteuer*) and trade tax (*Gewerbesteuer*) of EUR 180 million and EUR 175 million, respectively. The management expects to benefit significantly from its tax loss carry-forwards following the acquisition of real estate assets. In addition, the Company has a contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) of EUR 133 million, which it expects will allow it to pay dividends free of German withholding tax (subject to the order of utilization according to Section 27 KStG) until such amounts have been fully utilized. There is no defined expiry date for the contribution account for tax purposes. However, future adverse changes in German tax laws could prevent the Company and its shareholders from taking advantage of this tax treatment in the future.

Furthermore, future tax audits and other investigations conducted by the competent tax authorities could result in the assessment of additional taxes. In particular, this may be the case with respect to changes in the Company's shareholding structure, other reorganization measures or impairment on properties with regard to which tax authorities could take the view that they ought to be disregarded for tax purposes. Furthermore, expenses could be treated as non-deductible or real estate transfer tax could be assessed. Any of these findings could lead to an increase in the Company's tax obligations and could result in the assessment of penalties.

In addition, it is German market practice for the purchaser of properties to pay real estate transfer tax (*Grunderwerbssteuer*, "**RETT**"). In Germany, RETT levels are determined by the Federal States, while the overall legal framework falls into the competence of the Federal Parliament (*Deutscher Bundestag*), whereby the consent of the Federal States for changing the legal framework would be required (*zustimmungsbedürftiges Gesetz*). The Federal Parliament (*Deutscher Bundestag*) may reduce the legal or economic ownership threshold of currently 95% of the shares or interests in a real-estate holding company upon which RETT is triggered or introduce other amendments to the German RETT regime which may increase the number of transactions which would fall within the scope of the German RETT regime in the future. Besides this, the RETT rate currently varies between 3.5% in Bavaria, for example, and 6.5% in other states. Federal States may increase the RETT in the future. This would increase the acquisition costs for the purchase of corresponding properties.

The Company may become party to tax proceedings. The outcome of such tax proceedings may not be predictable and may turn out to be detrimental to the Company. The materialization of any of these risks could have a material adverse effect on the Company's business, net assets, financial condition, cash flows or results of operations.

3.1.26 *Under certain circumstances, the Company's tax loss carry forwards could be cancelled in full or in part and thus no longer be used in the future or value adjustments would have to be made in respect of capitalized loss carry forwards.*

If, within a five-year period, more than 25% and up to 50% of the Company's subscribed capital, the membership rights, participation rights or voting rights are directly or indirectly transferred to an acquirer or to the acquirer's related parties or to a group of acquirers with similar interests, or if similar circumstances exist (*schädlicher Beteiligungserwerb*), this would result in a proportional reduction of the Company's corporate income tax and trade tax loss carry-forwards under section 8c of the German Corporate Income Tax Act (KStG) or section 10a of the German Trade Tax Act (*Gewerbesteuergesetz*). Such a transfer of greater than 50% within a five-year period would result in a complete loss of the Company's existing corporate income tax and trade tax loss carry-forwards. In addition, value adjustments would have to be made in respect of capitalized losses carried forward. Additionally, certain conversions of corporate form (mergers, spin-offs, splits etc.) can also eliminate tax loss carry-forwards or restrict the ability of the Company to use them. While the Company may have no influence over these circumstances, their materialization could have a material adverse effect on the Company's business, net assets, financial condition, cash flows or results of operations.

3.1.27 *Taxable capital gains arising out of the sale of real estate may not be completely offset by the tax transfer of built-in gains.*

Under the German Income Tax Act (*Einkommensteuergesetz*), the possibility of a tax-neutral transfer of built-in gains (*stille Reserven*) to newly acquired or constructed real estate is available within a certain period of time, subject to certain conditions for a disposal of real estate, for newly acquired or established real estate within a certain period (Section 6b German Income Tax Act (*Einkommensteuergesetz*) in connection with section 8 paragraph 1 sentence 1 KStG). The taxable capital gains realized upon sale of the real estate can either be deducted from the tax base of the new real estate in the same fiscal year or by forming a reserve ("**6b Reserve**") and, for a later deduction in tax costs relating to acquisitions or production, using it to reduce the tax base of new real estate acquired or constructed in the near future; details apply. If the 6b Reserve is not utilized within four years (or, under certain conditions, within six years), then generally it has to be dissolved, thereby increasing the taxable income. In addition, in such case the taxable income is increased by 6% for each full fiscal year for which the 6b Reserve existed.

The Company may dispose of real estate assets in its portfolio in the future. These transactions are generally taxable for income tax purposes. However, subject to certain requirements, this capital gain can be rolled over in an income tax-neutral way according to section 6b of the German Income Tax Act (*Einkommensteuergesetz*) in connection with section 8 paragraph 1 sentence 1 KStG. However, if the Company is unable to transfer built-in gains to offset capital gains that arise from property disposals, this could have material adverse effects on the Company's business, net assets, financial condition, cash flow and results of operations.

3.2 Risks relating to the Offering and the Offer Shares

3.2.1 *The Shares are not yet publicly traded, and there is no guarantee that a liquid market will develop or continue. The market price and trading volume of the Shares could fluctuate significantly, resulting in substantial losses.*

There is currently no market for the Shares. Therefore, investors cannot benefit from information about prior market history when making their decision to invest. Even if an active trading market develops, the trading volume and price of the Shares may fluctuate significantly. If the Share price declines, investors may be unable to resell the Shares at or above their purchase price. No assurance can be given that the Share price will not fluctuate or decline significantly in the future. Securities markets in general, and real estate shares in particular, have been volatile in the past. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, changes in the Company's business activities, failure of securities analysts to cover the Shares following the Offering, additions or departures of key management personnel, investors' evaluation of the success and effects of the strategy described in this Prospectus and evaluation of the related risks, changes in general market and economic conditions, changes in or actions by shareholders, changes in market valuations of similar companies, increases in market interest rates, changes in laws or regulations affecting the German real estate industry or enforcement of these laws and regulations and other factors. Additionally, general fluctuations in share prices, particularly of shares of companies in the same sector, could lead to pressure on the Company's share price, even where there may not necessarily be a reason for this in the Company's business or earnings outlook.

3.2.2 *Future capital measures, such as future offerings of debt or equity securities, could lead to substantial dilution and may adversely affect the market price of the Shares.*

The Company may require additional capital in the future to finance its business operations and growth, such as through the acquisition of major portfolios, or to repay its debts. Both the raising of additional equity through the issuance of new shares and the potential exercise of conversion or option rights by holders of any convertible bonds or bonds with warrants that may be issued in the future may dilute existing shareholders' shareholdings. Because the Company's decision to issue securities in any future offer will depend on market conditions and other factors beyond its control, the Company cannot predict or estimate the amount, timing or nature of future offerings.

In addition, the exercise of stock options by the Company's employees arising from the Company's long-term incentive plan or the issuance of shares to employees or the management could lead to a dilution of the economic and voting rights of existing shareholders. Thus, shareholders bear the risk of the Company's future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

3.2.3 *The Shares have not been publicly traded, and a liquid trading market in the Shares may not develop.*

Prior to this Offering and listing of the Shares, the Shares have not been publicly traded. The Offer Price may not be equivalent to the price at which the Shares will be traded following the Offering and liquid trading may not develop or be sustained following the initial listing of the Shares on the Frankfurt Stock Exchange. Investors may be unable to sell the Shares quickly or at all if no active trading market for the Shares develops.

3.2.4 *Investors with a reference currency other than the euro may be subject to foreign exchange risks when investing in the Shares.*

The Company's equity capital is denominated in euro, and the vast majority of its revenues and expenses will be incurred in euro. Furthermore, all returns will be distributed in euro. If the investor's reference currency is a currency other than the euro, they may be adversely affected by any reduction in the value of euro relative to the investor's reference currency. Investors may also incur the further transaction costs of converting euro into another currency. As a result, investors are strongly urged to consult their financial advisers with a view to determining whether they should enter into hedging transactions to off-set these currency risks.

3.2.5 *The payment of future dividends will depend on the Company's business, financial condition, cash flows and results of operations.*

The Company's general shareholders' meeting (the "**General Shareholders' Meeting**") will decide on matters relating to the payment of future dividends. Such decisions are based on the Company's particular situation at the time, including its earnings, financial and capital expenditure needs, and the availability of distributable balance sheet profit or reserves of the Company. In addition, some future financing arrangements may contain restrictions and covenants relating to leverage ratios and restrictions on dividend distributions upon a breach of any covenant. Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends.

3.2.6 *Possible future sales of large numbers of Shares could adversely affect the Company's share price.*

If shareholders of the Company, for example the Existing Shareholders, sell considerable numbers of Shares, or if market participants were to become convinced that such a sale could occur, there is a possibility that the price of the Company's shares could fall.

3.2.7 *The Offering may not take place and investors could therefore lose security commissions already paid and face risks associated with any short selling of the Shares.*

The underwriting agreement entered into between the Company and the Joint Bookrunners on March 9, 2018 (the "**Underwriting Agreement**") provides that the Joint Bookrunners may terminate the Underwriting Agreement under certain circumstances. In the case of early termination of the Underwriting Agreement, the Offering will not take place. Claims regarding paid commissions and costs incurred in connection with the subscription by an investor will be determined solely on the basis of the legal relationship between the investor and the institution to which the investor submitted its offer to purchase. Allotments to investors which have already been made would be invalid. A claim on the part of the investors for delivery of the Shares will not exist in this case. If an investor has engaged in short sales, the investor bears the risk of not being able to deliver the Shares in performance of its obligations thereunder.

3.2.8 *It is likely that the Company's Offer Shares will be characterized as stock in a "passive foreign investment company" for U.S. federal income tax purposes, which generally could have materially adverse tax consequences to investors that are subject to U.S. taxation.*

It is likely that the Company will be classified as a passive foreign investment company (a "**PFIC**"). If the Company is a PFIC for any taxable year during which U.S. Holders own Offer Shares, U.S. Holders may be subject to materially adverse tax consequences, including (i) U.S. Holders may incur significant additional U.S. federal income taxes on income resulting from distributions on, or any gain from the disposition of, Offer Shares and (ii) dividends paid by the Company would not be eligible for preferential individual rates of U.S. federal income tax.

A "U.S. Holder" is a beneficial owner of Offer Shares that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons (as defined in the U.S. Internal Revenue Code of 1986, as amended) have the authority to control all of the substantial decisions of such trust. Prospective U.S. Holders are urged to consult their own tax advisers about the consequences of holding Offers Shares if the Company is considered a PFIC in any taxable year.

3.2.9 *The Company may become subject to the requirements of the Investment Company Act of 1940, which would limit the Company's business operations.*

The U.S. Investment Company Act of 1940 (the "**Investment Company Act**") defines an "investment company" as an issuer that is engaged in the business of investing, reinvesting, owning, holding or trading in securities and owns investment securities having a value exceeding 40% of the issuer's unconsolidated assets, excluding cash items and securities issued by the U.S. government. A violation of the Investment Company Act has significant consequences. For example, the Investment Company Act provides that a contract made, or whose performance involves, a violation of the Investment Company Act is unenforceable by either party.

The Company currently does not own any operating assets. Following the Offering, the Company plans to invest the Offering proceeds in accordance with its business plan to acquire and manage predominantly commercial real estate assets and portfolios in the German market. However, until the Company has identified suitable investments that fit its business plan, the Company may invest the proceeds raised in the Offering in assets that might constitute investment securities for purposes of the Investment Company Act. As a result, the Company could become an inadvertent investment company under the Investment Company Act.

Rule 3a-2 under the Investment Company Act provides that inadvertent or transient investment companies will not be treated as investment companies subject to the provisions of the Investment Company Act provided the issuer has the requisite intent to be engaged in a non-investment business, evidenced by the issuer's business activities and an appropriate resolution of the issuer's management board (*Vorstand*), within one year from the commencement of the earlier of (1) the date on which the issuer owns securities and/or cash having a value exceeding 50% of the value of such issuer's total assets on either a consolidated or unconsolidated basis, or (2) the date on which an issuer owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

To the extent that the Company is unsuccessful in executing its business plan and fails to invest the proceeds raised in the Offering in assets other than investment securities within the one-year timeframe set forth in the Investment Company Act, there would be a risk that the Company would be characterized as an inadvertent investment company. If the Company becomes an inadvertent investment company, and fails to meet the requirements of the transient investment company exemption under Rule 3a-2 under the Investment Company Act, then it would be required to register as an investment company with the U.S. Securities and Exchange Commission, which is neither practical nor advisable due to the restrictions such registration would have on the Company's business and the substantial cost of compliance. If the Company became subject to the Investment Company Act at some point in the future, its ability to continue pursuing its business plan would be severely limited. This could lead to a substantial loss on an investment in the Offer Shares and could severely depress the price at which the Offer Shares can be traded.

4. GENERAL INFORMATION

4.1 Responsibility for the contents of this Prospectus

Godewind Immobilien AG, with its registered seat in Hamburg with registered office at Am Sandtorkai 77, 20457, Hamburg, Germany, a German stock corporation (*Aktiengesellschaft*) registered with the commercial register maintained by the local court (*Amtsgericht*) in Hamburg, Germany, under HRB 139152 (the "**Company**,"), together with Citigroup Global Markets Limited ("**Citi**"), J.P. Morgan Securities plc ("**J.P. Morgan**" and together with Citi, the "**Joint Global Coordinators**"), Joh. Berenberg Gossler & Co. KG ("**Berenberg**") and Société Générale ("**Société Générale**" and, together with the Joint Global Coordinators and Berenberg, the "**Joint Bookrunners**"), assume responsibility for the content of this Prospectus pursuant to Section 5 (4) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and hereby declare that, to the best of their knowledge, the information contained in this Prospectus is correct and contains no material omissions.

The information in this Prospectus will not be updated subsequent to the date of this Prospectus except for any significant new event or significant error or inaccuracy relating to the information contained in this Prospectus that may affect an assessment of the Shares and occurs or comes to light following the approval of this Prospectus, but before the completion of the public offering or introduction of the Shares to trading, whichever is later. These updates must be disclosed in a supplement to this Prospectus in accordance with Section 16(1) Sentence 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the respective national legislation of the relevant Member State of the European Economic Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

4.2 Subject matter of this Prospectus

This Prospectus relates to the public offering (the "**Offering**") of 137,500,000 ordinary registered shares with no-par value (*auf den Namen lautende Stückaktien*), each such Share with a notional interest of EUR 1.00 in the share capital and with full dividend rights from January 1, 2018, consisting of 137,500,000 newly issued ordinary registered shares with no-par value from a capital increase against contributions in cash (the "**Capital Increase**") resolved by the ordinary General Shareholders' Meeting held on February 20, 2018 (the "**Offer Shares**"). The Offer Shares consist of:

- 112,500,000 newly issued ordinary registered shares (the "**Base Shares**"); and
- 25,000,000 newly issued ordinary registered shares (the "**Upsize Shares**").

The Company will decide on or about March 27, 2018, after consultation with the Joint Bookrunners and in its free discretion, whether and which amount of the Upsize Shares shall be allocated to investors who have submitted orders during the Offer Period (the "**Upsize Option**").

Furthermore, for the purposes of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with additional post-admission obligations (Prime Standard), this Prospectus relates to up to 152,500,000 ordinary registered shares of the Company (entire share capital, including the Offer Shares), each such share with no-par value and a notional interest of EUR 1.00 in the share capital and full dividend rights from January 1, 2018.

4.3 Forward-looking statements

This Prospectus contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on future earnings capacity, plans and expectations regarding the Company's business, growth and profitability, as well as the general economic and legal conditions and other factors to which the Company is exposed. Statements made using words such as "predicts," "forecasts," "plans," "endeavors" or "expects" may be an indication of forward-looking statements.

Forward-looking statements in this Prospectus relate to, *inter alia*:

- the implementation of the Company's strategic plans and the impact of these plans on its business, financial position, cash flows and results of operations;
- the Company's expectations regarding the impact of economic, operating, legal and other risks affecting its business; and

- other statements relating to the Company's future business performance and general economic, regulatory and market trends and other circumstances relevant to its business.

The forward-looking statements contained in this Prospectus are based on the Company's current estimates and assessments made to its best present knowledge. These forward-looking statements, which merely reflect the Company's opinion at the present time with respect to future events, are based on assumptions and are subject to risks, uncertainties and other factors, the occurrence or non-occurrence of which could cause actual circumstances—including with regard to the assets, financial position and results of operations as well as profitability of the Company—to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in this Prospectus, particularly in the sections entitled "*3. Risk Factors*," "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*13. Proposed Business.*" Even if future results of the Company meet the expectations expressed herein, they may not be indicative of the results of any following periods.

In light of the uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus may not occur or may differ materially from actual events. In addition, the forward-looking estimates and forecasts included in this Prospectus from third-party reports could prove to be inaccurate (see "*4.4 Information from third parties and Company estimates*.").

The business of the Company is subject to risks and uncertainties which may render a forward-looking statement, assessment or forecast incorrect. These risks (described in more detail in section "3. *Risk Factors*"), uncertainties, assumptions and other factors, include in particular:

- changes in the competitive environment, including changes in the level of construction activity relating to commercial real estate;
- changes in demand for commercial, office, retail and logistics properties;
- changes in general economic conditions in Germany, including changes in the unemployment rate, the level of consumer prices, wage levels etc.;
- demographic changes, in particular with respect to Germany;
- changes affecting interest rate levels;
- political changes;
- changes to the taxation of corporations;
- changes in laws and regulations, in particular tenancy and environmental laws and regulations;

and other factors described in this Prospectus.

Investors should therefore ensure that they have read the sections of this Prospectus "*3. Risk Factors*," "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*," and "*13. Proposed Business,*" which include more detailed descriptions of factors that could influence the Company's business performance and the markets in which it operates.

The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. It should be noted that neither the Company nor any of the Joint Bookrunners assume any obligation and do not intend, except as required by law, to publicly release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or to adjust them in line with future events or developments.

4.4 **Information from third parties and Company estimates**

Information provided in this Prospectus on the market environment, developments, growth rates, trends, competitive situation in the markets and market segments in which the Company operates is based on data, statistical information, industry and market research reports, publicly available information and other third-party information as well as on Company estimates, unless otherwise indicated.

The following, mainly publicly available third-party sources were used in the preparation of this Prospectus:

- alstria office REIT-AG, Quarterly Financial Report as of September 30, 2017, (https://www.alstria.com/fileadmin/user_upload_en/Financial_Reports/EN_alstria_Q3_2017.pdf);
- Aroundtown S.A., Quarterly Financial Report as of September 30, 2017, (https://www.aroundtownholdings.com/assets/uploads/pdfs/AT_Q3_2017.pdf);

- bulwiengesa, Office to residential conversion projects in Berlin and Munich, February 2018. (http://www.bulwiengesa.de/);
- bulwiengesa, Food Retail in Germany—market structure date 2016, published in June, 2017 (https://www.tlg.eu/fileadmin/user_upload/Publikationen-en/pdf/2017_06_23_Food_retail_in_Germany_-_Market_structure_data_2016_EN.pdf);
- bulwiengesa, Logistics and Real Estate Study, 2017, (http://www.bulwiengesa.de/en/europe/articles/logistics-and-real-estate-2017);
- CA Immo AG, Quarterly Financial Report as of September 30, 2017, (http://www.caimmo.com/fileadmin/documents/Finanzberichte/2017/Financial_Report_17_Q3_EN.pdf);
- Colliers International, Office Leasing Q3 2017 (http://www.colliers.com/-/media/files/emea/germany/stuttgart_research/office-letting-investment-stuttgart-infographics-2017-q3-colliers-en.pdf?la=en-gb);
- Deutsche Euroshop AG, Quarterly Financial Report as of September 30, 2017, (http://www.deutsche-euroshop.de/media/public/db/media/1/2017/01/265/171115_des_9m_2017_e_geschuetzt.pdf);
- Cushman & Wakefield, Germany Office Market Snapshot Q3 2017 (http://www.cushmanwakefield.co.uk/en-gb/research-and-insight/);
- Cushman & Wakefield, Germany Retail Market Snapshot Q3 2017 (http://www.cushmanwakefield.co.uk/en-gb/research-and-insight/);
- Cushman & Wakefield, Real Estate Market—Germany, January 2018 (http://www.cushmanwakefield.com/en/research-and-insight/);
- DG HYP, Main Regional Real Estate Markets in Germany 2017, March 2017 (https://www.dghyp.de/en/download/market-reports-brochures.html);
- DG HYP, Real Estate Market Germany 2017 2018, October 2017 (https://www.dghyp.de/fileadmin/media/dg_hyp_deutsch/downloads/broschueren_marktberichte/marktberichte/DG_HYP_Real_Estate_Market_Germany_2017.pdf);
- DIC Asset AG, Quarterly Financial Report as of September 30, 2017, (http://www.dic-asset.de/download/publikationen/DIC_Q3_2017_E.pdf);
- Dream Global Real Estate Investment Trust, Quarterly Financial Report as of September 30, 2017, (http://www.dream.ca/global/wp-content/uploads/sites/5/2017/11/Dream_Global_Q3_Secure.pdf);
- EPRA, Total Markets Table, Q3 2017, (http://prodapp.epra.com/media/EPRA_Total_Markets_Table_-_Q3-2017_-_September_2017_1508857318915.pdf);
- Ernst & Young, Real Estate Trends, August 27 (http://www.ey.com/Publication/vwLUAssets/ey-real-estate-trends-ausgabe-72-august-2017/$FILE/ey-real-estate-trends-ausgabe-72-august-2017.pdf);
- European Commission, “Economic forecast for Germany”, Autumn 2017 (https://ec.europa.eu/info/sites/info/files/economy-finance/ecfin_forecast_autumn_091117_de_en.pdf);
- Eurostat, Gross domestic product at market prices, published 14 October 2017 (http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00001);
- Eurostat, Population structure and ageing, June 2017 (http://ec.europa.eu/eurostat/statistics-explained/index.php/Population_structure_and_ageing);
- Eurostat, Unemployment by sex and age—monthly average, (http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_m&lang=en);
- Federal Statistical Office of Germany (*Destatis Statistisches Bundesamt*), National accounts, domestic product, Gross domestic product table, November 2017 (https://www.destatis.de/EN/FactsFigures/NationalEconomyEnvironment/NationalAccounts/DomesticProduct/Tables/Q_GDP.html);
- Federal Statistical Office of Germany (*Destatis Statistisches Bundesamt)*, Labour market, Employment (national concept) by industries, November 2017 (https://www.destatis.de/EN/FactsFigures/Indicators/ShortTermIndicators/LabourMarket/karb811.html);
- Federal Statistical Office of Germany (*Destatis Statistisches Bundesamt)*, Labour market, Persons engaged in economic activity table, November 2017 (https://www.destatis.de/EN/FactsFigures/Indicators/LongTermSeries/LabourMarket/lrarb013.html);

- Federal Statistical Office of Germany (*Destatis Statistisches Bundesamt*), Labour market, ILO labour market statistics table, November 2017 (https://www.destatis.de/EN/FactsFigures/Indicators/ShortTermIndicators/LabourMarket/arb410.html);
- Federal Statistical Office of Germany (*Destatis Statistisches Bundesamt*), Consumer Prices, Consumer price index for Germany table, November 2017 (https://www.destatis.de/EN/FactsFigures/NationalEconomyEnvironment/Prices/ConsumerPriceIndices/Tables_/ConsumerPricesCategories.html?cms_gtp=151228_list%253D2);
- Federal Statistical Office of Germany *(Destatis Statistisches Bundesamt)*, Population, Households by types of households table, 26 July 2017 (https://www.destatis.de/EN/FactsFigures/Indicators/LongTermSeries/Population/lrbev05.html);
- Federal Statistical Office of Germany *(Destatis Statistisches Bundesamt)*, Press Release: "43 million households in 2035", 28 February 2017 (https://www.destatis.de/EN/PressServices/Press/pr/2017/02/PE17_067_122.html);
- Federal Statistical Office of Germany *(Destatis Statistisches Bundesamt)*, Population, Household projections in Germany, 2017 (https://www.destatis.de/EN/FactsFigures/SocietyState/Population/HouseholdsFamilies/Tables/ProjectionHousehold.html);
- Federal Statistical Office of Germany (*Destatis Statistisches Bundesamt*), Press Release: "Average age of the population", 13 June 2017 (https://www.destatis.de/EN/PressServices/Press/pr/2017/06/PE17_197_12411.html);
- Federal Statistical Office of Germany (*Destatis Statistisches Bundesamt*), Germany's Population by 2060—Results of the 13th coordinated population projection, 28 April 2015 ((https://www.destatis.de/EN/Publications/Specialized/Population/GermanyPopulation2060_5124206159004.pdf?__blob=publicationFile);
- GGP Inc, Investor Presentation, March 2017, (http://investor.ggp.com/sites/ggp.investorhq.businesswire.com/files/doc_library/file/Investor_Presentation_March_2017.pdf);
- Grand City Properties S.A., Quarterly Financial Report as of September 30, 2017, (http://grandcityproperties.com/en/assets/uploads/downloads/11_17/GCP_Q3_2017.pdf);
- Green Street Advisors, Pan-European Industrial Outlook, published in July 2017 (https://www.greenstreetadvisors.com);
- Green Street Advisors, European Cities Office Outlook, published in November 2017 (https://www.greenstreetadvisors.com/);
- Hamborner REIT AG, Quarterly Financial Report as of September 30, 2017, (http://irpages2.equitystory.com/download/companies/hamborner/Quarterly%20Reports/DE0006013006-Q3-2017-EQ-E-00.pdf);
- IHF Koln, Press Release (https://www.ifhkoeln.de/fileadmin/pressreleases/2016/160414_Buerowirtschaft_In_Berlin_stehen_die_meisten_Schreibtische.pdf);
- Independent Market Research Provider, various reports published in October 2017;
- Jones Lang LaSalle, Investment Market Overview Germany, Q2 2017, published in July 2017 (http://www.jll.de/germany/en-gb/research/1472/investment-market-overview);
- Jones Lang LaSalle, Investment Market Overview Germany, Q3 2017, published in October 2017 (http://www.jll.de/germany/en-gb/research/1472/investment-market-overview);
- Jones Lang LaSalle, Logistics and Industrial Property Investment Report Germany, Q2 2017, published in July 2017 (http://www.jll.de/germany/en-gb/research/1517/logistics-and-industrial-property-investment-report);
- Jones Lang LaSalle, Office Market Overview Germany, Q3 2017, published in October 2017, (www.jll.de/germany/en-gb/research/1471/office-market-overview);
- Jones Lang LaSalle, Press Release, Strong investment demand pushes yield down further, published in October 2017 (http://www.jll.de/germany/de-de/Documents/jll_germany_commercial_investment_press_release_q1-q3_2017_1.pdf);
- Jones Lang LaSalle, Retail Market Overview Germany, Q3 2017, published in October 2017, (www.jll.de/germany/en-gb/research/1473/retail-market-overview);

- OECD, Germany—Economic forecast summary (November 2017), (http://www.oecd.org/economy/germany-economic-forecast-summary.htm);
- Patrizia Insight, European Commercial Property Markets, 2017;
- TLG Immobilien AG, Quarterly Financial Report as of September 30, 2017, (https://ir.tlg.eu/download/companies/tlgimmobilien/Quarterly%20Reports/DE000A12B8Z4-Q3-2017-EQ-E-00.pdf);
- Triuva, Logistics Properties and asset class in the fast lane, published 3 August 2016 (http://www.triuva.com/files/redakteur/downloads/TRIUVA_Newsletter_E_03_2016.pdf); and
- Wüest Partner Germany, Germany's office market 2017, published 14 September, 2017 (https://www.tlg.eu/fileadmin/user_upload/Publikationen-en/pdf/2017_09_14_TLG_Germany_s_office_market_2017_EN.pdf).

To the extent information in this Prospectus was derived from third-party sources, it has been reproduced accurately. As far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. However, industry and market research reports and analyses and other sources of third party information are frequently based on information and assumptions that may not be accurate, complete or technically correct, and their methodology is by nature forward-looking and speculative.

Such information generally states that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Irrespective of the assumption of responsibility for the contents of this Prospectus by the Company and the Joint Bookrunners (see "*4.1 Responsibility for the contents of this Prospectus*") and the validity of the statements made in the previous paragraph of this section, neither the Company nor the Joint Bookrunners have verified the figures, market data and other information used by third parties in their studies, publications and financial information, or the external sources on which the Company's estimates are based. The Company and the Joint Bookrunners cannot give any assurance as to the accuracy of market data contained in this Prospectus which have been taken or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. Therefore, however irrespective of the validity of the statements made in the previous paragraph of this section, the Company and the Joint Bookrunners do not assume any liability for and offer no guarantee of the accuracy of the data from studies and third-party sources contained in this Prospectus and/or for the accuracy of data on which the Company's estimates are based.

Furthermore, this Prospectus contains market estimates and other data and information which are based on the Company's own assessments. These assessments, in turn, are based in part on the Company's own observations of the market, on the evaluation of industry information and data that cannot be obtained from publications by market research institutes or from other independent sources or on internal assessments. The Company believes that its estimates of market and other data and the information that has been derived from such data assists investors to better understand the industry the Company operates in and its position within it. The Company's own estimates and the information derived from them have not been checked or verified externally. They may differ from estimates made by the Company's competitors or from future studies conducted by market research institutes or other independent sources. The Company nevertheless assumes that its own market observations are reliable.

While the Company intends to acquire real estate assets following the Offering, the Company does not own any real estate assets as of the date of this Prospectus. Therefore no third-party valuation report with respect to any real estate assets is included in this Prospectus.

4.5 **Documents available for inspection**

For the period during which this Prospectus is valid, copies of the following documents are available for inspection during regular business hours at the Company's registered office at Am Sandtorkai 77, 20457 Hamburg, Germany:

- the Company's articles of association (*Satzung*) (the "**Articles of Association**");
- the 2016 and 2017 audited financial statements of the Company prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") (the "**IFRS Financial Statements**"); and

- the 2015, 2016 and 2017 audited financial statements of the Company prepared in accordance with the HGB (the "**HGB Financial Statements**" and, together with the IFRS Financial Statements, the "**Financial Statements**").

Future annual and interim financial reports of the Company will be available at the Company's registered office (Am Sandtorkai 77, 20457 Hamburg, Germany), on the internet website of the Company (www.godewind-ag.com), and from the German Company Register (*Unternehmensregister*) (www.unternehmensregister.de). Annual financial reports will also be published in the electronic version of the German Federal Gazette (*Bundesanzeiger*).

4.6 Information regarding financial information and currency

4.6.1 *Financial information*

The financial information contained in this Prospectus is mainly taken or derived from the Financial Statements, which are included in the section "*24. Financial Information*" of this Prospectus. The Company's financial year coincides with the calendar year.

The IFRS Financial Statements were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Klingelhöferstraße 18, 10785 Berlin, Germany ("**KPMG**"), a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), who issued in each case an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) thereon, as included in this Prospectus. With respect to the IFRS Financial Statements, KPMG conducted its audits in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e.V.*).

The HGB Financial Statements were audited by Roser GmbH Wirtschaftsprüfungsgesellschaft, Drehbahn 7, D-20354 Hamburg, Germany ("**Roser**"), a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), who issued in each case an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) thereon as included in this Prospectus. With respect to the HGB Financial Statements, Roser conducted its audits in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e.V.*).

Where financial information in this Prospectus is denoted as "audited," this means that it was taken from the Financial Statements. The label "unaudited" is used in this Prospectus to indicate financial information that was not taken from the Financial Statements, but that was either taken or derived from internal accounting records or management reporting systems or is based on calculations of these figures or recomputed from the Financial Statements.

4.6.2 *Information on currencies*

In this Prospectus, "**Euro**" or "**EUR**" refer to the single European currency adopted by certain participating member states of the European Union. The Company's principal functional currency is the Euro and the Company prepares its financial statements in Euro.

4.6.3 *Note regarding figures*

Numerical figures contained in this Prospectus in units of thousands, millions or billions as well as percentages relating to numerical figures have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in tables may differ minimally from figures provided elsewhere in this Prospectus, which have not been rounded off. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or sub-totals contained in the tables or mentioned elsewhere in this Prospectus. In respect of financial data set out in this Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is, or has been rounded to, zero.

5. THE OFFERING

5.1 **Subject matter of the Offering**

This Prospectus relates to the Offering of 137,500,000 Offer Shares, consisting of:

- 112,500,000 Base Shares; and
- 25,000,000 Upsize Shares.

The Company will decide on or about March 27, 2018, after consultation with the Joint Bookrunners and in its free discretion, whether and which amount to exercise the Upsize Option to allocate Upsize Shares to investors who have submitted orders during the Offer Period.

The Offering consists of (i) an initial public offering of the Offer Shares in (a) Germany and (b) Luxembourg, and (ii) a private placement to certain institutional investors in various other jurisdictions outside Germany. In the United States, the Offer Shares will be offered and sold only to persons reasonably believed to be qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.

The share capital of the Company amounts to EUR 15,000,000.00 as of the date of this Prospectus and is divided into 15,000,000 ordinary registered shares with no-par value (all shares of the Company outstanding together, the "**Shares**" and each share a "**Share**"). Each Share currently represents a notional value of EUR 1.00 in the share capital of the Company.

On February 20, 2018, the ordinary General Shareholders' Meeting resolved on the Capital Increase to provide for the creation of the Offer Shares. Registration of this resolution with the commercial register and the implementation of the Capital Increase are expected on or before March 28, 2018. Assuming a Base Deal Scenario (as defined below), as of the start of trading, the Company's total share capital will amount to up to EUR 127,500,000.00, divided into up to 127,500,000 Shares. Assuming an Upsize Scenario (as defined below), as of the start of trading, the Company's total share capital will amount to up to EUR 152,500,000.00, divided into up to 152,500,000 Shares. All existing Shares are fully-paid-up and all Offer Shares will be fully paid-up upon issuance.

The Company will receive the proceeds from the sale of the Offer Shares (after deduction of commissions and expenses to be borne by the Company). See "6. *Reasons for the Offering, Proceeds and Costs of the Offering, Use of Proceeds, and Interest of Persons Participating in the Offering*."

Prior to the Offering, the entire share capital of the Company was held by the Existing Shareholders. See "*18. Shareholder Structure (before and after the Offering)*." Following completion of the Offering and assuming full placement of the Offer Shares, the Existing Shareholders will continue to hold approximately 12% of the Company's share capital in a base deal scenario without exercise of the Upsize Option (the "**Base Deal Scenario**") and 10% of the Company's share capital if the Upsize Option is fully exercised and the maximum number of Offer Shares is placed (the "**Upsize Scenario**").

The Offer Shares carry the same rights as all other Shares and confer no additional rights or benefits. All Shares, including the Offer Shares, are subject to and governed by German stock corporation law.

5.2 **Offering Period, Offer Price and Number of Offer Shares**

5.2.1 ***Offer Price***

The Offer Price is EUR 4.00 per Offer Share.

5.2.2 ***Offering Period***

The period during which purchase orders for Offer Shares can be submitted will commence on March 12, 2018, and is expected to end on March 27, 2018 at noon Central European Time ("**CET**") for retail investors and at 2:00 pm CET for institutional investors (the "**Offering Period**"). Purchase orders are freely revocable until the Offering Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares.

Purchase orders can be submitted for a minimum of one Offer Share at the Offer Price. Multiple purchase orders are permitted.

5.2.3 ***Changes of the terms of the Offering***

Subject to the publication of a supplement to this Prospectus, if required under the German Securities Prospectus Act, the Company and the Joint Bookrunners reserve the right to reduce or increase the number of Offer Shares and/or to extend or shorten the Offering Period. If the number of Offer Shares and/or the Offering Period (collectively the "**Offering Terms**") is or are, as the case may be, changed, the change will be announced on the website of the Company (www.godewind-ag.com) and be published via various media distributed across the entire European Economic Area. To the extent required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), a supplement to this Prospectus will be submitted to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*—"**BaFin**") and published after being approved by the BaFin on the website of the Company (www.godewind-ag.com). Any changes of the Offering Terms will also be published by way of an ad-hoc announcement, if required under Art. 17 of the Market Abuse Regulation. Investors will not be notified individually. Changes to the Offering Terms will not invalidate purchase orders already submitted. Under the German Securities Prospectus Act, investors that have submitted a purchase order before a supplement is published have the right to revoke their purchase order within two business days after publication of the supplement. The revocation does not require any statement of grounds and is to be declared in text form to the person designated in the supplement as recipient of the revocation. Alternatively, investors that have submitted purchase orders prior to the publication of the supplement may, within two days after the publication of the supplement, change their purchase orders or submit new limited or unlimited purchase orders.

In the Underwriting Agreement, the Joint Bookrunners have reserved the right to terminate the Offering under certain circumstances. The Offering may be terminated even after trading has commenced and until the Offer Shares have been delivered in book-entry form in exchange for payment of the Offer Price and the customary securities commissions. For further details see "*20. Underwriting*."

5.2.4 ***Determination of the final number of Offer Shares to be placed***

The final number of Offer Shares to be placed will be determined and established by the Company in consultation with the Joint Bookrunners using the order book prepared during the bookbuilding process after the Offer Period has expired; it is anticipated that this will take place on or around March 27, 2018. The determination of the final number of Offer Shares to be placed will be based on the purchase orders submitted by investors during the Offering Period which will be collected in the order book. These orders will be evaluated according to the prices offered and the investment horizons of the respective investors. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Offer Shares noted in the order book. Attention will be paid not only to the number of investors wanting Offer Shares at the Offer Price, but also to the composition of the group of shareholders in the Company that would result and expected investor behavior. After the final number of Offer Shares to be placed is determined, the Offer Shares will be allotted to investors (see "*—5.6 Allotment criteria*"). The Company will not specifically charge any expenses and taxes related to the Offering to investors.

5.2.5 ***Publication of the final number of Offer Shares***

The final number of Offer Shares (i.e. the results of the Offering) is expected to be published on or about March 27, 2018, by way of a press release or, if required pursuant to Art. 17 of the Market Abuse Regulation, an ad-hoc announcement via various media distributed across the entire European Economic Area and on the Company's website (www.godewind-ag.com). Investors that have submitted purchase orders through a Joint Bookrunner are expected to be able to inquire as to the number of Offer Shares allotted to them at that Joint Bookrunner no earlier than from the bank business day following the determination of the number of Offer Shares. The Offer Shares allotted are expected to be delivered in book-entry form against payment of the Offer Price and of the customary securities commissions payable to the depositary banks on April 5, 2018. The Joint Bookrunners, after consultation with the Company, reserve the right not to accept investors' orders, either in whole or in part.

5.3 **Expected Timetable for the Offering**

The projected timetable for the Offering is as follows:

March 9, 2018	Approval of the Prospectus by the BaFin Publication of the Prospectus on the Company's website (www.godewind-ag.com) Notification of the approval of the Prospectus to the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*) ("**CSSF**")
March 12, 2018	Commencement of the Offering Period Application for admission of the Shares (entire share capital, including the Offer Shares) to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard)
March 27, 2018	Expiry of the Offering Period at noon for retail investors and 2:00 p.m. for institutional investors (CET) Determination of the final number of Offer Shares, allotment and publication of the final number of Offer Shares by way of a press release or, if required, an ad-hoc announcement via various media distributed across the entire European Economic Area and on the Company's website (www.godewind-ag.com)
March 28, 2018	Registration of the implementation of the Capital Increase in the commercial register (*Handelsregister*)
April 4, 2018	Approval of admission to the Frankfurt Stock Exchange and publication of the approval of admission on the Frankfurt Stock Exchange's website (www.boerse-frankfurt.com)
April 5, 2018	First day of trading
April 5, 2018	Book-entry delivery of the Offer Shares allotted against payment of the Offer Price and customary securities commissions payable to the depositary banks

This Prospectus and any supplements thereto are scheduled to be published following approval thereof by the BaFin on the Company's website (www.godewind-ag.com). Print copies of this Prospectus and any supplements thereto will also be available free of charge during regular bank business hours at the Company's registered office.

5.4 **Information on the Offer Shares**

5.4.1 ***Voting rights***

Each Offer Share confers one vote at the General Shareholders' Meeting. There are no restrictions regarding the voting rights other than the restrictions provided by law in certain cases and there are no different classes of voting rights.

5.4.2 ***Dividend rights, right to share in the liquidation proceeds and subscription rights***

The Offer Shares carry full dividend rights from January 1, 2018. The General Shareholders' Meeting, which is held once annually within the first eight months of the respective financial year, decides on the appropriation of any net retained profit and thus on the full or partial disbursement thereof to shareholders. The Company's management board (*Vorstand*) (the "**Management Board**") and supervisory board (*Aufsichtsrat*) (the "**Supervisory Board**") are required to submit a recommendation on the appropriation of profit, but the General Shareholders' Meeting is not bound by such recommendation. Individual shareholders have no claim to the disbursement of dividends unless the General Shareholders' Meeting has passed a resolution to that effect. The General Shareholders' Meeting may decide to make an in-kind distribution in addition to, or instead of, a cash distribution.

By law, claims to the payment of dividends generally become time-barred after three years, after which time the Company may refuse to make any disbursement. Once the global share certificates representing the Shares are deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany

("**Clearstream**"), Clearstream will automatically credit any dividends accruing on the Shares in the future to the securities accounts held at the respective custodian banks. Domestic custodian banks are under a corresponding obligation to their customers. Shareholders whose Shares are held in custodial accounts at foreign institutions should inform themselves about the procedure applicable at such institutions. Forfeited dividend claims shall accrue to the Company.

In the event the Company is dissolved, any liquidation proceeds would be distributed to the shareholders in proportion to their interest in the Company's share capital pursuant to Section 271 of the German Stock Corporation Act (*Aktiengesetz*).

Shareholders have the right to subscribe for new shares issued pursuant to any future capital increases in a ratio proportionate to the respective interest they hold in the Company's current share capital (subscription right). No subscription rights exist in the case of contingent capital increases; otherwise, subscription rights may be excluded by resolution of the General Shareholders' Meeting or, if the General Shareholders' Meeting so authorizes, by resolution of the Management Board, subject to the consent of the Supervisory Board (for further details see "*16. Information on the Company's Share Capital and further Material Provisions of the Articles of Association*").

5.4.3 *Form and representation of Shares*

All of the Shares are ordinary registered shares with no-par value (*auf den Namen lautende Stückaktien*), each such share with a notional value of EUR 1.00, and have been issued based on the provisions of the German Stock Corporation Act (*Aktiengesetz*).

The Company's current share capital in the amount of EUR 15,000,000.00 is represented by two global share certificates without dividend coupons, which are held with Clearstream. An additional global share certificate without a dividend coupon will be issued for the Offer Shares resulting from the Capital Increase and will likewise be deposited with Clearstream on or around March 28, 2018.

The Management Board, in accordance with the Articles of Association, determines the form and content of share certificates and any interim certificates, dividend coupons and renewal coupons. The Articles of Association stipulate that the shareholders' right to the issuance of share certificates representing their respective Shares shall be excluded to the extent permitted by law and unless certification is required under the rules applicable at a stock exchange on which the Shares are admitted to trading. The relevant certificates are signed by the Management Board.

5.4.4 *Delivery and settlement*

The Offer Shares allotted will be made available to investors as co-ownership interests in the respective global share certificate. Delivery of the Offer Shares allotted against payment of the Offer Price and the customary securities commissions payable to the depositary banks is expected to take place on April 5, 2018. Shares purchased in the Offering will, at the shareholder's discretion, be credited to the securities account of a credit institution for the account of such investor at Clearstream or to the securities account of a member in Euroclear Bank S.A. / N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, as the operator of the Euroclear System, or to Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg.

5.4.5 *Transferability*

The Offer Shares are freely transferable in accordance with the legal provisions applicable to registered shares. With the exception of the restrictions set out in "*5.10 Lock-up*", there are no restrictions on the transferability or lock-ups affecting the Shares.

5.4.6 *ISIN, WKN and trading symbol*

International Securities Identification Number (ISIN)	DE000A2G8XX3
German Securities Code (WKN)	A2G8XX
Trading Symbol	GWD

5.5 Existing Shareholders

Immediately prior to the Offering, the Existing Shareholders hold 100% of the Company's outstanding share capital. It is expected that the Existing Shareholders will continue to hold approximately 12% of the Company's share capital in a Base Deal Scenario and 10% of the Company's share capital in an Upsize Scenario. For further details on the ownership structure of the Company see "*18. Shareholder Structure (before and after the Offering)*."

5.6 **Allotment criteria**

The Company and the Joint Bookrunners have agreed on the objectives and process for the allotment of the Offer Shares. The ultimate decision rests with the Company after consultation with the Joint Bookrunners. Allotments to institutional investors will be made on the basis of the quality of the individual institutional investor (such as expected holding strategy and order size) and individual orders and other important allotment criteria to be determined after consultation with the Joint Bookrunners. The allocation to retail or private investors (individuals) will be compatible with the "Principles for the Allotment of Share Issues to Private Investors" (i.e. drawing lots, allotment according to order size, allotment by means of a specific quote, allotment after the point in time of receipt of the purchase offer or selection according to other objective criteria), published by the Commission of Stock Exchange Experts (*Börsensachverständigenkommission*). "Qualified investors" (*qualifizierte Anleger*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*geeignete Gegenparteien*) as defined under the German Securities Trading Act (*Wertpapierhandelsgesetz*), are not viewed as "private investors" (Privatanleger) within the meaning of the allocation rules.

5.7 **Firm Commitments and Preferential Allocation**

Members of the Management Board and the Supervisory Board, either directly or through legal entities fully owned by the members of the Management Board or the Supervisory Board (the "**Participation Entities**"), have provided commitments for a total of 12,500,000 Offer Shares (such Offer Shares, the "**Firm Commitment Shares**") at the Offer Price, and such number of Offer Shares will be preferentially allocated to those entities or individuals or investors procured by them.

Mr. Stavros Efremidis has agreed to acquire 3,750,000 Firm Commitment Shares and Mr. Ralf Struckmeyer has agreed to acquire 150,000 Firm Commitment Shares, in each case through their respective Participation Entities. Dr. Bertrand Malmendier (through his Participation Entity) and Dr. Roland Folz have each agreed to acquire 125,000 Firm Commitment Shares. Mr. Karl Ehlerding has provided a commitment for the remaining 8,350,000 Firm Commitment Shares to the extent that they are not acquired by the other members of the Supervisory Board, the members of the Management Board or other investors procured by the members of the Supervisory Board or the Management Board.

5.8 **Stock exchange admission and commencement of trading**

On or around March 12, 2018, the Company intends to apply for the admission of the Shares (entire share capital, including the Offer Shares) to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard). The Shares are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) on April 4, 2018 (the "**Listing**"). The decision on the admission of the Shares to trading will be made solely at the discretion of the Frankfurt Stock Exchange. Trading in the Shares on the Frankfurt Stock Exchange is planned to commence on April 5, 2018.

5.9 **Designated sponsors, paying agent and settlement agent**

J.P. Morgan has agreed to assume the function of a designated sponsor of the Shares traded on the Frankfurt Stock Exchange for a period of at least one year and is entitled to designate an appropriately admitted third party to perform its functions. Pursuant to the designated sponsor agreement expected to be entered into by J.P. Morgan and the Company, J.P. Morgan will, among other things, place limited buy and sell orders for Shares in the electronic trading system of the Frankfurt Stock Exchange during regular trading hours against customary remuneration. This is intended to achieve greater liquidity in the market for the Shares. Among other things, the designated sponsor is expected to be available at all times during trading hours and, upon receipt of a request for a quote, promptly supply quotes and enter into transactions on such basis. In addition, the designated sponsor is expected to provide quotes throughout the opening and closing auctions.

J.P. Morgan will act as settlement agent. Citibank, N.A., London Branch has been appointed as paying and registration agent at which any and all measures required with respect to the Shares may be effected free of charge.

5.10 **Lock-up**

The Company has agreed with the Joint Bookrunners that until the end of a period of six months following the day of the commencement of trading of the Shares on the Frankfurt Stock Exchange the Company will not:

(a) announce or effect an increase of the share capital of the Company out of authorized capital;

(b) propose, or initiate any of its shareholders to propose, to its shareholders' meeting to resolve upon an increase of the Company's share capital;

(c) announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company; or

(d) announce, enter into a transaction or perform any action economically similar to those described above under (a) to (c)

without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed. Excluded from the foregoing restrictions are the issuance of (A) the Offer Shares and (B) Shares to employees and members of executive bodies of the Company or its subsidiaries under management participation plans.

The Existing Shareholders, Mr. Karl Ehlerding, the Participation Entities and Dr. Roland Folz have agreed, for a period of 360 days following the first day of trading, to neither directly nor indirectly, without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed:

(a) offer, pledge, allot, distribute, sell, contract to sell, market, transfer or otherwise dispose of any Shares held by it or other securities of the Company;

(b) grant, issue or sell any option or conversion rights on any Shares;

(c) purchase any option to sell, grant any option, right or warrant to purchase, transfer to another person or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into Shares), any Shares; or

(d) enter into a transaction or perform any action economically similar to those described in (a) through (c) above, in particular enter into any swap or other agreement that transfers to another, in whole or in part, the economic risk of ownership of Shares, whether any such transaction is to be settled by delivery of Shares, in cash or otherwise.

The Existing Shareholders, Mr. Karl Ehlerding, the Participation Entities and Dr. Roland Folz may, either directly or indirectly, sell, transfer or otherwise dispose of Shares by means of an over-the-counter transaction at any time to their affiliates, provided that such affiliates have agreed in advance to be bound by the foregoing restrictions for the remaining lock-up period. Mr Karl Philipp Ehlerding and Mr John Frederik Ehlerding may sell and transfer by means of an over-the-counter transaction at any time under option agreements up to a total of 6,950,000 Shares to the Participation Entities of the Management Board members and up to a further total of 880,000 Shares to certain other investors, without such other investors having to agree to be bound by the restrictions set forth above.

5.11 **Identification of Target Market**

Solely for the purpose of the product governance requirements contained within (i) EU Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute (a) an assessment of suitability or appropriateness for the purposes of MiFID II or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

6. REASONS FOR THE OFFERING, PROCEEDS AND COSTS OF THE OFFERING, USE OF PROCEEDS, AND INTEREST OF PERSONS PARTICIPATING IN THE OFFERING

6.1 Reasons for the Offering, proceeds and costs of the Offering, use of proceeds

6.1.1 *Reasons for the Offering*

The Company intends to use the net proceeds of the Offering to acquire real estate assets and portfolios in the commercial real estate sector, which are capable of generating stable, increasing and sustainable cash flows for investors.

6.1.2 *Proceeds and costs of the Offering*

The Company will receive the proceeds resulting from the sale of the Offer Shares (after deduction of fees and commissions to be borne by the Company). The amount of the gross proceeds from the sale of the Offer Shares in the Offering depends on the number of Offer Shares placed.

In a Base Deal Scenario, the Company's gross proceeds from the Offering would be EUR 450 million, and the proceeds received net of all costs to be borne by the Company would amount to approximately EUR 437.5 million. In an Upsize Scenario, the Company's gross proceeds from the Offering would be EUR 550 million, and the proceeds received net of all costs to be borne by the Company would amount to approximately EUR 534.8 million.

Due to the fact that the costs related to the Offering and the Listing are contingent on the total number of Offer Shares placed in the Offering, which also affects the amount of the Joint Bookrunners' commissions (in particular the payment of the Incentive Fee (as defined below), which depends on the discretion of the Company), it is not possible as of the date of this Prospectus to reliably predict the exact amount of the costs which have to be borne by the Company.

In a Base Deal Scenario, assuming the payment in full of the incentive fee of up to 0.55% of the aggregate gross Offering proceeds excluding the aggregate gross proceeds from the Firm Commitment Shares (see "*5.7 Firm Commitments and Preferential Allocation*") (the "**Incentive Fee**"), the Company estimates that the total costs (excluding tax effects) related to the Offering and the Listing will amount to approximately EUR 12.8 million (of which EUR 0.3 million have already been reflected as deferred expenses and liabilities as of December 31, 2017), including underwriting and placement commissions to be paid to the Joint Bookrunners of up to EUR 11.0 million. In an Upsize Scenario, assuming the payment in full of the Incentive Fee, the Company estimates that the total costs (excluding tax effects) related to the Offering and the Listing will amount to approximately EUR 15.6 million (of which EUR 0.3 million have already been reflected as deferred expenses and liabilities as of December 31, 2017), including underwriting and placement commissions to be paid to the Joint Bookrunners of up to EUR 13.75 million.

6.1.3 *Use of proceeds*

The Company intends to use the net proceeds received from the sale of Offer Shares to acquire attractive commercial real estate assets and portfolios in Germany, with an estimated targeted asset split of at least 60% office, approximately 20% retail & logistics and approximately 20% in other commercial assets. The Company will seek to maintain significant flexibility in the execution of its strategy, taking advantage of a variety of real estate acquisition opportunities, including single asset purchases, portfolio purchases and the acquisition of participations in publicly and privately held real estate companies.

The Company has already identified promising off-market acquisition opportunities. These opportunities include office portfolios with an estimated total value of EUR 1.8 billion, a weighted average lease term ("**WALT**") of 6.4 years, an annual rental income of EUR 105 million, an average vacancy rate of 10% and an average yield of 5.8%. The Company has also identified off-market retail and logistics opportunities with a total estimated value of EUR 1.9 billion, a WALT of 5.8 years, an annual rental income of EUR 130 million, an average vacancy rate of 8% and a yield of 6.7%. For further information on acquisition opportunities identified by the Company, see "*13 Proposed Business—13.4 Competitive Strengths—Large Identified Off-Market Transaction Pipeline.*".

The Company has submitted a non-binding offer with regard to the potential acquisition of a real estate portfolio exceeding the amount of EUR 1 billion. The portfolio is in line with the investment criteria described in this Prospectus (*see "13 Proposed Business—13.5 Strategy—13.5.3 Target asset classes and acquisition parameters.*").

No assurance can be given that any offer the Company has made or will make in respect of any of these identified opportunities will be accepted, that related negotiations will be successful or that the Company will complete any such acquisition.

In addition to using the proceeds of the Offering in the execution of its acquisition strategy, the Company intends to enter into financing arrangements in connection with the acquisition of commercial real estate assets and portfolios in the future, while targeting a Net-LTV ratio of between 45% and 55%.

Although the Company intends to use the proceeds as described above, its actual use of these proceeds may differ depending on market developments, unexpected significant events, or other factors. Such differences may be slight changes, in the case of market developments for example, that only affect the amount of a particular use of proceeds or the order of the use of proceeds or even significant, in the case of an unexpected significant event, if such event substantially affects the Company's business. In any case, the Company will critically review the possible uses of proceeds on a regular basis and, where appropriate, adjust such uses to the occurrence of any particular developments or events.

6.2 **Interests of persons participating in the Offering and the listing of the Shares**

In connection with the Offering and the admission to trading of the Shares on the Frankfurt Stock Exchange, the Joint Bookrunners have entered into a contractual relationship with the Company. Citi, J.P. Morgan, Berenberg and Société Générale have been appointed by the Company as Joint Bookrunners. The Joint Bookrunners are advising the Company on the Offering and coordinate the structuring and execution of the Offering. In addition, J.P. Morgan has been appointed to act as designated sponsors for the Shares and Citibank, N.A., London Branch has been appointed to act as paying agent. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, each of the Joint Bookrunners and any of their respective affiliates, acting as investors for their own account, may acquire Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, certain of the Joint Bookrunners or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Joint Bookrunners intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in this Prospectus.

Since the Company will receive the net proceeds from the Offering of the Offer Shares and these will strengthen the equity capital basis of the Company, all direct and indirect shareholders with an interest in the Company have an interest in the success of the Offering.

Since the Management Board have been granted options to acquire Existing Shares from Mr. Karl Philipp Ehlerding and Mr. John Frederik Ehlerding and will participate in long-term incentive plans and may be allocated stock options in the Company, they have an interest in the success of the Offering.

In addition to the aforementioned interests, there are no interests, including conflicting ones, which are material to the Offering.

7. EARNINGS AND DIVIDENDS PER SHARE; DIVIDEND POLICY

7.1 General rules on allocation of profits and dividend payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a stock corporation (*Aktiengesellschaft*) under German Law, the distribution of dividends for a given financial year and the amount and payment date thereof, are resolved by the general shareholders' meeting of the subsequent financial year upon a joint proposal or separate proposals by the management board and the supervisory board. However, the general shareholders' meeting is not bound by those proposals. The general shareholders' meeting must be held within the first eight months of each financial year.

Under German law, dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit is calculated based on the Company's annual financial statements prepared in accordance with the accounting principles of the German HGB. Accounting regulations under the HGB differ from the IFRS, which is used for the Company's accounting, in material aspects.

When determining the distributable profit, the profit or loss for the financial year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profits or losses carried forward (*Gewinn-/Verlustvorträge*) from previous financial years as well as for withdrawals from and transfers to reserves. Certain reserves are required to be set by law and must be deducted when calculating the distributable profits. Certain additional limitations apply if self-created intangible assets or deferred tax assets have been capitalized or certain plan assets that exceed corresponding pension liabilities have been capitalized. The management board must prepare the annual financial statements (balance sheet, statement of income and notes to the financial statements) and the management report for the previous financial year by the statutory deadline, and present these to the auditors and the supervisory board immediately after preparation. At the same time, the management board must present to the supervisory board a proposal for the allocation of the Company's distributable profit pursuant to Section 170 (2) of the German Stock Corporation Act (*Aktiengesetz*). Pursuant to Section 171 of the German Stock Corporation Act, the supervisory board must review the annual financial statements, the management board's management report and the proposal for the allocation of the distributable profits, and report to the general shareholders' meeting in writing on the results. The supervisory board must submit its report to the management board within one month after the documents were received. If the supervisory board approves the annual financial statements after its review, these are deemed to be adopted unless the management board and supervisory board resolve to assign the adoption of the annual financial statements to the general shareholders' meeting. If the management board and supervisory board choose to allow the general shareholders' meeting to adopt the annual financial statements, or if the supervisory board does not approve the annual financial statements, the management board must convene a general shareholders' meeting without delay.

The general shareholders' meeting's resolution on the allocation of the distributable profit requires a simple majority of the votes cast. If the management board and the supervisory board adopt the annual financial statements, they can, in principle, allocate an amount of up to half of the Company's net income for the year to other surplus reserves. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net income for the year to be allocated to other surplus reserves. The general shareholders' meeting may also resolve to distribute the distributable profit by way of a dividend in kind in addition to or instead of a cash dividend, or it may allocate further amounts to retained earnings or carry such amounts forward as profit in the resolution on the appropriation of the distributable profits. Dividends resolved by the general shareholders' meeting are due and payable annually immediately after the general shareholders' meeting, unless provided otherwise in the dividend resolution, in compliance with the rules of the respective clearing system. Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts and German custodian banks are under an obligation to distribute the funds to their customers. Shareholders using a custodian bank outside Germany must inquire at their respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the electronic version of German Federal Gazette (*Bundesanzeiger*) immediately after the general shareholders' meeting and in at least one national newspaper designated for exchange notices by the Frankfurt Stock Exchange. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends. Any dividends not claimed within the past three years become time-barred. If dividend payment claims expire, the Company becomes the beneficiary of the dividends. Under German law, there are no special procedures for non-resident holders for the exercise of the rights attached to the shares.

The Offer Shares will be entitled to profit participation beginning January 1, 2018, i.e., for the full financial year ending 2018 and for all subsequent financial years.

Generally, withholding tax (*Kapitalertragsteuer*) of 25% plus the 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon is withheld from the dividends paid. For more information on the taxation of dividends, see "*21. Taxation in Germany.*"

7.2 **Dividend policy**

After initiation and acquisition of first portfolios and assets, the Company intends to target a dividend pay-out of at least 60% of FFO I (as defined in "*13.6 Key Performance Indicators*").

In addition, the Company aims to pay special dividends in the event of material disposals.

In case the Company is unable to sign legally binding agreements relating to the acquisition of assets with an acquisition value of more than EUR 500 million within 18 months following the completion of the Offering, the Management Board of the Company may propose to the Company's shareholders' meeting to reduce the Company's share capital. For legal reasons, this first requires a prior capital increase from the capital reserves, in which the deposits in capital reserves are transferred into share capital. For its part, the capital reduction must comply with legal prerequisites, in particular aimed at the protection of the creditors of the Company. This includes the necessity of following a waiting period of six months from the adoption of the resolution, and the possibility that creditors would require the provision of security by the Company. Alternatively, the Management Board of the Company may resolve to dissolve to the extent legally permissible the capital reserves (*Kapitalrücklage*) of the Company, convene the General Shareholders' Meeting and propose to resolve on the distribution of an extraordinary dividend of the Company's distributable cash, provided such distribution is in the best interest of the Company and legally feasible.

The Company has a contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 KStG) of EUR 133 million, which it expects will allow it to pay dividends free of German withholding tax (subject to the order of utilization according to Section 27 KStG) until such amounts have been fully utilized. There is no defined expiry date for the contribution account for tax purposes.

Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the level of distributable profit for the respective year, the Company's results of operations, financial condition, acquisition policy, market developments and capital requirements based on the financial statements of the Company prepared in accordance with the HGB as well as shareholders' consent.

The Company did not pay dividends in 2015, 2016 or 2017.

8. CAPITALIZATION, INDEBTEDNESS, DEBT FINANCING REQUIREMENTS AND WORKING CAPITAL

The following tables show the Company's capitalization and the net financial indebtedness as of December 31, 2017. The financial information before the Offering in the first column of the tables is taken or derived from the IFRS Financial Statements and internal accounting records. The financial information after the Offering in the second column of the tables is based on the figures of the first column adjusted for the implementation of the Capital Increase (as explained in more detail in the footnotes to the following tables).

Investors should read this table in conjunction with "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

8.1 **Capitalization**

	As of December 31, 2017	As adjusted for the completion of the Offering, Base Deal, Scenario(1)	As adjusted for the completion of the Offering, Upsize Scenario(2)
		(unaudited) (in EUR thousand)	
Total current debt	**676**	**676**	**676**
Guaranteed	—	—	—
Secured	—	—	—
Unguaranteed / Unsecured	676	676	676
Total non-current debt (excluding current portion of long-term debt)	**374**	**374**	**374**
Guaranteed	—	—	—
Secured	—	—	—
Unguaranteed / Unsecured	374	374	374
Shareholder's equity	**18,561**	**455,761**	**553,011**
Share capital	15,000	127,500	152,500
Legal reserve	—	—	—
Other reserves	3,561	328,261	400,511
Total	**19,611**	**456,811**	**554,061**

(1) It is assumed that all Base Shares are fully placed at the Offer Price and generate net proceeds of EUR 437.5 million as of December 31, 2017.

(2) It is assumed that the Upsize Option is fully exercised, the Offer Shares are fully placed at the Offer Price and generate net proceeds of EUR 534.8 million as of December 31, 2017.

8.2 **Net financial indebtedness**

Net financial debt	As of December 31, 2017	As adjusted for the completion of the Offering, Base Deal Scenario[1]	As adjusted for the completion of the Offering, Upsize Scenario[2]
	(unaudited) (in EUR thousand)		
A. Cash	19,172	456,672	553,922
B. Cash equivalent	—	—	—
C. Trading securities	—	—	—
D. Liquidity (A)+(B)+(C)	19,172	456,672	553,922
E. Current financial receivables	—	—	—
F. Current bank debt	—	—	—
G. Current portion of non-current debt	—	—	—
H. Other current financial debt	—	—	—
I. Current financial debt (F)+(G)+(H)	—	—	—
J. Net current financial indebtedness (I)-(E)-(D)	(19,172)	456,672	553,922
K. Non-current bank loans	—	—	—
L. Bonds issued	—	—	—
M. Other non-current financial debt (including finance leases)	374	374	374
N. Non-current financial indebtedness (K)+(L)+(M)	374	374	374
O. Net financial indebtedness (J)+(N)	(18,798)	(456,298)	(553,548)

(1) It is assumed that all Base Shares are fully placed at the Offer Price and generate net proceeds of EUR 437.5 million as of December 31, 2017.

(2) It is assumed that the Upsize Option is fully exercised, the Offer Shares are fully placed at the Offer Price and generate net proceeds of EUR 534.8 million as of December 31, 2017.

8.3 **Contingencies and other financial obligations**

As of the date of this Prospectus, the Company does not have any material contingent liabilities or off-balance sheet arrangements.

8.4 **Statement on working capital**

The Company is of the opinion that it is in a position to meet the payment obligations that become due within at least the next twelve months.

8.5 **Significant changes in financial or trading position**

There have been no significant changes in the Company's financial or trading position between December 31, 2017, and the date of this Prospectus.

9. DILUTION

The net book value attributable to the shareholders of the Company including non-controlling interests (which is calculated as follows: total assets (EUR 19,611 thousand) less non-current (EUR 374 thousand) and current liabilities (EUR 676 thousand)) amounted to EUR 18,561 thousand as of December 31, 2017, and would amount to EUR 1.24 per Share, based on 15,000,000 outstanding Shares as of the date of this Prospectus (i.e., prior to the Capital Increase).

In a Base Deal Scenario, assuming total Offering and Listing costs of the Company of EUR 12.8 million (of which EUR 0.3 million have already been reflected as deferred expenses and liabilities as of December 31, 2017) and that all 112,500,000 Base Shares are sold in the Offering at the Offer Price, the aggregate net proceeds to the Company from the issuance of the Base Shares would amount to approximately EUR 437.5 million. On the assumption that the Offering had been fully implemented by and the Company had already received the aggregate net proceeds at December 31, 2017, the carrying amount of the thus adjusted equity on the Company's statement of financial position as of December 31, 2017, would have been EUR 455.8 million; this corresponds to EUR 3.57 per Share (calculated on the basis of 127,500,000 Shares outstanding after implementation of the Capital Increase). At the Offer Price, that would correspond to a direct dilution of EUR 0.43 (10.6%) per Share for the parties acquiring the Base Shares.

In an Upsize Scenario, assuming total Offering and Listing costs of the Company of EUR 15.6 million (of which EUR 0.3 million have already been reflected as deferred expenses and liabilities as of December 31, 2017) and that all 137,500,000 Offer Shares are sold in the Offering at the Offer Price, the aggregate net proceeds to the Company from the issuance of the Offer Shares would amount to approximately EUR 534.8 million. On the assumption that the Offering had been fully implemented by and the Company had already received the aggregate net proceeds at December 31, 2017, the carrying amount of the thus adjusted equity on the Company's statement of financial position as of December 31, 2017, would have been EUR 553.0 million; this corresponds to EUR 3.63 per Share (calculated on the basis of 152,500,000 Shares outstanding after implementation of the Capital Increase). At the Offer Price, that would correspond to a direct dilution of EUR 0.37 (9.3%) per Share for the parties acquiring the Offer Shares.The table below illustrates by which amount the Offer Price per Share exceeds the adjusted net book value as of December 31, 2017, per Share after completion of the Capital Increase (all data unaudited):

	Base Deal Scenario	Upsize Scenario
Offer Price (in EUR)	4.00	4.00
Net book value per share (based on 15,000,000 shares) as of December 31, 2017 (in EUR)	1.24	1.24
Adjusted net book value per share as of December 31, 2017, following the Capital Increase (in EUR)	3.57(1)	3.63(2)
Amount by which the Offer Price per Offer Share exceeds the adjusted net book value per share (direct dilution per share for the parties acquiring the Offer Shares) (in EUR)	0.43	0.37
Direct dilution per share for the parties acquiring the Offer Shares (%)	10.6	9.3

(1) Total costs of the Offering and Listing of the Company being EUR 12.8 million in this case.

(2) Total costs of the Offering and Listing of the Company being EUR 15.6 million in this case.

On November 30, 2017, the Company resolved on a capital increase (which was implemented on December 12, 2017) through the issuance of 14,500,000 Shares at notional value of EUR 1.00. When determining the Offer Price of EUR 4.00 per Offer Share in connection with the Offering, the Company ascribed a value of EUR 41 million to its tax losses carried forward and its contribution account for tax purposes (*steuerliches Einlagekonto*). The attributed value is derived from the expected total tax benefits of EUR 91 million resulting from EUR 180 of corporate tax loss carry-forwards, EUR 175 million of commercial tax loss carry-forwards and EUR 133 million of contribution account for tax purposes.

10. SELECTED FINANCIAL INFORMATION

The financial information in the following tables is taken or derived from the IFRS Financial Statements.

All of the financial information presented in the following tables is shown in Euro (EUR). Numerical figures contained in the following tables in thousands or millions, as well as percentages relating to numerical figures have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in the following tables may differ minimally from figures provided elsewhere in this Prospectus, which have not been rounded off. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or sub-totals contained in the following tables or mentioned elsewhere in this Prospectus. In respect of financial data set out in the prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is, or has been rounded to, zero.

The following selected financial information should be read in conjunction with "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

10.1 Selected items from the IFRS income statement

The following table shows selected items from the IFRS income statement of the Company for 2015, 2016 and 2017:

	2015	2016	2017
		(audited) in EUR thousands	
Other operating income	42	0	43
Personnel expenses	20	(26)	(8)
Other operating expenses	(134)	(137)	(481)
Net financial profit/loss	59	31	496
Income taxes	1	0	—
Net profit/(loss) for the period	**(12)**	**(133)**	**50**
Unrealized gains from the fair value measurement of securities	4	612	—
Reclassification of unrealized gains from the fair value measurement of securities	—	—	(616)
Other comprehensive income, net of taxes	4	612	(616)
Total comprehensive income	**(8)**	**479**	**(566)**

10.2 **Selected items from the IFRS statement of financial position**

The following table shows selected items from the IFRS statement of financial position as of December 31, 2015, 2016 and 2017:

	As at December 31,		
	2015	2016	2017
		(audited) in EUR thousands	
Assets			
Non-current assets			
Intangible assets	—	2	—
Other non-current receivables	113	107	95
Current assets			
Current income tax receivables	0	1	—
Receivables from related parties	5,621	2,258	—
Securities held as current assets	7	6,068	—
Other current assets	—	—	344
Cash and cash equivalents	50	1,928	19,172
Total assets	**5,791**	**10,365**	**19,611**
Equity and Liabilities			
Equity			
Subscribed capital	500	500	15,000
Capital reserves	0	0	0
Accumulated other comprehensive income	4	616	—
Accumulated retained earnings attributable to shareholders	3,644	3,511	3,561
Total equity	**4,147**	**4,627**	**18,561**
Non-current liabilities			
Provisions for pensions and similar obligations	452	431	374
Current liabilities			
Current income tax liabilities	1	0	—
Trade payables	13	13	668
Liabilities to related parties	1,167	5,253	—
Other non-current liabilities	10	42	9
Total equity and liabilities	**5,791**	**10,365**	**19,611**

10.3 **Selected items from the IFRS statement of cash flows**

The following table shows selected items from the IFRS statement of cash flows of the Company for 2015, 2016 and 2017:

	For the year ended December 31,		
	2015	2016	2017
		(audited) in EUR thousand	
Net cash flows from operating activities	(125)	(111)	(228)
Net cash flows from investing activities	0	(5,452)	5,966
Net cash flows from financing activities	172	7,441	11,505
Net increase/decrease in cash and cash equivalents	47	1,878	17,243
Cash and cash equivalents at the end of the period	**50**	**1,928**	**19,172**

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following discussion of the Company's financial condition and results of operations in conjunction with the IFRS Financial Statements and the HGB Financial Statements. Some of the statements contained below include forward-looking statements. These statements involve inherent uncertainties and actual results may differ materially. Investors can find a discussion of these uncertainties in "4. *General Information—4.3 Forward-looking statements*." In addition, investing in the Shares involves risks. Investors can find a discussion of these risks in "3. *Risk Factors*."

Where financial information in the following tables is denoted as "audited," this means that it was taken from the IFRS Financial Statements or from the HGB Financial Statements. The label "unaudited" is used in the following tables to indicate financial information that was not taken from the IFRS Financial Statements or the HGB Financial Statements, but that was either taken or derived from internal accounting records or management reporting systems or is based on calculations of these figures or recomputed from the IFRS Financial Statements or HGB Financial Statements.

All of the financial information presented in the following tables is shown in Euro ("**EUR**"), thousands of Euro ("**EUR thousand**") or millions of Euro ("**EUR million**"). Numerical figures contained in the following tables in thousands or millions, as well as percentages relating to numerical figures, have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in the following tables may differ minimally from figures provided elsewhere in this Prospectus, which have not been rounded. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or sub-totals contained in the following tables or mentioned elsewhere in this Prospectus. In respect of financial data set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is, or has been rounded to, zero.

11.1 Overview

The Company is a real estate business venture, pursuing a strategy to buy, hold, manage and selectively sell commercial real estate assets across Germany. Upon completion of the Offering, the Company intends to use the proceeds in attractive acquisitions with a targeted asset split of at least 60% office, approximately 20% retail & logistics and approximately 20% in other commercial real estate assets. The Company targets a portfolio size of EUR 3 billion in the medium-term, which could be exceeded in case of arising opportunities.

The vision and strategy will be executed by a skilled and financially committed management team that has worked together for nearly 10 years. The management team has a proven track record of acquiring, operating and disposing of real estate assets and portfolios for listed real estate companies.

The Company will focus on shareholder value generation through clever acquisitions of diversified portfolios across multiple asset classes to target mid-teen compounded total returns. The Company aims to categorise these acquisitions within a three-tier operational strategy, consisting of:

- a cash generating hold portfolio ("**Core(+) Portfolio**");
- a value-add portfolio with the potential to be unlocked through the Company's active asset management ("**Manage-2-core(+) Portfolio**");
- as well as a smaller portion of the portfolio that the Company targets to dispose to seize market opportunities or monetize value creation ("**Opportunistic Portfolio / Assets**").

11.2 Key Factors expected to affect the Company's results of operations

The Company expects to be most significantly affected by its ability to execute its acquisition strategy, as well as developments in, and related to, the commercial real estate market in Germany. Given the Company's focus on office, retail & logistics and other commercial assets, the Company is affected by macroeconomic developments such as gross domestic product ("**GDP**"), interest rates, unemployment rates, employment purchasing power, inflation, the development of the tertiary economic sector, the number of office workers as well as overall population change. In addition, the Company will be affected by rent levels and vacancy rates in the regions and commercial sectors where it operates.

11.3 **Results of operations**

The following table provides financial information from the IFRS Financial Statements for the years indicated.

	2015	2016	2017
		(audited) in EUR thousands	
Other operating income	42	—	43
Personnel expenses	20	(26)	(8)
Other operating expenses	(134)	(137)	(481)
Net financial profit/loss	59	31	496
Income taxes	1	0	—
Net profit/(loss) for the period	**(12)**	**(133)**	**50**
Unrealized gains from the fair value measurement of securities	4	612	—
Reclassification of unrealized gains from the fair value measurement of securities	—	—	(616)
Other comprehensive income, net of taxes	4	612	(616)
Total comprehensive income	**(8)**	**479**	**(566)**

Total comprehensive income amounted to a loss of EUR 8 thousand in 2015, a gain of EUR 479 thousand in 2016 and a loss of EUR 566 thousand in 2017. The change in total comprehensive income from 2015 to 2016 was mainly due to unrealized gains from the fair value measurement of securities. This change in total comprehensive income from 2016 to 2017 was mainly due to the reclassification of unrealized gains from the fair value measurement of securities.

Given the limited nature of its operations during the years covered by the IFRS Financial Statements, the Company has not broken down its revenues by category of activity or by geographic location.

11.4 **Selected items from the statements of financial position**

The following table presents financial information from the statements of financial position as at the dates indicated.

	As at December 31,		
	2015	**2016**	**2017**
		(audited) **in EUR thousands**	
Assets			
Non-current assets			
Intangible assets	—	2	—
Other non-current receivables	113	107	95
Current assets			
Current income tax receivables	0	1	—
Receivables from related parties	5,621	2,258	—
Securities held as current assets	7	6,068	—
Other current assets	—	—	344
Cash and cash equivalents	50	1,928	19,172
Total assets	**5,791**	**10,365**	**19,611**
Equity and Liabilities			
Equity			
Subscribed capital	500	500	15,000
Capital reserves	0	0	0
Accumulated other comprehensive income	4	616	—
Accumulated retained earnings attributable to shareholders	3,644	3,511	3,561
Total equity	**4,147**	**4,627**	**18,561**
Non-current liabilities			
Provisions for pensions and similar obligations	452	431	374
Current liabilities			
Current income tax liabilities	1	0	—
Trade payables	13	13	668
Liabilities to related parties	1,167	5,253	—
Other current liabilities	10	42	9
Total equity and liabilities	**5,791**	**10,365**	**19,611**

Assets increased by EUR 4,574 thousand, or 79%, from EUR 5,791 thousand as of December 31, 2015, to EUR 10,365 thousand as of December 31, 2016, which was mainly due to an increase in short-term securities. Assets increased by EUR 9,246 thousand, or 89%, to EUR 19,611 thousand as of December 31, 2017, which was mainly due to the Company's capital increase in December 2017 (see "*16.1 Foundation, change of legal form and of legal name and capital measures*").

Liabilities (consisting of non-current liabilities and current liabilities) increased by EUR 4,094 thousand, or 70%, from EUR 1,644 thousand as of December 31, 2015, to EUR 5,738 thousand as of December 31, 2016, which was mainly due to an increase in liabilities to related parties. Liabilities (consisting of non-current liabilities and current liabilities) decreased by EUR 4,717 thousand, or 82%, to EUR 1,021 thousand as of December 31, 2017, which was mainly due to the repayment of liabilities to related parties.

As a result of the foregoing, equity increased by EUR 480 thousand, or 12%, from EUR 4,147 thousand as of December 31, 2015, to EUR 4,627 thousand as of December 31, 2016. Equity increased by EUR 13,934 thousand, or 301%, to EUR 18,561 thousand as of December 31, 2017.

11.5 **Liquidity and capital resources**

11.5.1 ***Cash flows***

The following table sets for the Company's cash flow data for the periods presented.

	For the year ended December 31,		
	2015	2016	2017
		(audited) in EUR thousand	
Net cash flows from operating activities	(125)	(111)	(228)
Net cash flows from investing activities	0	(5,452)	5,966
Net cash flows from financing activities	172	7,441	11,505
Net increase/decrease in cash and cash equivalents	47	1,878	17,243
Cash and cash equivalents at the end of the period	**50**	**1,928**	**19,172**

Net cash outflow from operating activities decreased by EUR 14 thousand, or 11%, from EUR 125 thousand in 2015 to EUR 111 thousand in 2016. This decrease was mainly due to greater net loss in 2016, as 2015 benefitted from the receipt of income from reinsurance contributions. In 2017, net cash outflow from operating activities increased by EUR 117 thousand, or 105%, to EUR 228 thousand. This increase was mainly due to the elimination of gains/losses from the sale of securities and investments and changes in receivables and other assets, which were partially off-set by changes in liabilities.

Net cash outflow from investing activities increased from nil in 2015 to EUR 5,452 thousand in 2016, which was mainly due to investments in short-term securities. In 2017, net cash flows from investing activities was EUR 5,966 thousand and resulted mainly due to the sale of all short-term securities.

Net cash flows from financing activities increased from EUR 172 thousand in 2015 to EUR 7,441 thousand in 2016, which was mainly due to payments received in connection with receivables from related parties to finance short-term securities investments. In 2017, cash flow from financing activities increased by EUR 4,064 thousand, or 55%, to EUR 11,505 thousand, which was mainly due to the receipt of proceeds from the Company's capital increase in December 2017 of EUR 14,500 thousand, which was partially off-set by the repayment of liabilities to related parties.

11.5.2 ***Capital expenditure***

In 2015, 2016, 2017 and 2018 to the date of this Prospectus, the Company did not make any material capital expenditures. As of the date of this Prospectus, the Company has not made any firm commitments with respect to future capital expenditures.

11.5.3 ***Sources of funding***

As of the date of this Prospectus, the Company is not party to any material financing arrangements and the source of the Company's short and long-term capital consists of equity, which amounted to EUR 19,611 thousand as of December 31, 2017. In the future, the Company expects the proceeds of the Offering to provide liquidity to execute its acquisition strategy. In addition, the Company intends to enter into financing arrangements in connection with the acquisition of commercial real estate assets and portfolios in the future, while targeting a Net-LTV ratio of between 45% and 55%.

11.5.4 ***Contingencies and other financial obligations***

As of the date of this Prospectus, the Company does not have any material contingent liabilities.

11.5.5 ***Off-balance sheet arrangements***

As of the date of this Prospectus, the Company did not have any material off-balance sheet arrangements.

11.6 **Additional information relating to the HGB Financial Statements**

The HGB Financial Statements are included in this Prospectus beginning on page F-53. These financial statements are used to calculate the Company's distributable profit (*Bilanzgewinn*). Dividends to shareholders of the Company may only be distributed from such distributable profit. The accounting principles set forth in the HGB may differ from IFRS in material respects. The Company generated a distributable net profit (*Bilanzgewinn*) of EUR 3,784 thousand in 2015, EUR 3,663 thousand in 2016 and EUR 3,345 thousand in 2017.

12. MARKET AND COMPETITIVE LANDSCAPE

The Company's expected business activities are influenced by numerous economic, political and demographic factors. While the Company does not own real estate assets as of the date of this Prospectus, the Company intends to acquire commercial real estate assets and portfolios in Germany. The Company therefore expects to be most significantly affected by the commercial real estate markets in Germany. Given this expected exposure, the Company expects to be affected by developments in macroeconomic indicators such as GDP, unemployment rates, employment purchasing power, inflation, the development of the tertiary economic sector, the number of office workers as well as overall population change. More particularly, the Company is expected to be affected by trends stemming from real estate microeconomic indicators, such as leasing activities, rent levels and vacancy rates.

12.1 **General Macroeconomic Developments in Germany**

With approximately 82.5 million inhabitants expected as of September 2016 and a GDP of approximately EUR 3,144 billion as of 2016, Germany is the largest country in the European Union in terms of population and economic output. *(Sources: Federal Statistical Office, Germany's Population by 2060—Results of the 13th coordinated population projection; Eurostat, Gross domestic product at market prices*). Germany has the 4th highest nominal GDP in the world in 2015 and accounted for 29% of the Eurozone combined GDP in 2016. *(Source: Federal Statistical Office, Eurostat).*

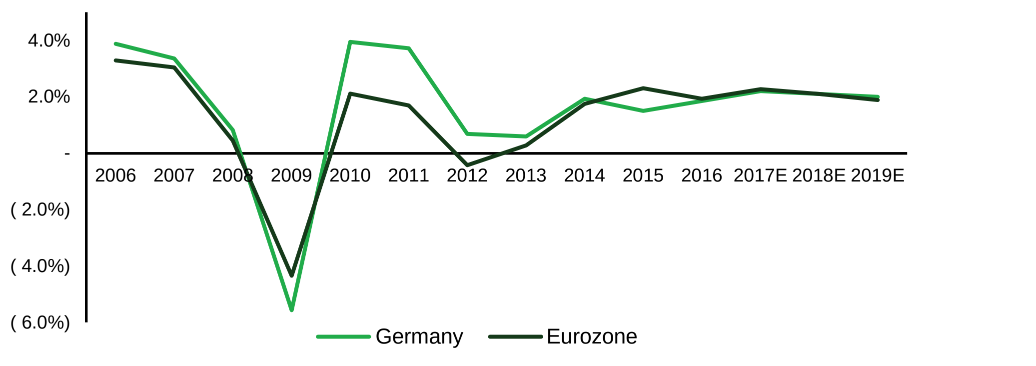
12.1.1 ***Economic Developments***

Gross Domestic Product and Economic Growth Developments

Germany has experienced an upswing in its economy since 2013 driven by excessive capacity utilisation of a well-balanced economic sector split with 69% of GDP attributable to the service sector, 30% to the industry and 1% to agriculture. The strong economy is expected to further give impetus to wages and prices. After experiencing a sharp decline in GDP in 2008 and the beginning of 2009 as a consequence of the global financial crisis and the related economic downturn, the German economy grew 5.2% between 2013 and 2016 (price- and calendar adjusted GDP). The German economy has continued growth at a moderate pace since, with a price- and calendar adjusted GDP growth rate of 2.8% in Q3 2017 compared to the same period in 2016. (*Source: Federal Statistical Office, "National accounts, domestic product"*). Despite uncertainty surrounding Brexit negotiations and the new government to be formed in Germany after the September 2017 elections, the German economy is expected to continuously grow at a slightly higher pace compared to previous years, though with slight declines in 2018 and 2019 compared to the expected 2017 projection of 2.2%. (*Source: European Commission, "Economic forecast for Germany"*).

The recovery of Germany's economy from the global financial crisis has laid the foundation for expectations of a stable economic outlook in the coming years. The following chart illustrates the growth in Germany's GDP compared to the Eurozone between 2006 and 2016 and the projected growth between 2017 and 2019.

Historical & Projected Growth in Germany's GDP compared to Eurozone—2006 to 2019



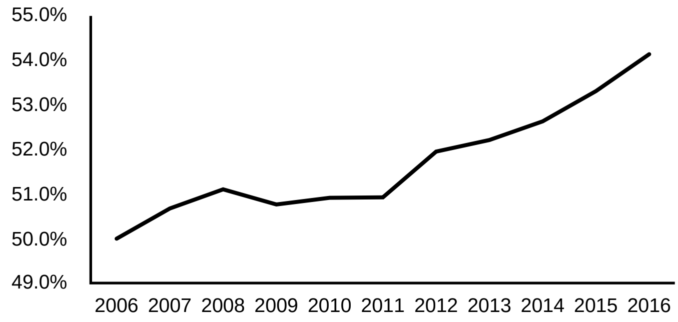
Source: European Commission, "Economic forecast for Germany"

Employment and Purchasing Power

The steady economic growth in Germany is underlined by its strong employment dynamics, characterised by a persistently low unemployment rate and moderately increasing wages. Over the last decade, the number of people employed or self-employed in Germany has increased from 40.1 million in 2006 to 44.0 million in 2016. (*Source: Federal Statistical Office, "Labour market": Persons engaged in economic activity*). Parallel to this positive trend in employment figures in Germany, wages have also experienced a moderate increase in recent years, further adding to the purchasing power of German consumers.

The following charts show the number of employed persons in Germany as a percentage of Germany's total population between 2006 and 2016.

Germany's Employment Rate—2006 to 2016

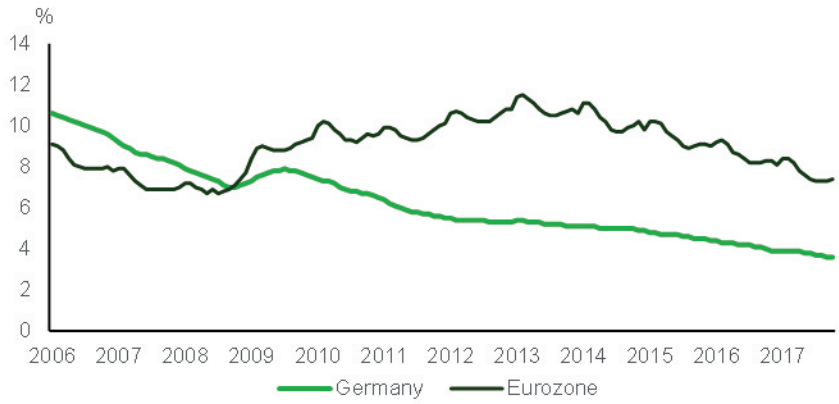


Source: Federal Statistical Office, "Labour market": ILO labour market statistics

In 2016, 1.52 million people were unemployed in Germany, resulting in an unemployment rate of 3.5%, down 1.0 percentage point from 2015. (*Source: Federal Statistical Office, "Labour market": ILO labour market statistics*). In September 2017, the unemployment rate was also 3.5%, a decline of 0.2 percentage points compared to September 2016. (*Source: Federal Statistical Office, "Labour market"*).

The following chart shows Germany's unemployment rate compared to the Eurozone between 2013 and 2016.

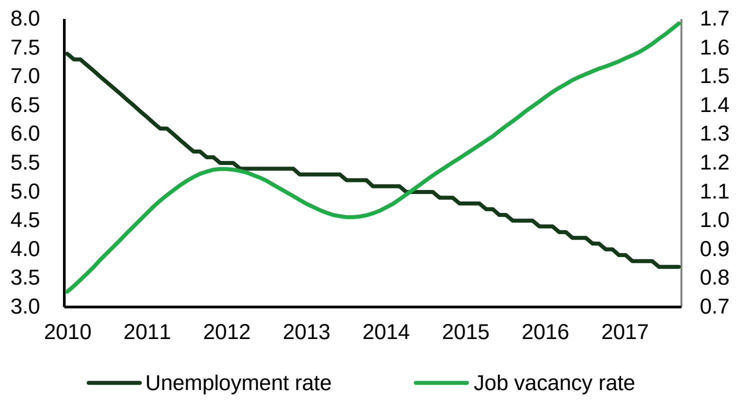
Germany's Unemployment Rate vs The Eurozone—2006 to 2017



Source: Federal Statistical Office, "Labour market": ILO labour market statistics; Eurostat, "Unemployment by sex and age"

The unemployment rate has been decreasing in Germany on the back of an increased job vacancy rate. *(Source: OECD, Germany Economic Forecasts)*.

Germany's Labour Market—2010 to 2017



Source: OECD, Germany Economic Forecasts

Consumer Price Development

Inflation in Germany was relatively muted in recent years, though 2017 has seen a shift in the trend. As measured by the Harmonized Index of Consumer Prices ("**HICP**"), the year-on-year inflation rate steadily declined from 2.5% in 2011 and reached a low of 0.1% in 2015. Thereafter, the HICP began to rise, and year-on-year inflation rate increased to 0.4% in 2016. (*Source: Federal Statistical Office, "Consumer prices": Consumer price index for Germany*). According to the European Commission, the year-on-year inflation rate in Germany is projected to be 1.7% in 2017, 1.5% in 2018 and 1.6% in 2019. (*Source: European Commission Economic Forecast for Germany*). The expected developments are in line with the primary objective of the ECB's monetary policy which is to maintain price stability in Europe with an inflation rate of below, but close to, 2.0% over the medium term.

Germany's Historical & Projected Inflation—2008 to 2019

Sources: 2006-2016, Federal Statistical Office, "Consumer prices": Consumer price index for Germany; 2017-2019, European Commission Economic Forecast for Germany

12.1.2 ***Developments of the Tertiary Economic Sector / Services Sector***

The German economy has undergone many changes over the last decades which have particularly impacted the composition of the GDP, as well as the number of employed people by economic sector.

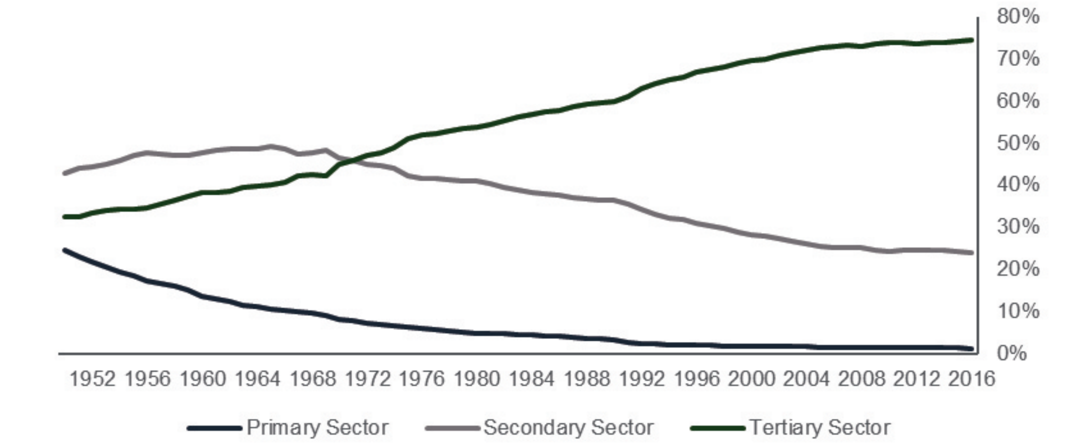
Since 1950, the primary sector (agriculture, forestry and fishing) experienced a material decline attributable to industrialisation. Further, the secondary sector (manufacturing industries) declined steadily since the late 1960s, driven primarily by globalisation, resulting in a greater emphasis on trade and the provision of services.

The tertiary sector (all remaining industries) currently employs 74% of employees in Germany, up from only 33% in 1950. While the number of employees has increased by 1.2% per year between 1950 and 2016, the number of employees in the tertiary sector has increased by 2.5% per year over the same period.

Over the last 10 years, this trend has stabilised. While the total number of employees has increased by 1.0% between 2006 and 2016, the number of employees in the tertiary sector has increased by 1.1%. (*Source: Federal Statistical Office, "Labour market", Employment (national concept) by industries*).

These developments have had a material impact on the overall number of employees in offices ("**Office Workers**") as growth of sub-industries relying on Office Workers has been particularly strong. IFH Köln finds that in 2016 there were 17.6 million office workers in Germany and that between 2005 and 2015 the number of office workers increased by 16%, or 1.5% per year on average. Growth was prominent in the largest German cities including Berlin, Frankfurt and Munich. (*Source: IFH Köln, Press Release: "Office Economy: Berlin has the most desks, 14 April 2016*).

Number of Employees by Economic Sector in Germany—1950 to 2016



Source: Federal Statistical Office, "Labour market", Employment (national concept) by industries

12.1.3 ***Demographic Trends***

Germany is undergoing four fundamental demographic changes: a population decline, an increased inbound migration, an increase in the number of households coupled with a reduction in average household size, and an aging population.

Population decline

Germany's population has been declining steadily for a decade. Between 2000 and 2010, its population declined by approximately 0.5%, whereas between 2010 and 2016 it increased by 0.9%. Projections forecast a decreasing trend of the population, and predict more precisely that the population will decrease by an additional 1.3% between 2017 and 2025, and reach a level of 80.5 million people by 2025. (*Source: Federal Statistical Office, Genesis Online Database, Population*).

Depending on the scale of net immigration, the population is likely to increase until 2018 to 2029 depending on the demographic scenario. It will then fall until 2060 to a level between 60 million (assuming 1.4 children per woman, conservative life expectancy and low immigration) and 79 million (assuming 1.6 children per woman, increased life expectancies and a medium long-term migration balance).

Inbound migration trends

With the exception of a few years, Germany has had positive net migration since 1954. On a long-term average, net migration ranged between 142,000 persons per year before German reunification and

186,000 persons per year in the entire period between 1954 and 2013. These average values are shaped by several waves of immigration, such as the recruitment of foreign workers in the 1950s and 1960s, subsequent immigration of family members in the 1980s, and the extremely high level of inward migration from Eastern Europe, states of the former Soviet Union and from war-torn Yugoslavia in the 1990s. The migration trends of past years do, however, show some tendencies which may be considered in the assumptions on future net migration. (*Source: Federal Statistical Office of Germany, Germany's Population by 2060—Results of the 13th coordinated population projection*).

Households number increase

The number of households in Germany has increased over the past few years. In 2016, there were 41.0 million households in Germany, up from 39.5 in 2011, representing a growth rate of 3.8%. (*Source: Federal Statistical Office, Genesis Online Database, Population, Households*). This trend is expected to continue and the number of households is forecast to increase to 43.2 million in 2035 (*Source: Federal Statistical Office of Germany, Press Release: "43 million households in 2035", 28 February 2017*).

In 2016, the average household size for Germany was 2.00 persons, down from 2.03 in 2011, reflecting an increase in the number of one- and two-person households (which are expected to further increase between 2017 and 2035, accompanying a decrease in three, four, and five or more-person households). The number of single-person households in Germany rose by a total of 7.4% (two-person households: 4.3%) between 2011 and 2016 and it is forecast to grow by an additional 10.1% (two-person households: 8.0%) between 2017 and 2035. (*Source: Federal Statistical Office, Genesis Online Database, Population, Households projections in Germany, 2017*).

With an increase of 4.1% in 2016, households with five and more persons showed the highest rate of growth of all household sizes in 2016, followed by four- and three-person households, which grew at 3.5% and 1.8%, respectively. In 2016, the number of households with one and two persons fell by 0.3% each, a reversal from the general trend in previous years. The historical trends (percent change year-on-year) are shown for the past five years for each household group. However, smaller household sizes are expected to continue to grow. As a result, the average household size is projected to fall below 2.00, by as early as 2018 and is expected to decrease to a level of 1.80 by 2035. (*Source: Federal Statistical Office, Genesis Online Database, Population*).

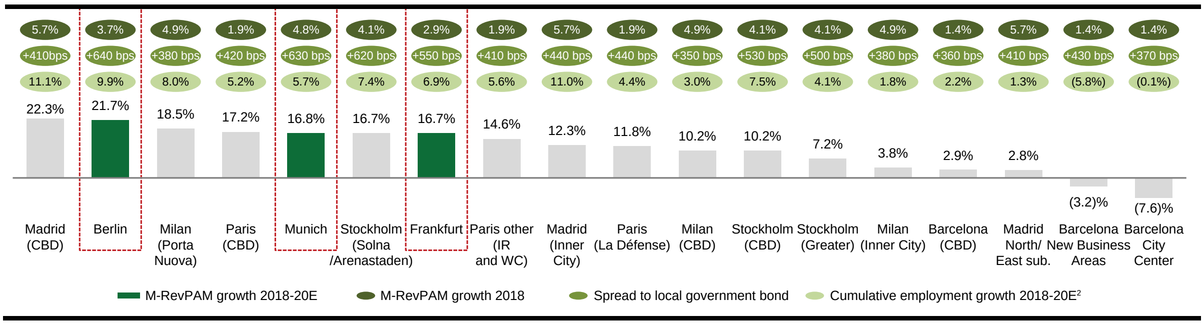
Aging population

The population of many developed nations in Europe is gradually undergoing a demographic transition with respect to the age of the population. This trend is very pronounced in Germany, as evidenced by the fact that the lowest share of young people in the population in 2016 across European Union ("**EU**") member states was recorded in Germany (13.2%). (*Source: Eurostat, "Population structure and ageing"*). According to the Federal Statistical Office, following 24 years of continuous increase, the average age of the population in Germany decreased in 2015 for the first time since reunification. At the end of 2015, the average age of all inhabitants of Germany was 44 years and 3 months. In 2014, it had been 44 years and 4 months. The decrease concerned only the population of non-German citizens living in Germany. The average age of the German population rose again from 44 years and 10 months to 45 years at the end of 2015. As a result, the Federal Statistical Office also notes that the current high immigration has only limited effects on the long-term population trends. It is mainly reflected in short-term population growth, but cannot reverse the trend towards increased population ageing. The current age structure of the population is expected to have a stronger impact on the demographic development in the next three decades than the balance of immigration to and emigration from Germany. (*Source: Federal Statistical Office, Press Release: "Average age of the population"*).

As of 2016, more than a fifth of Germany's population (21.1% or approximately 17 million people) was over 65. The EU average was 19.2% for the same time period. Forecasts project that this percentage will exceed 28.0% by 2030 and 33.0% by 2060 in Germany. (*Source: Federal Statistical Office, Germany's Population by 2060—13th coordinated Population Projection for Germany*).

The charts below show the positive positioning of key German capital cities compared to its European peers.

Development of occupancy and rent in Europe's key cities (RevPAM)(1)

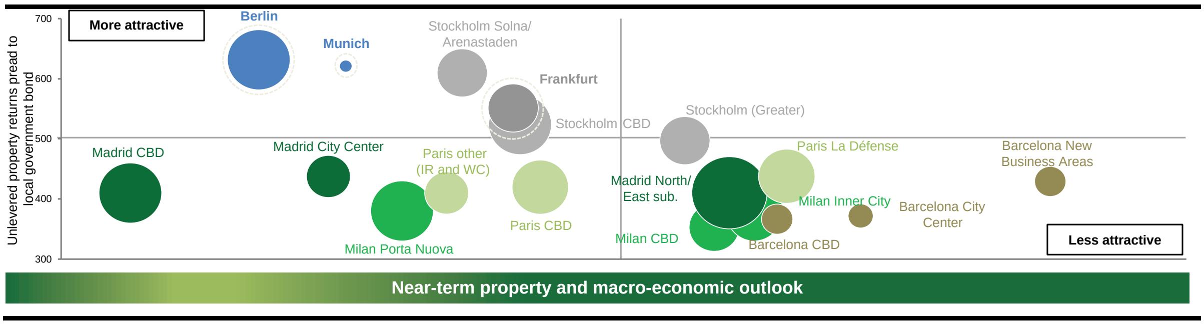


Source: Green Street Advisors

(1) RevPAM = Revenue per square meter growth—measures changes in market conditions (i.e. leasing economics) in a single metric by combining changes in occupancy and rents

(2) Office-based employment growth

Key European cities office outlook—18 sub-markets(1),(2)



Source: Green Street Advisors

(1) Based on weighted-average score of employment growth (25%), supply growth (25%), '18E RevPaM (10%) and '18-'20 RevPaM (40%) projections over next three years. Cities selected based on relevance for companies under Green Street coverage. Underlying asset value of Green Street coverage universe is approximately EUR 39 billion.

(2) Size of bubble represents spot asset value exposure of listed PropCos under Green Street coverage as % of their total investment portfolio

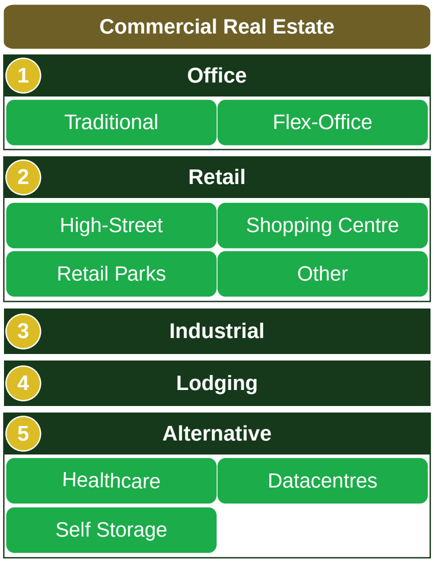
12.2 **The German Commercial Real Estate Market—Strong investment and letting markets**

Commercial Real estate is a denomination regrouping office, retail, logistics, lodging and alternative asset classes and their respective sub-asset classes. According to the 2016 transaction volume in Germany, most real estate transactions are in the office and retail asset class, despite the recent emergence of alternatives such as logistics and lodging. (Sources: JLL, Investment Market Overview Germany, H1 2017)

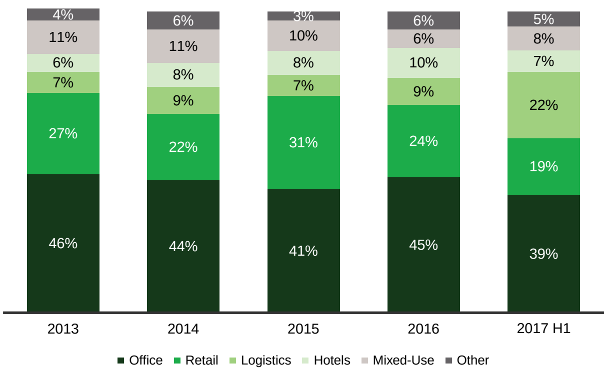
As a substantial share of commercial real estate assets are located in and surroundings of the largest German cities Berlin, Hamburg, Munich, Cologne, Frankfurt, Stuttgart and Düsseldorf (together "Top 7"), the Top 7 are commonly used as benchmarks for overall trends in German commercial real estate.

The term "Top 6" is commonly used to describe the commercial real estate markets for the cities of Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg and Munich.

The term “Top 5” is commonly used to describe the commercial real estate markets for the cities Berlin, Hamburg, Munich, Frankfurt and Düsseldorf.



Investments in German Commercial Real Estate by Asset Class

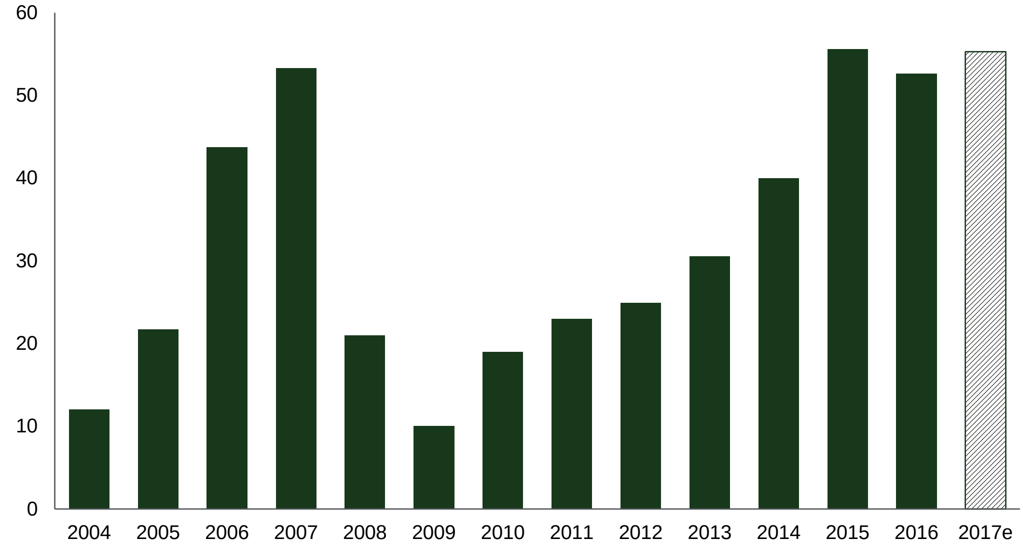


Source: JLL, Investment Market Overview Germany, H1 2017

As of H1 2017, the strong transaction activity was mostly led by office transactions, representing 39% of the total transaction volume, followed by logistics (22%), retail (19%), mixed-use (8%), hotels (7%) and others (5%). Importantly, the logistics asset class doubled its share, increasing from 9% to 22%, at the expense of retail, which lost a fifth of its share. (*Source: JLL, Investment Market Overview Germany, H1 2017*).

German commercial investments have reached a volume of EUR 38.6 billion in Q3 2017 YTD, up by 19% year-on-year, according to JLL. This record volume—the second highest transaction volume since 2007—was characterized by significant portfolio transactions and large single-asset transactions. The overall transaction volume was split between single-asset transactions accounting for 73% and portfolio deals accounting for the remaining 27%, with the volume of the latter up 40%. In terms of geography, the Top 7 markets account for 53% of the transaction volume, up 19% in value compared to Q3 2016 YTD. (*Source: JLL, Investment Market Overview Germany, Q3 2017*).

Investments in German Commercial Real Estate (in EUR billions)

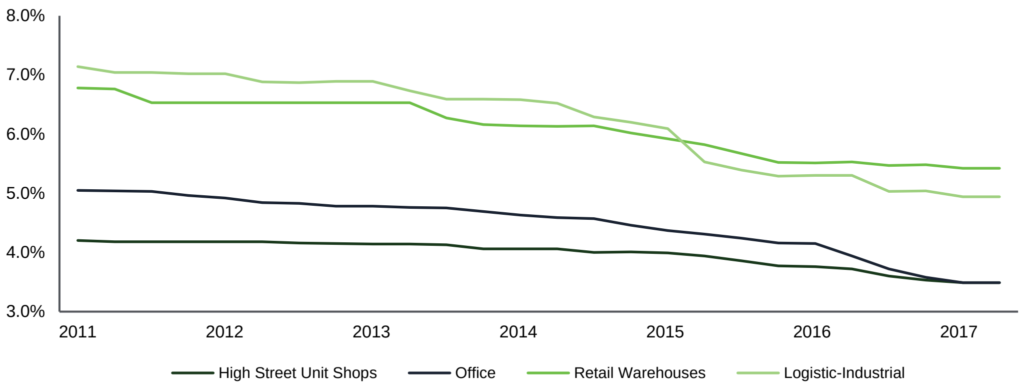


Source: Ernst & Young

Due to strong investment activity, prime yields decreased during Q3 2017. The average prime yield for office properties in the Top 7 markets decreased to 3.39% or eight basis points lower than in Q2 2017. A further decline in prime yields to approximately 3.24% is expected by the end of 2017. (*Source: JLL, Investment Market Overview Germany, Q3 2017*).

The share of foreign buyers has fluctuated quite significantly since 2005 but has continually increased from its low in 2009 of below 20% to approximately 50% in 2017 as foreign investors are attracted by perceived high political stability and economic growth. Across Germany, the share of foreign investors varies with a high of 70% in Berlin to a low of 35% in Munich (*Source: Cushman and Wakefield, Real Estate Market—Germany, January 2018*).

Decreasing Prime Yields in the Top 7 German Markets

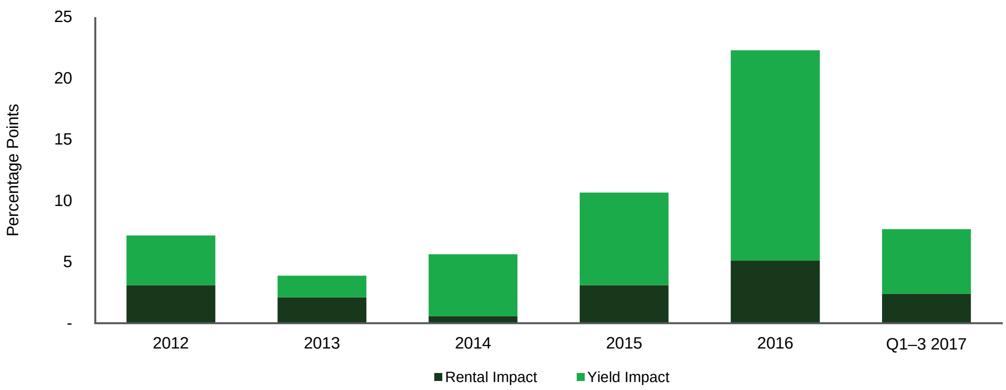


Source: JLL, Logistics and Industrial Property Investment Report, H1 2017

In 2015 and 2016, real estate values grew by double digits, mostly driven by yield compression, the impact of which exceeded the impact of rental growth. JLL believes that in 2017 a double-digit percentage increase in capital values could again be achieved on the back of rental price growth and yield shifts. (*Source: JLL, Investment Market Overview Germany, Q3 2017*).

The decrease in prime yields has mainly been driven by a scarcity of available assets as well as strict investment criteria of in particular institutional investors (*Source: Cushman and Wakefield, Real Estate Market—Germany, January 2018*).

Office Capital Value Growth Driven by Yield Shifts & Rental Value Increase



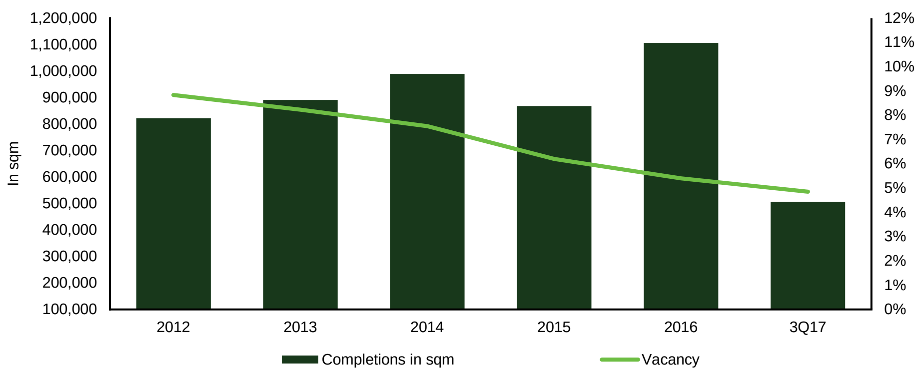
Source: JLL, Investment Market Overview Germany, Q3 2017

Measured over a longer period of time, value-creation for office properties relies more on property-specific characteristics driving rental income and profitability than yield compression. The aggregate total returns for existing office properties in the Eurozone confirms this: In the period from 2000 to 2015, cash flow return generated a performance of 5.7%, while the change in value, such as yield compression or rental growth, accounted for only 0.3% of the total return. (*Source: Triuva, Newsletter, June 2017*).

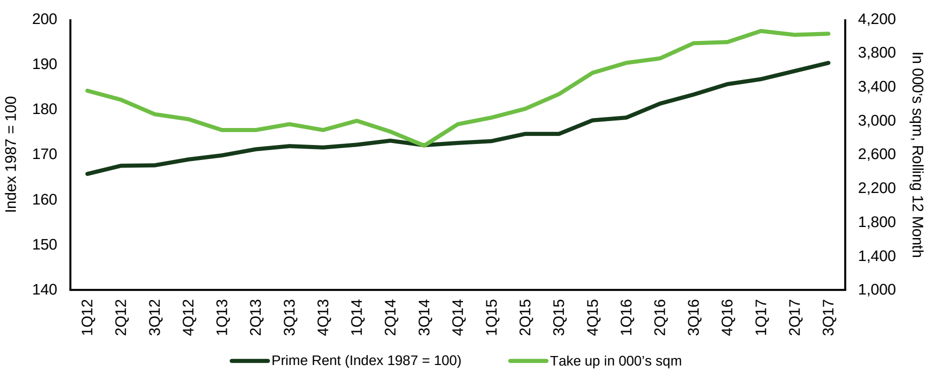
*12.2.1 **Office Market***

Strong Office Dynamics in the Top 7 Markets Led by a Strong Take-Up, Decreasing Vacancies and Growing Prime Rents

Completions and Vacancy Rates in the Top 7



Prime Rents and Take-Up in the Top 7



Source: JLL Germany Office market, Q3 2017.

Germany has a resilient and steadily growing office real estate market. The service sector's strength, characterized by increasing employment numbers, supports the office market dynamic in Germany, notably through record letting take-up volumes in 2016.

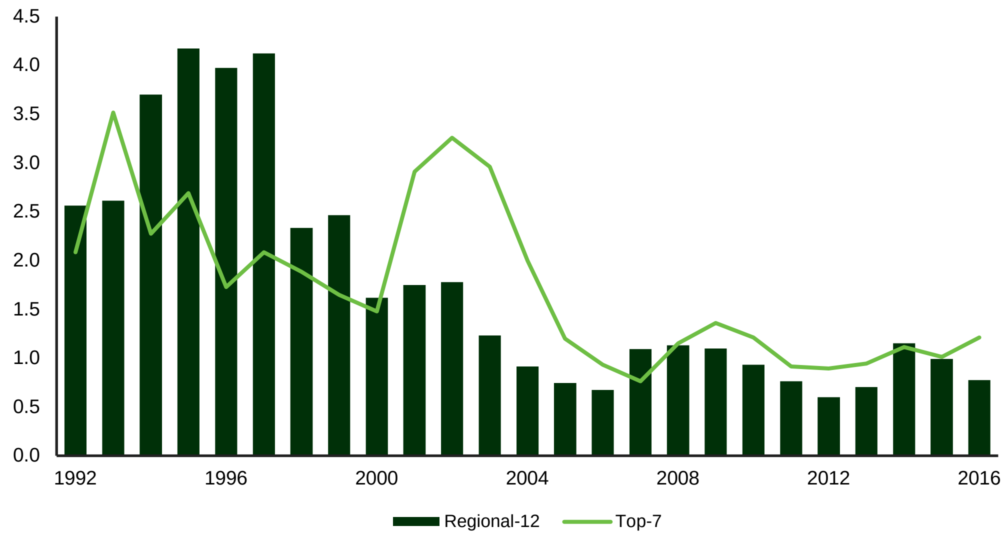
Office space supply has been reduced drastically since the market corrections in the Neuer Markt (new economy era) and since the economic difficulties after the terror attacks in the United States on September 11, 2001. At that time, the volume of vacant office space had surged but since roughly the middle of the last decade, the trend has however reversed. The vacancy rate has declined almost continuously, with levels falling faster in top locations, reaching 5.1%, than in regional centres, respectively at 5.8%. (*Source: DG Hyp, Regional Real Estate Market, 2017*).

The excess demand for office spaces is forecasted to remain high even as new space is created and comes to the market. For the Top 7 cities, a total of 3.7 million square meters ("sqm") is currently in development, with Berlin leading the way with 1.2 million sqm, followed by Frankfurt (0.6m) and Munich (0.5m). *(Source: Cushman & Wakefield, Real Estate Market—Germany, January 2018).*

Nevertheless, required rents for profitable developments are estimated at or above current rental market values, implying that there is little incentive to start speculative constructions. Primary reason is seen by inflated land values due to ongoing demand from residential property investors. *(Source: Green Street Advisors, European Cities Office Outlook, November 2017).*

A further driver of the office segment attractiveness is the reduction of available space caused by the ongoing conversion projects where offices are changed into residential buildings. Among Frankfurt, Berlin and Munich, the former leads the way with the most conversions mainly on the back of office space availability while office space is a scarcity in Berlin and Munich, thus experiencing fewer conversion projects. *(Source: bulwiengesa, Office to residential conversion projects in Berlin and Munich, February 2018).*

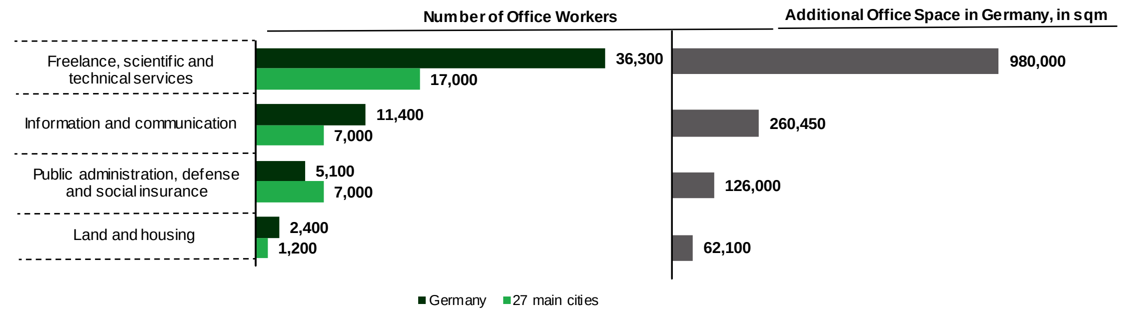
In The Last 10 Years Only A Relatively Low Volume Of New Office Space Has Been Developed—New Office Space in % of the Total Office Space



Source: DG Hyp, Regional Real Estate Market, 2017.

Employment numbers in the service sector continue to increase, resulting in record letting take-up volumes in 2016. This strong take-up, coupled with a shortage of supply of top locations modern space, is driving a further rise in rental prices.

2017–2022 Annual Expected Growth of Number of Office Workers and Required Office Space for Selected Office-Intensive Sectors



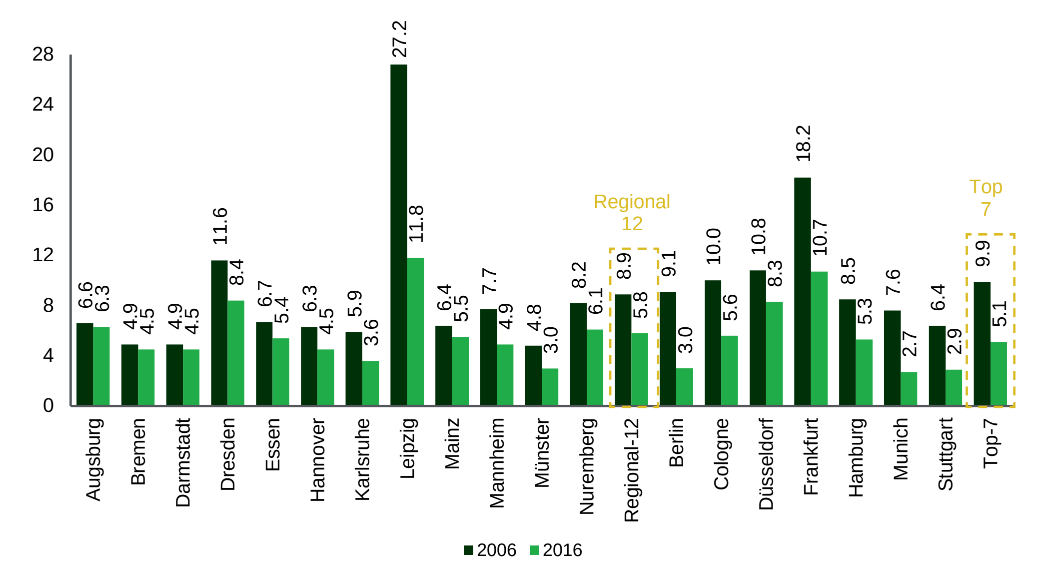
Source: Wüest Partners, Germany's office market, 2017.

The 27 analysed cities are Berlin, Dusseldorf, Frankfurt am Main, Hamburg, Cologne, Munich, Stuttgart, Augsburg, Bielefeld, Bonn, Braunschweig, Bremen, Dresden, Heidelberg, Karlsruhe, Leipzig, Ludwigshafen am Rhein, Mainz, Mannheim, Munster, Osnabruck, Regensburg, Ulm, Bochum, Chemnitz, Darmstadt, Dortmund, Erfurt, Freiburg im Breisgau, Hanover, Kiel, Nuremberg and Rostock.

The number of office workers is growing by 1% each year with the top seven metropolises expected in the coming years to attract between 4.5% and 5.9% more office workers and the medium-sized cities expecting 3.2% to 5.6%.

Germany polycentric model allows each city to attract increasing numbers of residents and people in gainful employment. Looking at 27 medium-sized regional economic centres in Germany, between 2012 and 2016, the average rents for office space have remained stable overall, and are expected to increase, especially as speculative construction is unlikely. The growing demand combined with a lack of construction projects have caused top rents to grow faster than in the Top 7 markets, except for Berlin. With the exceptions of Augsburg, Bremen and Osnabruck, vacancy rates also decreased on the back of the positive economic growth, so that some markets reached structural vacancy levels. (*Source: Wüest Partners, Germany's office market, 2017*).

Vacancy Rates for Office Space Have Fallen In All The Locations Reviewed



Source: DG Hyp, Regional Real Estate Market, 2017

The robust economic development and the continued favourable conditions in the German employment market, is supporting take-up numbers and the investment markets, which is expected to reach €25bn of transactions in 2017. (*Source: Independent Market Research Provider, Cushman & Wakefield Germany Office Q3 2017*). In the next three to five years, the information / communication sector and the freelance / scientific / technical services are forecasted to grow and thereby give rise to a high level of demand for additional office space.

Further, Germany's financial capital, Frankfurt, is well placed to benefit over the medium-term from the United Kingdom's decision to leave the EU, as a number of credit institutions and financial services providers are considering the relocation of their company activities to Frankfurt. Berlin is also a possible candidate for the relocation of mostly Technology, Media and Telecommunications ("**TMT**") companies from other German regions and abroad. The creative and technology sector is rapidly becoming the strongest take-up driver in Berlin and the strong growth in this sector could result in further influx into Germany's start-up capital. This sector accounted for 306,000 sqm of take-up in 2016, which is more than one-third of the total take-up in the Berlin market. In Munich, the comparatively young TMT sector is also a significant take-up driver, with a share of almost 22% of the annual total. (*Source: Wüest Partners, Germany's Office Market, 2017*).

This supply (–) / demand (+) imbalance has driven vacancy levels downward in most office markets. Markets such as Munich, Hamburg and Berlin are characterised by scarcity at record high of available office space, and of large areas of contiguous space. Vacancy rates in 2017 have fallen to 4.9%, below the 5% level in most of the Top 7 markets. (*Source: JLL, Office Market Overview Germany, Q3 2017*). This 5% mark is viewed by brokers such as JLL as structural vacancy, leading to the conclusion that these markets have reached full occupancy.

As a result, prime rents are rising further: the JLL prime rental price index for the Top 7 markets was up by 3.6% year-on-year reaching 191.1 points as of Q3 2017, which is the highest level since the first quarter 2002. Among the most dynamic markets, Berlin has recorded 9% year-on-year growth, Stuttgart 5% year-on-year growth and Munich and Hamburg 4% year-on-year growth. A further increase in rents is expected by the end of 2017to reach a 4.1% increase year-on-year. (*Source: JLL, Office Market Overview Germany, Q3 2017*).

Over a five-year period from 2012 until 2017, prime rents have increased by 5.7% in Berlin, 4.3% in Frankfurt and 3.4% in Munich. Apart from the before mentioned cities, rents have also increased in B-locations which Hannover reporting increases of 2.5% per year and Dresden reporting increases of 1.9% per year (*Source: Cushman and Wakefield, Real Estate Market—Germany, January 2018*).

The Q1–Q3 period set the second-best result ever reported for office investments, reaching a transaction volume of approximately EUR 16.8 billion, up 24% year-on-year and 94% over the ten-year average. This volume was mainly supported by single-asset deals reaching EUR 14.9 billion and by portfolio deals reaching EUR 1.9 billion. (*Source: Independent Market Research Provider*).

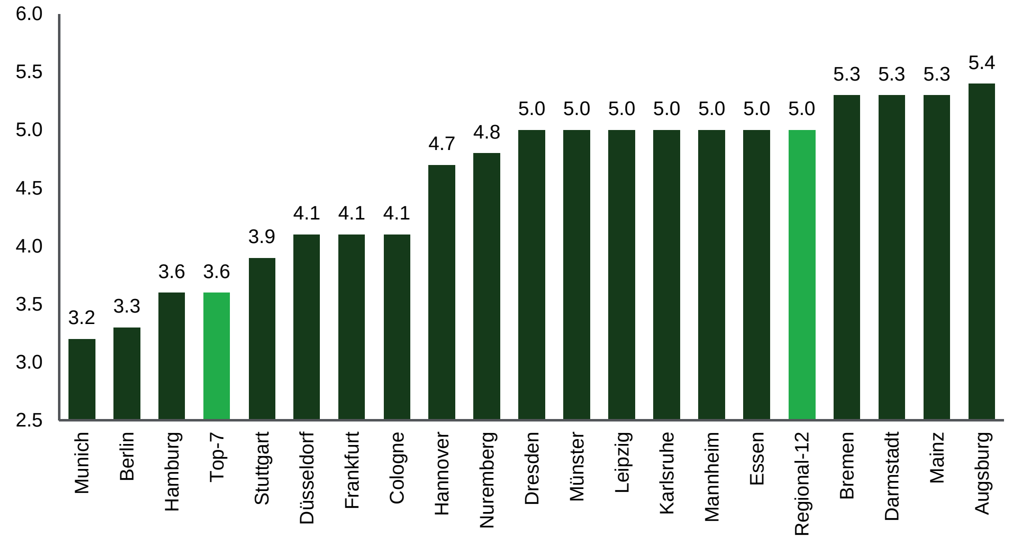
A very high level of activity was to be observed in all transaction size segments, as underscored by the number of transactions which has risen to 440. (*Source: Independent Market Research Provider*).

The registered transaction volume can be broken down between the Top 6 markets, representing 72% of the total investment volume with a EUR 12.1 billion investment amount, and outside of the Top 6 markets, with single-asset deals volume standing at EUR 3.7 billion, representing 22% of total volume. The year-on-year growth of the latter group was more pronounced at 33% vs 23% for the first one, in a globally increasing environment. (*Source: Independent Market Research Provider*).

Yields have trended downwards over the past three months. The net prime yield in Berlin has fallen to 3.00%, followed closely by Munich at 3.10%, by Hamburg and Frankfurt at 3.20% and more distantly by Düsseldorf and Cologne at 3.70%. *(Source: Independent Market Research Provider)*

Following top locations further yield compression, the difference in yields between top locations and regional centres widened to its greatest extent ever of 1.3% in 2016. For instance, Munich illustrated itself as the most expensive location for investors in terms of office and retail space, whereas Augsburg came in at the other end of the range, with rental yields more than 2% higher. (*Source: DG Hyp, Main Regional Real Estate Markets in Germany, 2017*).

Office Net Initial Yields in Germany (Central Locations)



Source: DG Hyp, Main Regional Real Estate Markets in Germany, 2017

Prime yields of B-locations have decreased as well as investors have increased their investment horizon. Yield compression in these cities has not been as strong as in the Top 5, however, is expected to increasingly follow the pattern of Top 5 locations in the future (*Source: Cushman and Wakefield, Real Estate Market—Germany, January 2018*).

These positive trends herald an exceptional 2017 year, also supported by the upcoming large-volume transactions. The new record level of take-up and recent upwardly revised GDP forecasts may further amplify investor interests. As a result, a transaction volume of over EUR 25 billion is predicted, representing the second-best result of all time, coupled with a further slight drop in prime yields (*Source: Independent Market Research Provider*).

Prime rents in the Top 5 are expected to increase again in 2018 and partially in 2019 driven by strong demand for office space. However, prime yields are forecasted to stay flat in 2018 with the exception of Hamburg and Munich where prime yields are forecasted to decrease. For 2019, prime yields are expected to remain flat across all Top 5 locations (*Source: Cushman and Wakefield, Real Estate Market—Germany, January 2018*).

12.2.2 ***Retail Market***

The German retail market is backed by a robust German economy, with record employment numbers, rising household incomes and consumers expressing a high degree of willingness to buy. This growing economic environment is driving high demand from customers, with retail sales in recent months having been consistently higher than a year ago. In September, consumer sentiment, as measured by the GfK Consumer Climate Index, reached its highest level of recent years. (*Source: Cushman & Wakefield, Germany Retail Market Snapshot Q3 2017*).

Retail trade is undergoing the biggest transformation since the introduction of self-service, triggered by the accelerating triumphal march of e-commerce coupled with the rapid digitalization of many spheres of life. The macroeconomic framework for ongoing growth in retail revenues is in place. (Source: Independent Market Research Provider)

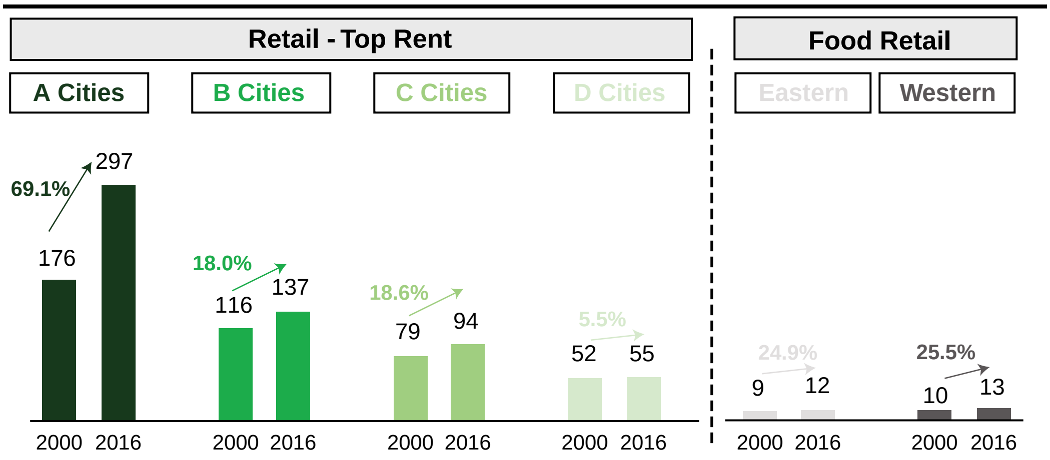
Nevertheless, compared to other large retail markets such as United States, Canada, Australia, U.K., France and China, Germany has the lowest retail space per capita of approximately 2 sqm which compares to approximately 24 sqm per capita in the United States. However, in terms of relative spending per square meter, German retailers achieve the highest sales per sqm of more than $3,150 compared to $600 in the United States. This underscores not only the health of the overall market for retail space but also the health and efficiency of German retailers compared to international competitors. (Source: GGP, Investor Presentation March 2017).

In this current environment, Germany retail market remains attractive: Several international retailers entered the German market in Q3 or opened their first flagship stores here, thus confirming the attractiveness of Germany for international brands. An increasing number of online retailers are also tending to open shops or popup-stores to present their goods and attract new clients. (*Source: Cushman & Wakefield, Germany Retail Market Snapshot, Q3 2017*).

Retail rents have developed positively between 2000 and 2016, although at uneven paces between locations. "A" cities have experienced the highest growth at 69.1%, followed by food retail at approximately 25–26% levels. "B" and "C" cities saw rents grow by 18% and 19%, respectively. Finally "D" cities rent levels increased by 5.5%. (*Source: bulwiengesa, Food Retail in Germany, 2017*).

Over 2017, whilst prime rents in the top cities have remained mainly stable across Germany as a whole, the average prime rent will continue its downward trend of –2.6% by the end of 2017 because of shifting retailer preferences. *(Source: JLL, Retail Market Overview Germany, Q3 2017).*

Rental Growth in German Retail 2000–2016



Source: bulwiengesa, Food Retail in Germany, 2017 Note: Rents rounded off

Investment volumes have reached EUR 8.5 billion as of Q3 2017, roughly at 2016 result but 20% above the 2008–2016 multi-year average thanks to the increased portfolio volume, which were up 51% year-on-year and 33% above the multi-year average. Asset deals transaction volume is down 18% year-on-year, though still 15% above the multi-year average. (*Source: Independent Market Research Provider*).

The retail investment volume has notably declined in Top 6 markets, reaching EUR 2 billion, down 16% year-on-year, this trend affecting all cities but Cologne, only improving year-on-year performance with a transaction volume reaching EUR 403 million (+225%), thanks to a number of larger transactions. The decline in Berlin to a EUR 746 million investment volume was comparatively moderate at –10%. Munich also registered a relatively modest drop at –6% (EUR 442 million). In Hamburg (EUR 321 million), Frankfurt (EUR 65 million) and Düsseldorf (EUR 39 million) the volume fell below Q3 2016 figure and below the 10-year average. (*Source: Independent Market Research Provider*).

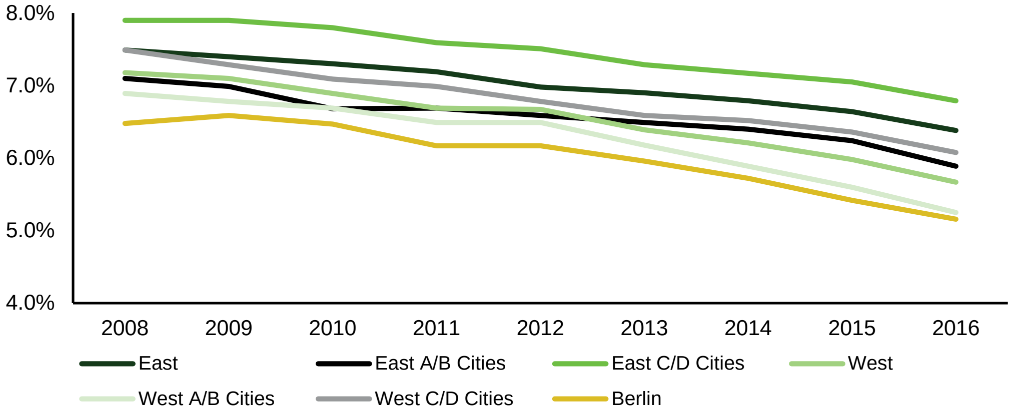
As of Q3 2017, discounter/supermarkets and specialised stores accounted for the main share of the retail investment volume at 43%. Inner-city business premises follow with approximately 33%, Shopping centres with under 19%, and department stores with 4%. (*Source: Independent Market Research Provider*).

In 2018 and the following years, investment volumes are expected to increase due to improved purchasing power parity and positive real wage development across Germany (*Source: Cushman and Wakefield, Real Estate Market—Germany, January 2018*).

Despite the low rental and transactional activities, the supply (–) / demand (+) imbalance in city centres is leading to downward adjustments in yields. The average prime yield for the Top 7 markets stands at 2.96%, with a slight downward tendency in the coming three months. Net initial yields for individual specialist retailers and for shopping centres are stable at 5.40% and 4.00%, respectively. With regard to retail parks, prime yields fell by a further 20 basis points to 4.70% due to strong investor interest. A further slight compression by 10 basis points before the end of 2017 is expected. (*Source: JLL, Press Release, October 2017*).

These ever-compressing retail prime yields drive investor interest to retail properties at non-central locations such as specialist retailers, supermarkets, discounters. (*Source: bulwiengesa, Food Retail in Germany, 2017*).

Average—Net Yields. 2008–2016 Retail—Non-Central Locations in% (127 RWIS* Cities)



Source: bulwiengesa, Food Retail in Germany, 2017

Note: * In its annual RWIS survey, bulwiengesa determines the property industry indicator net initial yields for non-central locations in 127 cities. Because there is no statistically sound way of ascertaining regional yields for the local amenities segment and specialist store locations, this indicator is used as the best approximation of such a figure. RWIS city categories have been allocated to Eastern / Western Germany and divided up into A/B and C/D cities; average yields for each year have been calculated for those groups.

A high level of transactions is expected to be recorded for 2017, driven by the exceptionally high demand as well as further price increases and yield compressions, which could prompt owners to put some assets on the market (*Source: Independent Market Research Provider*).

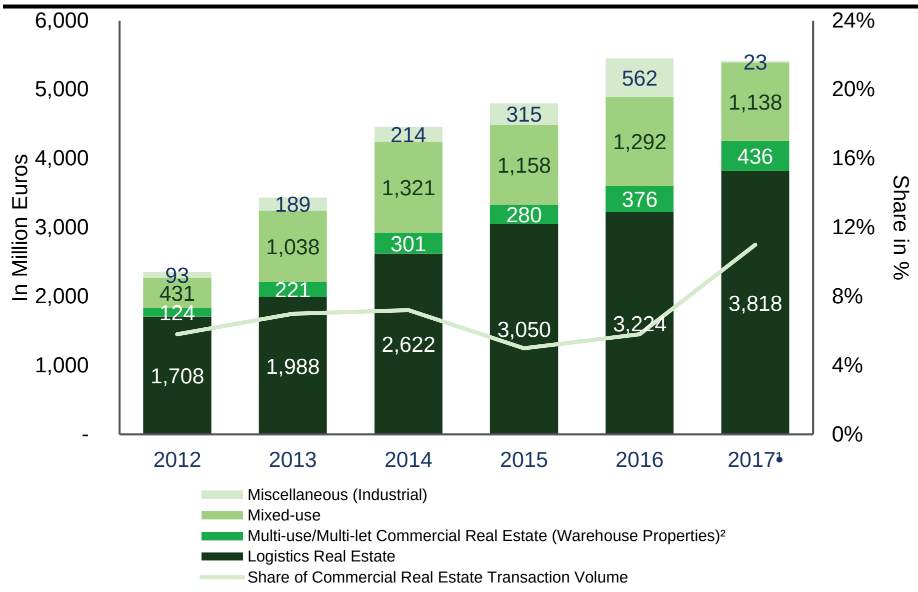
12.2.3 ***Logistics Market***

Germany is characterized by a few logistics hotspots, illustrated on the map below.

Source: Independent Market Research Provider

The logistics industry is currently performing strongly translating into high demand for logistics real estate. Market evidence suggests new record levels for the ongoing year 2017, both in terms of building activity as well as investments. (Source: bulwiengesa, Logistics study, June 2017)

Investment Volume in German Logistics in EUR m



Source: bulwiengesa, Logistics study, 2017

Note: (1) The evaluation includes all transactions up to the key date of July 31, 2017. (2) Warehousing and logistics properties were not studied collectively.

The high level of demand and the strong competition among investors are driving yield compression, with prime yields now standing at 4.70% in the major German logistics locations, dropping approximately 40 basis points year-on-year. *(Source: Independent Market Research Provider).* A further decline by around 20 basis points to an estimated 4.50% on average is expected. (*Source: JLL, Press News, October 2017*).

Despite a particularly strong year, the longer-term outlook is nevertheless positive. The robust macro-economic situation in Germany and the increasing pace of growth in Europe are supporting the logistics market dynamics, as are the continuing expansion of e-commerce and the sustained high level of consumption. (*Source: Independent Market Research Provider*).

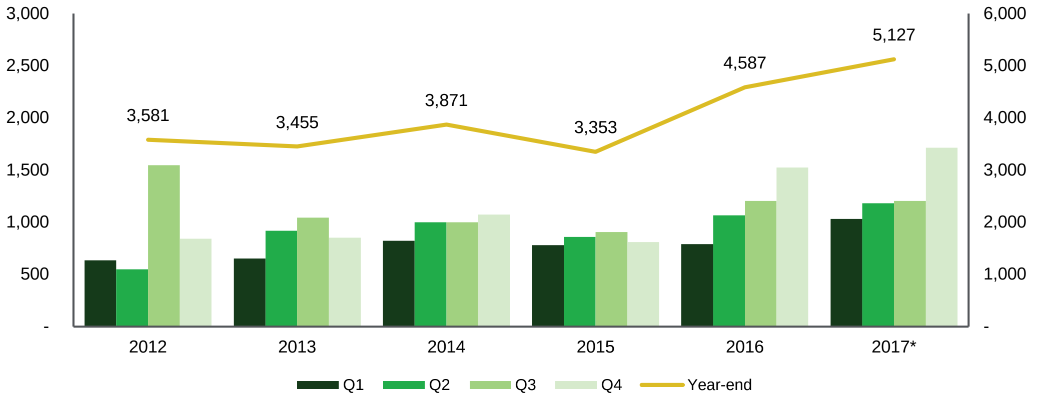
Rents have remained broadly flat for the Top 5 from 2012 until 2016 with the exception of Munich which has seen strong rent increases since 2013. A similar trend has been observed also for B-locations. This pattern is likely explained by the fact that there is little scope for prime rent increases as tenants cannot afford higher rents and tend to shift to less expensive areas in case of increases (*Source: Cushman and Wakefield, Real Estate Market—Germany, January 2018*).

Since the beginning of 2017, rents have remained stable in most locations, however slight rises in the prime rent are to be observed in Munich (+1.5%) and Berlin (+2%). (*Source: Independent Market Research Provider*).

Over the last few years, retail sales growth has substantially shifted from physical to online, as the trend is likely to continue for the foreseeable future, industrial demand will increase driven by the fact that online retailers' requirements are two or three times that of traditional bricks and mortar retailers due to additional storage and order fulfilment requirements. This trend, combined with a number of traditional factors such as the return to moderate GDP growth, increasing cross-border trade and rising industrial production, has driven take-up figures higher in the past two years, 2015 and 2016. *(Source: Green Street Advisors, Industrial Outlook, 2017)* The German logistics markets recorded 4.4 million sqm of take-up, approximately 14% above the year-on-year average but down 17% year-on-year due to exceptional deals in 2016 and to lack of supply. (*Source: Independent Market Research Provider*).

Since 2012, the logistics real estate sector has been growing at an annual rate of 5.2% in terms of completed space. Preliminary projections suggest that 2017 will far exceed the current year-end record set in 2016, with logistics space completions expected to increase by 12% year-on-year in 2017. (*Source: bulwiengesa, Logistics Study, 2017*).

Logistics Facility Completions in Germany, by Quarter and Year, in ’000 sqm, 2012–2016, 2017*

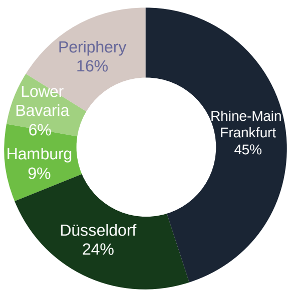


Source: bulwiengesa, Logistics Study, 2017

Note: *The evaluation includes all completions up to the key date of July 31, 2017, plus floor space still in the pipeline.

In terms of completion, 2017 will be another banner year with anticipated 320,000 sqm. The five regions with the highest volume of new construction account for 27.7% of the logistics completions. With nearly 1.5 million sqm of completed floor area and a 7.9% share of the total completions during 2012–2016, Rhine-Main/ Frankfurt ranks first among Germany’s 28 logistics regions. With 400,000 sqm in completed logistics space, the region was in demand among developers in 2016 due to its central location in Germany, and in Europe as a whole, also because of Frankfurt’s freight airport. (*Source: bulwiengesa, Logistics Study, 2017*).

Completed Logistics Facilities by Logistics Region, 2012–2016



Source: bulwiengesa, Logistics study, 2017

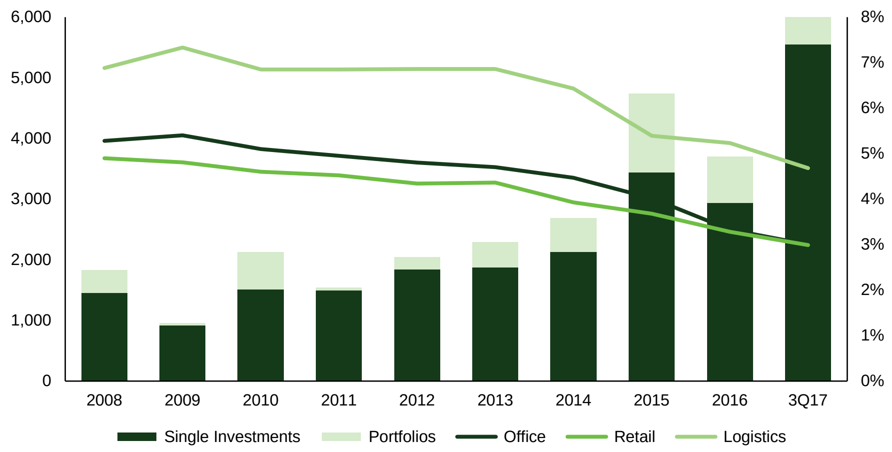
12.3 Overview of Selected Commercial Real Estate Areas in Germany

German commercial investments have reached a volume of EUR 38.6 billion as of Q3 2017, up by 19% y-o-y, according to JLL. This record volume was rather spread across in terms of geography, the Top 7 markets accounting for 53% of the transaction volume, up 19% in value compared to 2016 Q3 YTD. (*Source: JLL, Investment Market Overview Germany, Q3 2017*).

Based on this predominance of certain cities in the real estate transacted volume, an analysis of the main cities in Germany provides a reliable proxy for an analysis of the whole market. The following paragraphs analyse 22 selected cities in Germany, which the Company believes provide an adequate representation of the overall German commercial real estate market.

12.3.1 ***Berlin Market***

Commercial Real Estate Investment Volumes and Prime Yields in Berlin



Source: Independent Market Research Provider.

Transaction volume for the Berlin investment market as of Q3 2017 stands at EUR 6 billion, 200% over the multi-year average. This volume is mainly driven by asset deals, as portfolio transactions only account for 7% of Berlin properties sold. The average volume per deal has risen to over EUR 50 million.

As of Q3 2017, office properties represented the most transacted asset class on the Berlin market with substantially larger properties are entering the market than with other asset classes and on the back of a high take-up and rising rents. Office properties account for approximately 66% of the overall result, retail for approximately 13% and hotels for approximately 10%.

Transactions are relatively evenly distributed throughout the market territory, with city centre locations claiming the largest share of approximately 39% while the centre fringe and sub-centres each account for a share at approximately 18%.

On the back of the discrepancy between supply and demand, net prime yields continue to compress, notably for the office segment with a net prime yield of 3.00% (–40 basis points) and for logistics at 4.70%. (*Source: Independent Market Research Provider*).

12.3.2 ***Düsseldorf Market***

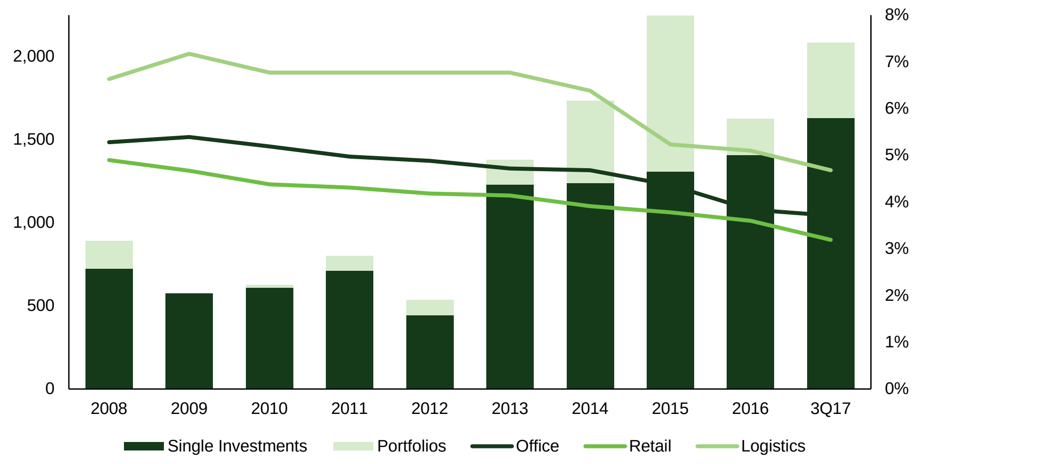
The Düsseldorf investment market is currently recording a EUR 1.9 billion transaction volume as of Q3 2017, up 28% year-on-year. This volume is mainly driven by asset deals, representing 77% of the transaction volume. The average volume per deal stands at the multi-year average of EUR 22 million.

As of Q3 2017, office properties represented the most transacted asset class on the Düsseldorf market with a 72% share of the transaction volume. Logistics assets come next with a 12% share. With regard to the traditionally strong retail investments, the shortage of supply is affecting the transaction activity, limiting this asset class to a share of only 2% as of Q3 2017. Hotels account for a further share of 6%.

Transactions are primarily executed in more central locations, with the city fringe zones contributing 40% and the city centres accounting for over 25% of total investment volume. Peripheral locations represented c.20% of the total transaction volume and sub-centres the remaining 13%.

On the back of the positive momentum for 2017, the net prime yields fell by 40 basis points for premium retail properties and logistics to 3.20% and 4.70% respectively. Prime office properties yields decreased by 20 basis points. (*Source: Independent Market Research Provider*).

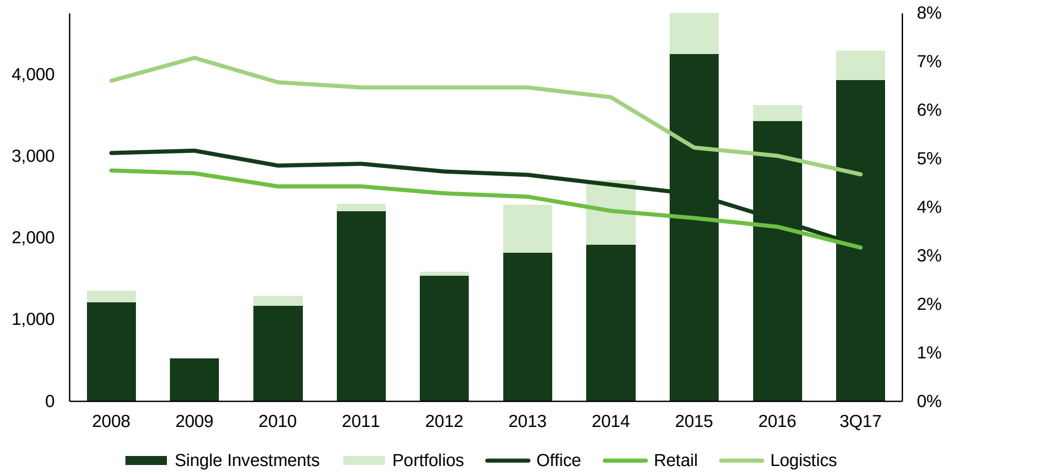
Commercial Real Estate Investment Volumes and Prime Yields in Düsseldorf



Source: Independent Market Research Provider.

12.3.3 ***Frankfurt Market***

Commercial Real Estate Investment Volumes and Prime Yields in Frankfurt



Source: Independent Market Research Provider.

The Frankfurt investment market recorded a transaction volume of EUR 3.8 billion, 19% year-on-year, representing the second-best result of the past ten years and 70% over the ten-year average. This volume is mainly achieved through asset deals, as portfolio transactions only account for 8%.

As of Q3 2017, office properties represented the most transacted asset class accounting for 78% of the transaction volume, logistics for 8% and retail for approximately 2%.

Transactions are relatively evenly distributed throughout the market territory, with city centre locations claiming the largest share of just below 39%, below its multi-year average of 55%. The sub-centres account for 35%, above their multi-year average at approximately 25%. Finally, the periphery share stood at 15%, ahead of the centre fringe zones at 11%.

On the back of the positive transactional momentum, the net prime yield for office buildings has fallen to 3.20% and the prime yields for logistics properties reached an all-time-low of 4.70%. (*Source: Independent Market Research Provider)*.

12.3.4 ***Hamburg Market***

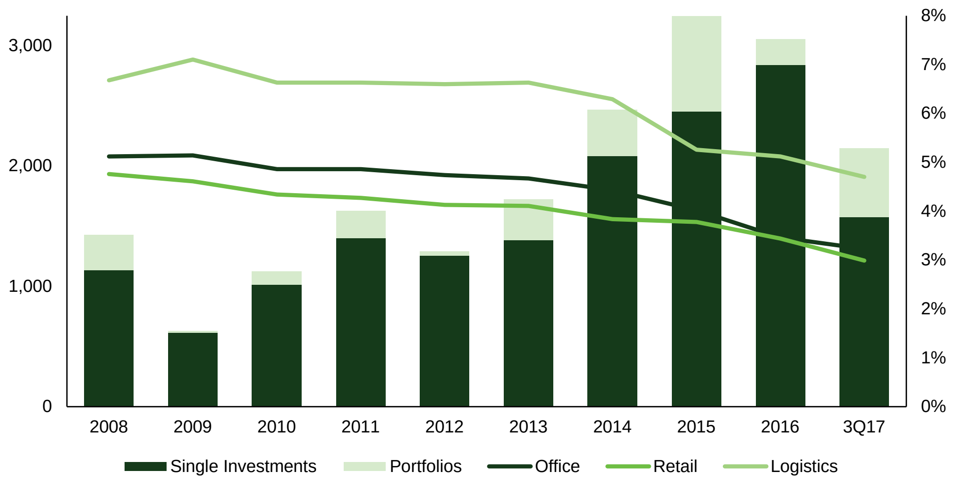
The Hamburg investment market reported a transaction volume at EUR 2.2 billion as of Q3 2017, down 30% year-on-year and 14% over the multi-year average. These results fall short of the past three year performance, on the back of a lack of adequate supply.

As of Q3 2017, office properties represent the most transacted asset class on the Hamburg market, contributing more than half of the total investment volume, followed by hotels with a 16% share, retail at 15% and logistics at 5%.

With a 43.5% share, the centre fringe locations accounted for most of the transaction volume, while investments in the city centre, despite contributing a 30% share of the investment volume, was 15% down due to inadequate supply. Sub-centres accounted for a 22% share and peripheries for 4%.

In line with the overall trend, net prime yields declined to a 3.20% level for office properties, down by 45 basis points year-on-year, and to a 4.70% for logistics assets. (*Source: Independent Market Research Provider*).

Commercial Real Estate Investment Volumes and Prime Yield in Hamburg



Source: Independent Market Research Provider.

12.3.5 ***Munich Market***

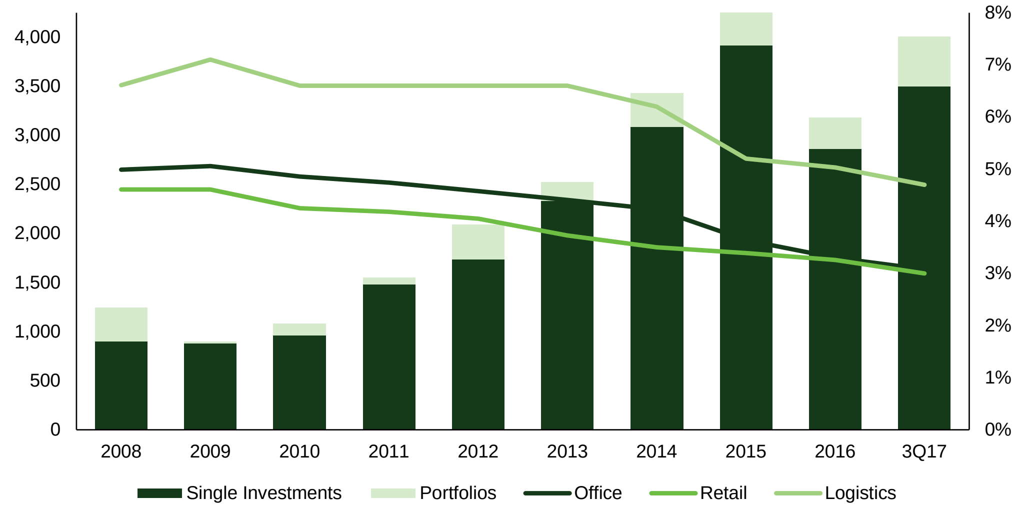
The Munich investment market reported a transaction volume at EUR 4.0 billion as of Q3 2017, up c.25% year-on-year and 66% above the multi-year average. Portfolio deals comprised 12.5% of the transaction volume.

As of Q3 2017, office properties represent the most transacted asset class on the Munich market, with a 51% share, followed by hotels with a 22% share, retail at 11% and logistics at 9%.

With a 34% share, the sub-centres accounted for most of the transaction volume, while investments in the city centre, despite contributing a 15% share of the investment volume, were down 20% below the multi-year average. Centre fringe locations accounted for a 28% share and peripheries for 22%.

In line with the overall trend, net prime yields declined to a 3.10% level for office properties and to a 4.70% for logistics assets. (*Source: Independent Market Research Provider*).

Commercial Real Estate Investment Volumes and Prime Yields in Munich



Source: Independent Market Research Provider.

12.3.6 ***Augsburg Market***

Augsburg is the third-largest city in Bavaria, with a population growing by approximately 6.0% between 2011 and 2015. Augsburg has around 1.4 million sqm of space, with 73,000 sqm of additional space in the medium term.

The local office market is on the rise with an average rent of EUR 8.00/sqm, i.e. 14.3% higher than in 2012. The top rent has increased by 10.6% between 2012 and 2016. In light of these developments and the relative scarcity of space, yields have decreased by 1.1% to 5.4%.

The vacancy rate increased slightly between 2012 and 2016, although it was mainly because of renovation needs rather than increased take-up. Augsburg has positioned itself as an alternative to the Munich office market, the latter being in a supply shortage situation, Augsburg also benefitting from the differential in rent levels. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.7 ***Bielefeld Market***

With its numerous small and medium-sized family-run companies as well as five colleges and universities, Bielefeld benefits from a stable economic environment.

Due to the rapid reduction of its office vacancy rate, Bielefeld is viewed as having high potential for growth: between 2012 and 2016, Bielefeld vacancy rate decreased from 10.0% to 2.4%, a difference of 7.6%. Simultaneously, the average rent has increased by 8.2% to EUR 7.00/sqm with the top rent reaching 8.6% growth. In light of these extremely dynamic developments, yields have decreased and are currently 6.5%.

In the medium term, demand for almost 15,000 sqm in additional space is expected, in order to accommodate around 3,000 new office workers. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.8 ***Bonn Market***

With 3.8 million sqm of office space, Bonn benefits from one of the largest space of all of the B-rated locations. In the medium term, demand for almost 100,000 sqm in additional space is expected, on the back of the number office workers growing by 4.5%. Around 100,000 sqm of office space have been brought onto the market within five years, yet the vacancy rate fell by another 0.8%, reaching 2.4%, one of the lowest vacancy rates in B-cities.

The average rent for office space in Bonn stands at EUR 10.00/sqm, 5.5% higher than in 2011. With growth of 24.2%, the level of top rents asked since 2012 has increased more rapidly in Bonn than in any other B-rated city in Germany. On the back of those supportive trends, yields have been decreasing since 2012 and are currently 4.8%, a decrease of 1.5%. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.9 ***Braunschweig Market***

Braunschweig, the fourth-largest city in Lower Saxony, is benefitting from an increased presence of companies active in microelectronics, biotechnology and transportation technology. The most significant research airport in Germany and the German Aerospace Centre are based there.

Within five years, the amount of office space in the city has increased by almost 1 million sqm, while vacancy rates fell steadily by 3.8% in total. Currently, 2.6% of all space is vacant, on the back of redevelopment plans for brownfield sites that therefore no longer count as vacant. In the medium term, Braunschweig will therefore require around 16,000 sqm of additional office space each year as the number of office workers is set to grow by 5.5%, primarily in the fields of scientific and technical services.

The city also offers a low average rent of EUR 7.60/sqm. Only in Erfurt, Chemnitz, Dresden, Leipzig and Bielefeld is the average rent lower. The top rent charged is EUR 11.80 /sqm, 18.0% higher than in 2012. Property yield are currently standing at 7.6%. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.10 ***Bremen Market***

Bremen office market offers 3.2 million sqm of space, with 88,000 sqm of office space created in 2015. The current average rent stands at EUR 8.00 /sqm, compared with EUR 7.00/sqm in 2012, an increase of 14.3%. Nevertheless at EUR 12.80/sqm, the average top rent has not increased further since 2012.

The vacancy rate has increased by 0.9% to 4.5% between 2012 and 2016 in spite of brisk turnover on the back of unmarketable space. The city is forecasted to need 132,000 sqm of additional space by 2021/2022. With 5,500 additional office workers, Bremen has the highest absolute growth statistics alongside Dresden, Leipzig and Nuremberg.

Increasing sales prices have also caused yields to decrease to a 5.3% level, on par with B-rated locations. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.11 ***Cologne Market***

In 2016, the Cologne office market recorded a strong take-up of 335,000 sqm beating the previous record from 2006 by 10% and the 10-year average by approximately 30%. In addition, it is becoming more difficult to achieve high take-ups because supply in Cologne has reduced further. The vacancy rate has fallen by approximately 0.5% to 5.6%. Prime rents have been stagnating at EUR 21/sqm since 2013. In view of a further rise in office employment, demand for office space is likely to remain active and the vacancy rate is expected to fall further. On this basis, prime rents could increase again in 2017. The current prime yield stands at 3.9%. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.12 ***Dresden Market***

Dresden benefits from a dynamic office market: within five years, its space increased by 130,000 sqm to 2.63 million sqm, while vacancy rates fell from 12.0% to 8.4%, a decrease of 3.6%. On the back of the high-technology and service sectors dynamism, the number of office workers is growing as steadily as the population at a 4.8% rate between 2011 and 2015, causing demand for space to increase. In the medium term, demand of 28,000 sqm of additional space per year is expected.

The average rent charged in Dresden is currently EUR 7.00/sqm as in Leipzig. The average rents in Dresden have increased by 16.7% within between 2012 and 2016. Dresden's top rent is currently EUR 12.60/sqm and has increased 14.5% between 2012 and 2016.

More than 200,000 sqm of office space were transacted in the past two years; as much as in Leipzig and more than in Bonn. The yield stands at 5.0%, down from 6.3% on average in 2012. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.13 ***Heidelberg Market***

Heidelberg is recognised for its research hub, with Heidelberg University Hospital being the second-largest medical centre in Germany. The city's population grew over 5.0% between 2011 and 2015.

At the moment, the city has 970,000 sqm of office space or 70,000 sqm more than in 2012. Over the next five years, the need for office workers is set to increase by 5.2% and bring with it a need for almost 55,000 sqm of additional office space. The city's vacancy rate has fallen almost by half to just 2.9%, with the yield falling to 5.3%.

The dynamism of the market is also reflected in the development of average rents which have increased by 10.0% to EUR 11.00/sqm within five years, while top rents increased by 14.3%. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.14 ***Karlsruhe Market***

After Stuttgart, Karlsruhe is the second-largest city in the economically strong state of Baden-Wuerttemberg, and a significant hub for the surrounding areas. Its population is growing steadily, increasing by 5.1% to approximately 307,000 inhabitants between 2011 and 2015. Alongside this trend, the need for office workers will also grow in the medium term: Around 4.7% more office workers translate into 21,000 sqm of additional space per year. The current stock of the city stands at 2.3 million sqm of office space.

The vacancy rate has decreased minimally by 0.3% to 3.6% between 2012 and 2016. With an average rent of EUR 8.50/sqm, the city is more expensive than Augsburg or Ludwigshafen. Average rents and top rents having increased by 6% within five years. Yields decreased by 1.2% to 5.0%. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.15 ***Leipzig Market***

Leipzig's number of inhabitants increased by 9% to more than 540,000 between 2011 and 2015. With more than 260,000 people in gainful employment, Leipzig is also set to receive 5.5% more office workers over the next five years. This will lead to demand for 31,600 sqm of additional office space per year. That is more than any other B-rated location in the same category.

Average rents have increased by 16.7% since 2012 and its top rent has increased by 13.0% to EUR 13.00/sqm. On the back of rapid price development, yields have declined by 0.7 to 5.0%. However, Leipzig also holds the record for the highest vacancy rate at 11.8%, despite down from 16.3% in 2012, on the back of the surplus created in the 1990s. In contrast, modern office space is scarce. The low rate of construction and stable turnover of around 100,000 sqm per year since 2014 are also supporting the decrease of the vacancy rate. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.16 ***Ludwigshafen Market***

Ludwigshafen has 900,000 sqm of office space. In recent years, its vacancy rate has fallen dramatically from 4.7% in 2012 to 1.4% in 2016, coupled with a low construction.

The low supply has forced the average rents upwards by 10.0% at EUR 8.00/sqm. Its top rent has also increased by 11.1% to EUR 10.00/sqm.

Due to the scarcity of space and the favourable prices, the demand for office space is forecasted to grow by 5.0% in the medium term. Consequently, 56,000 sqm of new space would be added to the market over the next five years. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.17 ***Mainz Market***

A city with 209,000 inhabitants and a population growing at a 1% rate each year, Mainz is a service centre for the authorities and its universities.

The amount of available space has remained almost constant at 1.6 million sqm. Little new space has been added to the market in recent years. However, the number of office workers is expected to grow by approximately 3.7%. The demand for office space is forecasted to increase by approximately 50,000 sqm in the medium term, or 9,700 sqm per year. Between 2012 and 2016, average rents have increased by 11.1% to EUR 10.00/sqm, with top rents growing by 4.1% in the same period to 12.70 EUR /sqm. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.18 ***Mannheim Market***

Office space rents have increased by 10.0% to EUR 9.90/ sqm within the five-year period from 2012 to 2016. Top rents have also increased by 17.0% to EUR 16.40/ sqm.

Mannheim's office space increased to around 2 million sqm in 2016, while vacancy decreased steadily to 4.5%. In 2016, some 91,000 sqm of office space exchanged hands. Due to the increase in prices, yields in the city have compressed by 1.1%.

Mannheim accounts for 182,000 people in gainful employment and the number of office workers is set to grow by 4.0% and result in demand for a total of 84,000 sqm of additional space. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.19 ***Osnabruck Market***

With 162,000 inhabitants, Osnabruck is the fourth-largest city in Lower Saxony. Its geographical location is a factor for its economic success: Intersected by three motorways (the A1, A30 and A33), close to an inland port as well as an international airport, the city is of large interest to the logistics sector. Traditional medium-sized companies in the service vehicle construction, copper processing and paper production sectors also benefit from the diverse transport connections.

With 915,000 sqm of space, Osnabruck has a relatively small office market but given its general economic development, Osnabruck is expected to require 41,000 sqm of additional office space, corresponding to a growth of 4.0% in the number of office workers.

Although the yield has been decreasing since 2014, it stands at 6.8%. The vacancy rate has remained steady at 3.7% for three years. The average rent has increased by 7.1% to EUR 7.50/sqm within five years, with the top rent increasing by 21.1% yet, to EUR 11.50/sqm. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.20 ***Regensburg Market***

Regensburg has 120,000 gainfully employed people working mainly in manufacturing, the service sector and in research and development. According to statistics from the city of Regensburg itself, the number of academics has grown by more than 50% over the past 10 years, while around 16% of employees work in highly qualified jobs.

With its 1.23 million sqm of space recorded in 2012, the office market in Regensburg is benefiting from the growing demand for office space from the science, administration and service sectors and the number of office workers is forecasted to increase by another 4.8% in the coming five years. This will generate demand for an additional 60,000 sqm of space.

The increase in office jobs is coupled with falling vacancy rates and increasing rents. Average rents have increased to EUR 9.00/sqm and top rents to EUR 13.00/sqm. The vacancy rate has fallen significantly from 6.2% in 2012 to 4.7% in 2016, while yields have decreased by 0.5% to 6.5%. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.3.21 ***Stuttgart Market***

Take-up in 2016 in Stuttgart exceeded the 10-year average by 90% on the back of an exceptional deal. The vacancy rate has fallen to under 3%, equating to 220,000 sqm of vacant office space. Stuttgart prime rents stand at EUR 19.70/sqm.

No major change in the vacancy level is expected since 110,000 sqm is likely to come onto the market. However, prime rents are again likely to rise in 2017 and could therefore reach the EUR 20 mark per sqm. (*Source: Wüest Partner, Germany Office Market, 2017*).

The transaction volume crossed the EUR 1.0 billion mark as of Q3 2017 with roughly EUR 1.09 billion of commercial and residential real estate being transacted. (*Source: Colliers, Stuttgart Real Estate Market, Q3 2017*).

12.3.22 ***Ulm Market***

Ulm is an economic centre with an unemployment rate of just 4.7% and 94,000 people in gainful employment in a city with 122,000 inhabitants. The new schools opened at the university have caused the demand for office space to grow. Ulm currently has a relatively stable 850,000 sqm of space, on the back of a low rate of construction.

The growing demand for office space has caused the vacancy rate to decrease from 6.4% in 2012 to 3.9% in 2016. The average rent charged in Ulm is EUR 10.00/ sqm, 4.9% higher than in 2012. The top rent has increased by 11.5% at EUR 14.50/sqm.

The positive developments in the office market are expected to continue and the number of employees is set to increase by 5.6% over the next few years. In the medium term, this will generate demand for around 60,000 sqm of additional space. (*Source: Wüest Partner, Germany Office Market, 2017*).

12.4 **Competition**

The Company is expected to face intense competition when trying to acquire attractive properties meeting the acquisition criteria as described in section "*13. Proposed Business*". Further, the Company is expected to face competition for buyers when disposing of certain properties and for tenants, when letting its then existing portfolio.

Acquisition of Properties

The Company expects to compete with a number of parties including local and international investors in efforts to acquire attractive properties.

The competitive landscape is primarily influenced by the investment volume, location and features of the portfolio.

For portfolios with a medium investment volume, prospective competitors typically are private investors including family offices, locally operating real estate companies, other real estate companies with a regional focus as well as local and international financial investors specialised in real estate. For portfolios with a larger investment volume, prospective competitors typically are international financial investors specialised in real estate, listed real estate companies and other institutional investors.

While there are generally no significant barriers of entry for investing in real estate other than the availability of capital, the Company believes that its extensive experience in acquiring and developing scalable portfolios gives the business an advantage in terms of its ability to source both off-market portfolios as well as to participate in large-scale auctions.

Letting of Properties

The Company expects to compete for tenants willing to pay attractive rents and having a strong credit profile. Prospective competitors are generally similarly compared to competitors the Company faces when competition for the acquisition of attractive properties.

Given the Company's targeted acquisition criteria, it expects its properties to be located in attractive locations with favourable economic development potential where prospective tenants will find little comparable space, leading to attractive letting levels.

Description of the Company's Peers

According to the European Public Real Estate Association ("**EPRA**"), Germany is the biggest commercial real estate market in Europe as of December 2016, with a 21% share. Listed Real Estate represents only 5.6% of this EUR 1,602 billion Commercial Real Estate volume and is held by stock listed companies, including, for example, alstria office REIT-AG, Dream Global REIT, TLG Immobilien AG, DIC Asset AG, Aroundtown S.A., CA IMMO and Deutsche EuroShop and Hamborner REIT AG. (*Source: EPRA, Total Market Tables, September 2017*).

Below is a summary of the above mentioned peers' key business focus and core metrics:

12.4.1 ***alstria office REIT AG ("alstria")***

alstria is a listed real estate company focusing exclusively on office properties located in Germany with a focus in Hamburg, Berlin, Düsseldorf, Frankfurt and Stuttgart. As per September 30, 2017, alstria's portfolio comprises 119 properties with a lettable area of 1.6 million sqm and a market value of EUR 3.2 billion. alstria is headquartered in Hamburg, Germany. (*Source: alstria, Quarterly Financial Report as of September 30, 2017*).

12.4.2 ***Dream Global REIT("Dream Global")***

Dream Global is a listed real estate company focusing primarily on office properties located in Germany and Netherlands with a focus on Düsseldorf, Amsterdam, Hamburg, Nuremberg and Frankfurt**.** As per September 30, 2017, Dream Global's portfolio comprises 282 properties with a lettable area of 20.4 million sqm and a market value of EUR 3.0 billion. Dream Global is headquartered in Toronto, Canada. (*Source: Dream Global, Quarterly Financial Report as of September 30, 2017*).

12.4.3 ***TLG Immobilien AG ("TLG")***

TLG is a listed real estate company focusing primarily on office and retail properties located in Germany with a focus in Berlin, Dresden, Frankfurt, Rostock and Leipzig. In 2017, TLG acquired WCM Beteiligungs- und Grundbesitz-AG ("**WCM**"), a listed real estate company focusing primarily on office and retail properties located in Germany with a focus on Frankfurt, Berlin, Düsseldorf and Bonn. As per September 30, 2017, TLG's portfolio excluding WCM comprises 364 properties with a lettable area of 1.4 million sqm and a market value of EUR 2.4 billion. TLG is headquartered in Berlin, Germany. (*Source: TLG, Quarterly Financial Report as of September 30, 2017*).

12.4.4 ***DIC Asset AG ("DIC")***

DIC is a listed real estate company focusing on office and retail properties located in Germany with a focus in Düsseldorf, Frankfurt, Munich, Hamburg and Berlin as well as the operation of DIC's fund business. As per September 30, 2017, DIC's portfolio including the fund business comprises 176 properties with a lettable area of 1.6 million sqm and a market value of EUR 3.3 billion. DIC is headquartered in Frankfurt, Germany. (*Source: DIC, Quarterly Financial Report as of September 30, 2017*).

12.4.5 ***Aroundtown S.A. ("Aroundtown")***

Aroundtown is a listed real estate company focusing primarily on office as well as hotel and other properties located in Germany and Netherlands with a focus in Berlin, Frankfurt, Munich and Amsterdam as well as residential properties via its partially owned subsidiary Grand City Properties S.A. ("**GCP**"). As per September 30, 2017, Aroundtown's portfolio excluding GCP comprises properties with a lettable area of 4.6 million sqm and a market value of EUR 8.4 billion. Aroundtown is headquartered in Luxembourg City, Luxembourg. (*Source: Aroundtown, Quarterly Financial Report as of September 30, 2017*).

12.4.6 ***CA IMMO ("CA")***

CA is a listed real estate company focusing primarily on office properties located in Germany, Austria and Central and Eastern Europe as well as a development pipeline for office properties located in Frankfurt, Munich, Vienna and Berlin. As per September 30, 2017, CA's portfolio comprises properties with a lettable area of 1.4 million sqm and a market value of EUR 3.4 billion. CA is headquartered in Vienna, Austria. (*Source: CA, Quarterly Financial Report as of September 30, 2017*).

12.4.7 ***Deutsche EuroShop ("DES")***

DES is a listed real estate company focusing exclusively on shopping centres located in Germany, Austria and Central and Eastern Europe. As per 30 September 2017, DES' portfolio comprises 21 properties with a lettable area of 1.1 million sqm and a market value of EUR 5.1 billion. DES is headquartered in Hamburg, Germany. (*Source: DES, Quarterly Financial Report as of September 30, 2017*).

12.4.8 ***Hamborner REIT AG ("Hamborner")***

Hamborner is a listed real estate company focusing exclusively on retail and office properties located in Germany with a focus on North Rhine-Westphalia, Baden-Wurttemberg, Bavaria and Hessen. As per September 30, 2017, Hamborner's portfolio comprises 72 properties with a lettable area of 0.5 million sqm and a market value of EUR 1.3 billion. Hamborner is headquartered in Duisburg, Germany. (*Source: Hamborner, Quarterly Financial Report as of September 30, 2017*).

13. PROPOSED BUSINESS

13.1 Business Overview

The Company is a real estate business venture, pursuing a strategy to buy, hold, manage and selectively sell commercial real estate assets across Germany. Upon completion of the Offering, the Company intends to use the proceeds in attractive acquisitions with a targeted asset split of at least 60% office, approximately 20% retail & logistics and approximately 20% in other commercial real estate assets. The Company targets a portfolio size of EUR 3 billion in the medium-term, which could be exceeded in case of arising opportunities.

The vision and strategy will be executed by a skilled and financially committed management team that has worked together for nearly 10 years. The management team has a proven track record of acquiring, operating and disposing of real estate assets and portfolios for listed real estate companies.

The Company will focus on shareholder value generation through clever acquisitions of diversified portfolios across multiple asset classes to target mid-teen compounded total returns. The Company aims to categorise these acquisitions within a three-tier operational strategy, consisting of:

- a cash generating hold portfolio ("**Core(+) Portfolio**");
- a value-add portfolio with the potential to be unlocked through the Company's active asset management ("**Manage-2-core(+) Portfolio**");
- as well as a smaller portion of the portfolio that the Company targets to dispose to seize market opportunities or monetize value creation ("**Opportunistic Portfolio / Assets**").

13.2 History of the Company

The Company was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law in 2001. In the past, the Company engaged in trading activities in shares of listed holdings and real estate companies but with limited business operations. The Company changed its legal form into a stock company in 2015. Due to trading losses in the past, the Company has a significant amount of tax loss carry forwards in the form of corporate income tax and trade tax (*Gewerbesteuer and Körperschaftsteuer*), as well as a contribution account for tax purposes (*steuerliches Einlagekonto*). The business objective of the Company was changed in 2017, allowing it to acquire commercial real estate with a focus on buying, operating, repositioning and trading commercial property assets, portfolios or companies.

13.3 Management Board

The Company's management team has more than 45 years of combined real estate experience and has worked together for nearly 10 years executing acquisitions, operations and disposals across multiple asset classes. The Company's key management roles will be filled by the following individuals:

The Company's CEO, **Stavros Efremidis**, was the CEO of WCM Beteiligungs- und Grundbesitz-AG from 2014 to 2017. Mr. Efremidis is a real estate professional with nearly 30 years of experience in the residential and commercial markets. Previously, he served for more than 10 years as CEO of major public real estate companies, including conwert Immobilien Invest SE and KWG Kommunale Wohnen AG. After Mr. Efremidis initiated a majority share takeover by the formerly listed Austrian conwert Immobilien Invest SE, he was appointed as executive director of conwert Immobilien Invest SE. In this role, he was responsible for one of the largest German real estate portfolios with around 30,000 residential units.

As CEO of the listed KWG Kommunale Wohnen AG, he was responsible for the development of a value-oriented portfolio and quickly expanded its size to approximately EUR 430 million, or approximately 10,000 apartments, within a few years. At the same time, he was able to significantly increase property values by reducing vacancies in the portfolio.

The Company's CFO, **Ralf Struckmeyer**, has more than 17 years of experience in the real estate investment and finance industry. From 2016 to 2017 he was the CFO of WCM Beteiligungs- und Grundbesitz-AG, where he was primarily responsible for all M&A and corporate financing activities. Before joining WCM he was a Director at Kuna & Co. (thereafter acquired by Evercore), an M&A boutique where he advised on large real estate portfolio, financing and restructuring transactions. Mr. Struckmeyer began his career with GE Capital Real Estate working in Paris and Frankfurt on complex real estate transactions in Germany and Central Europe. During his career, he was involved in more than EUR 20 billion of real estate transactions and financings.

Based on the management team's extensive experience and in-depth knowledge of the German commercial real estate market, the Company believes it is well-positioned to identify off-market acquisition opportunities and participate in the most attractive bidding processes across Germany.

13.4 Competitive Strengths

In pursuing attractive real estate acquisitions, the Company believes it will benefit from the following strengths:

Committed and Aligned Interests of Management Team with Shareholder Expectations

Various factors contribute to the alignment of interest of the management team with those of shareholders. The primary factor is the capital commitment by the CEO, Stavros Efremidis, and CFO, Ralf Struckmeyer, who will acquire 3,750,000 Firm Commitment Shares and 150,000 Firm Commitment Shares at the Offer Price, respectively, through their respective Participation Entities.

The secondary factor is the stock options plan, pursuant to which the Management Board and selected team members will receive an incentive payable in shares of the Company only if certain performance criteria are met after a four-year vesting period. The maximum aggregate number of shares that are granted to management are 6% of the total initial shares outstanding of the Company as of the date of the Listing.

The Company believes the long-term commitment of the management team is demonstrated by its own significant capital commitment to the Company, as well as the Company's performance-driven remuneration structure.

Strong Asset Value Creation Track Record

The Company's management team has a strong track record of creating shareholder value, supported by the build-up of two listed real estate companies with attractive exits for shareholders and profitable real estate transactions with a total volume of EUR 30 billion. The Company believes the following portfolios and single assets to be examples of the management team's track record.

Asset/Portfolio Type	Acquisition Parameters	Asset & Value Management	Results
4 office assets in top cities across Germany	• Price: EUR 86 million • Yield: 6.2% • WALT: 6.3 yrs. • Investment rationale: Manage to core through lease-up and WALT extension	• Re-letting vacant space with low capital investment • Extended lease contracts significantly	Strong valuation gain
Diversified & undermanaged commercial portfolio	• Price: EUR 90 million • Yield: 8.9% • WALT: 5.1 yrs. • Investment rationale: Fund closure of heterogeneous portfolio acquisition opportunity to be restructured	• Optimized complex legal and tax structure • Vacancy reduction • Reorganisation of property management	Strong valuation and disposition gain
Retail portfolio with significant lease extension potential	• Price: EUR 98 million • Yield: 7.7% • WALT: 6 yrs. • Investment rationale: Special event	• Stepped-in into transaction when previous buyer could not raise required equity • Significant value upside due to lease extension with anchor tenant	Strong valuation gain[(1)]

Asset/Portfolio Type	Acquisition Parameters	Asset & Value Management	Results
Large office asset in top city	• Price: EUR 92 million • Yield: 5.2% • WALT: 19.7 yrs. • Investment rationale: Off-market transaction	• Manage-2-Core asset with long term government tenant until 2039 • 13% vacancy rate at beginning reduced to 8% within 1.5 yrs.	Strong valuation gain

(1) as of Q2 2017, lease negotiations in finalisation; based on external valuation sensitivity analysis

Strong Capital Markets Experience of the Management Team

The Company believes it will have adequate access to equity and debt capital markets after completion of the Offering in particular due to the history and track record of the Company's management.

In the past, the Company's management team has served in various senior management positions of publicly listed companies and the Company believes its management team has built up a distinct knowledge in operating public companies and accessing the capital markets through various instruments including debt and equity. Additionally, the Company's management has previously demonstrated its ability to secure acquisitions through contributions in kind. Further, given the Company's expected size after completion of the Offering, the Company expects to utilize the network of its management team to secure continued access to capital markets despite the Company's limited of capital markets history.

The Company's management team has demonstrated its ability to translate its experience in building listed real estate companies into superior returns for shareholders.

For example, during the tenure of Mr. Efremidis as member of the Management Board and CEO of WCM, the total shareholder return (share price performance including dividends) of WCM amounts to 146% taking into account the period between September 25, 2014 and May 09, 2017, which was the last trading day before the announcement of the voluntary takeover offer of WCM by TLG as well as the EUR 0.10 dividend paid out in July 2017 which was retained by WCM shareholders. The total shareholder return increases to 167% once taking into account the one-day share price reaction of May 10, 2017 resulting from the announcement of the takeover offer by TLG. The total shareholder return is significantly above the performance of the Company's listed commercial real estate peers which were publicly traded during the same time period as well as the German Stock Index (*Deutscher Aktienindex*) which has shown a total shareholder return of 32% over the same time period underscoring the significant outperformance achieved during Mr. Efremidis' tenure as member of the Management Board and CEO of WCM.

Flexible Business Model Supported by Broad Acquisition Mandate

The Company considers its distinct business model to be a key strength, setting it apart from its competitors in the German real estate market, particularly due to:

- its flexibility to seek acquisitions across various commercial asset classes; and
- its faster reaction time, allowing it to compete more effectively against its competitors, especially for portfolio transactions.

The Company believes that many acquisition opportunities in Germany involve heterogeneous portfolios, consisting of different asset classes with diverse asset management / strategy profiles. Many of the Company's potential competitors are restricted to invest in such portfolios as their investment focus is limited to a single asset class or to a single asset management strategy. Consequently, this reduces the potential investment pool for diverse and heterogeneous portfolios, potentially leading to a lower degree of competition for the Company, highlighting its value-add processes.

The Company further believes that these circumstances allow it to take advantage of acquisition opportunities at attractive terms. The Company's management has proven its capability to acquire portfolios, cluster assets according to its strategic objectives and actively manage or dispose of them, maximizing shareholder value.

Large Identified Off-Market Transaction Pipeline

The German real estate market is highly fragmented in terms of owners, brokers and advisors. Additionally, granular leasing data and transaction prices are often not publicly disclosed, leading to pricing uncertainty and to attractive opportunities for experienced, well-connected and proactive management teams that have in depth market know-how, network and access to information.

Through non-structured bidding processes such as off-market transactions, the Company believes it has a high value realization potential in the German commercial real estate market. Identifying and pursuing such off-market transactions are one way in which the Company believes its management team has proven itself in the past.

The Company has already identified promising off-market acquisition opportunities. These opportunities include office portfolios with an estimated total value of EUR 1.8 billion, a WALT of 6.4 years, an annual rental income of EUR 105 million, an average vacancy rate of 10% and an average yield of 5.8%. Following a successful acquisition, the Company sees potential to increase the rental income of these acquisition opportunities by 21% in four years by achieving a stabilized vacancy rate of 5%, rental growth and market rent adjustments upon tenant renewals. Based on the targeted stabilized net rental income and expected investments (including acquisition volume plus estimated tenant improvements and capital expenditures) over a four-year period, the Company would target a yield of 6.8%.

The Company has also identified off-market retail and logistics opportunities with a total estimated value of EUR 1.9 billion, a WALT of 5.8 years, an annual rental income of EUR 130 million, an average vacancy rate of 8% and a yield of 6.7%. Following a successful acquisition, the Company would target an increase of 18% in rental income in four years through stabilization of the vacancy rate at 4%, rental growth and market rent adjustments upon tenant renewals. Based on the targeted stabilized net rental income and expected investments (including acquisition volume plus estimated tenant improvements and capital expenditures) over a four-year period, the Company would target a yield of 7.6%.

Over four years, the Company sees potential to increase the EPRA NAV by a compound annual growth rate (including dividends) of 15.7% in the identified office opportunities and 14.3% in the identified retail and logistics opportunities, driven by the assets' organic yield, capitalization of the Company's tax loss carryforwards, market rent increases upon tenant renewals and vacancy reduction. In addition to this potential growth in EPRA NAV, the Company sees substantial remaining upside potential from opportunistic disposals, revaluation gains after repositioning of assets, as well as uplift from economies of scale and value accretive capital measures.

Diligent and Lean Acquisition & Disposal Process

The Company envisages following a structured and disciplined process for commercial real estate acquisitions and disposals, supporting this analysis through due diligence performed by internal as well as external experts in various areas including, but not limited to, asset management, business planning, regulatory requirements and taxation. In addition to asset or portfolio level due diligence, the Company plans to perform substantial analysis on the financing structure of the targeted opportunities.

In general, sellers of commercial real estate portfolios prefer disposal processes that are swift in execution and ensure a high degree of confidentiality, allowing the Company to compete effectively due to its experience in off-market executions.

Scalable Platform for Growth

The Company's management has a track record of building-up listed real estate companies with lean, scalable and flexible business processes. With this background, it is intended to set up a platform, covering the key aspects of the real estate cycle, including acquisitions and disposals, portfolio management and asset management. Additionally, supporting functions such as finance, legal, human resources and investor relations shall be implemented as well.

The Company's acquisition and disposal functions shall identify attractive opportunities across the transaction market, while working closely with the portfolio management function, ensuring a swift and strategically aligned decision and execution process.

The asset management function is expected to focus on two operational areas, one focusing on tenant account management, lease extensions and management of external service providers, and the other focusing on refurbishments, vacancy reduction and repositioning of the acquired portfolios in the Manage-2-core(+) Portfolio.

Property management functions are planned to be outsourced to specialized contractors, allowing for maximum flexibility, responsiveness as well as the ability to increase economies of scale more effectively.

Highly Attractive Tax Benefits

The Company has significant tax loss carry-forwards of corporate income tax (*Körperschaftsteuer*) and trade tax (*Gewerbesteuer*) of EUR 180 million and EUR 175 million, respectively. In addition, the company has a contribution account for tax purposes of EUR 133 million allowing dividend pay-outs free of German withholding tax (subject to the order of utilization according to Section 27 KStG) until such amounts have been fully utilized.

Based on the Company's expected corporate income tax rate of 15% plus 5.5% solidarity charge (*Solidaritätszuschlag*) on the corporate income tax obligation (total 15.825%), the Company expects the tax loss carry-forwards of corporate tax of EUR 180 million to result in total tax benefits of EUR 28 million for the Company, assuming the Company generates sufficient taxable profits.

Based on the Company's expected trade tax rate of 16.1% (which is subject to the Company's planned relocation of its registered office from Hamburg to Frankfurt), the Company expects the tax loss carry-forwards for trade tax of EUR 175 million to result in gross tax benefits of EUR 28 million for the Company, assuming the Company generates sufficient taxable profits.

Based on the expected tax rate of dividends distributed by a German company of 26.375% including 5.5% solidarity charge, the Company expects the contribution account for tax purposes of EUR 133 million to result in gross tax benefits of EUR 35 million for the Company's shareholders, assuming the Company generates sufficient after-tax profits and undertakes to distribute them via dividends.

Cumulatively, the Company management team expects these tax loss carry-forwards and the contribution account for tax purposes to result in gross tax benefits of EUR 91 million for the Company and the Company's shareholders, assuming the Company generates sufficient taxable profits and undertakes to distribute them via dividends.

The below table provides an illustrative calculation of the benefits to be derived from tax loss carry-forwards:*

	Company with tax loss carry-forwards	Company without tax loss carry-forwards	Comment
	Euro million		
Net Rental Income	100	100	
IFRS EBT	**65**	**65**	*Assumed EBITDA margin of 80% less EUR 15 million interest expense.*
—Capital expenditure & tenant improvement	(15)	(15)	*Non-capitalized items according to German HGB*
—Fixed asset depreciation	(23)	(23)	*Straight line depreciation according to German HGB (assumed average of 1.5% p.a. of a HGB book value of real estate assets in the amount of EUR 1.5 billion)*
Taxable EBT (HGB)	28	28	*In case of tax loss carry forwards, EUR 1 million of earnings before tax are excluded from taxation and 40% of the remaining amount is taxable at 31.9%, assuming Taxable EBT (HGB) equals tax basis*
—Cash Current Income Taxes	(4)	(9)	*Assuming that current income taxes for the period have been paid in the same period*
Net Income (HGB)	**24**	**19**	*Assuming that Net Income (HGB) is also shown in separate annual financial statement of the Company*
IFRS FFO I	61	56	*IFRS earnings before tax minus cash current tax*
—Gross dividend	37	34	*Assuming 60% pay-out ratio to FFO I*
—Withholding Tax	—	(9)	*Assuming withholding tax rate 26.375%*
Net Dividend	**37**	**25**	***EUR 12 million or approximately 50% higher pay-out ratio***

13.5 ***Strategy***

With the proceeds of the Offering, the Company plans to create a property portfolio consisting of commercial real estate assets in Germany to deliver stable cash flow streams from the Core(+) Portfolio as well as value appreciation from the Manage-2-core(+) Portfolio. In addition, the Opportunistic Portfolio/Assets allow disposing certain non-strategic assets to opportunistically monetize gains after assets have been successfully managed, redeploy capital and streamline the overall portfolio.

The Company will seek to maintain significant flexibility in the execution of its strategy, taking advantage of a variety of real estate acquisition opportunities, including, single asset purchases, portfolio purchases and the acquisition of participations in publicly and privately held real estate companies.

* This calculation is for illustrative purposes only. The ability of the Company to pay dividends in the future will depend on numerous factors and actual dividend payments may differ materially from the calculations shown in this table. For further information on the factors that will affect the Company's ability to pay dividends in the future, see "*3.1.25 The Company may be adversely affected by changes to the general tax environment in Germany, and in particular changes to the German real estate transfer tax laws*," "*3.2.5 The payment of future dividends will depend on the Company's business, financial condition, cash flows and results of operations,*" and "7 *Earnings and Dividends per Share; Dividend Policy*." The above calculation assumes that no distributable tax profit (*ausschüttbarer Gewinn*) according to section 27 KStG is deemed to have been distributed, as well as the sufficiency of distributable net income for HGB purposes. Further, dividend payments may depend on further transactions to generate additional net income according HGB based on sufficiency of hidden reserves (*stille Reserven*) in real estate assets for HGB purposes or other measures.

13.5.1 ***Portfolio Approach***

Prior to the acquisition of commercial real estate assets or portfolios, the Company plans to earmark these assets according to its portfolio strategy. The Company's management team intends to implement a thorough and disciplined approach to asset performance assessments on a regular basis and with a view on managing the risk profile of cash flow streams including thorough analysis of its tenants' financial strength.

The Company aims to implement the following three-tier strategy for its internal management system as well as for external segment reporting after completion of the Offering:

- **Core(+) Portfolio**: The Company aims to classify approximately 40% of its future acquisitions in this portfolio, grouping stable and high cash flow generating assets. The Company expects to generate the base rental and cash flow stream from this portfolio which the Company intends to translate into dividends to be distributed to shareholders.
- **Manage-2-Core(+) Portfolio**: The Company aims to classify approximately 40% of its future acquisitions into repositioning, restructuring/re-organizing the assets by leveraging the Company's asset management expertise. Following successful transformation, the Company targets to either maintain assets in this portfolio allowing it to benefit from an increased cash flow generation or to dispose of the assets to monetize a potential valuation upside.
- **Opportunistic Portfolio**: The Company aims to classify approximately 20% of its future acquisitions in this portfolio, generally arising from successfully Manage-2-Core(+) assets, and targets to use the proceeds from disposal of these assets to either increase the Company's dividend pay-out potential or to re-invest in the Company's Core(+) portfolio.

13.5.2 ***Financial Targets***

The Company advocates setting stringent financial parameters and targets financing the medium term gross asset value target of EUR 3 billion with a conservative capital structure based on a targeted Net-LTV between 45% and 55%. After closing of the initial portfolios and asset acquisitions, the Company targets a dividend pay-out ratio of at least 60% of FFO I with an additional potential for special dividends in the case of substantial disposals.

The Company's financial targets depend on numerous factors, including its long-term strategy, asset mix, as well as the asset lifecycle, and can vary in case of attractive acquisition opportunities.

13.5.3 ***Target asset classes and acquisition parameters***

As a result of a flexible acquisition strategy, the Company believes that it will be able to offer attractive returns for investors and differentiate itself from other publicly listed real estate companies on the German market as a result of the Company's less restrictive acquisition model. The Company intends to execute potential acquisitions according to the following models:

- ***"Bottom-up" Real Estate Acquisition Model***. The Company expects to execute the majority of its acquisition volume through a "bottom-up" acquisition model of identifying off-market and special portfolios, conducting due diligence and acquisition structuring, clustering acquired assets according to the Company's strategy and managing the portfolio.
- ***Traditional "Top-Down" Real Estate Acquisition Model***. The Company will also screen the market through a traditional, "top-down" acquisition model. In such a model, assets entering the market are filtered by brokers and presented to the Company if they match the Company's defined strategy.

The Company intends to use the following acquisition and portfolio clustering parameters across the following asset classes to ensure attractiveness of future asset acquisitions and overall performance of the Company:

- ***Office***: The Company plans to acquire "Class B" office assets (i.e., those that are older than prime assets ("Class A"), but which are still in good condition) with multi-let capability, creditworthy tenants and flexible floor layouts in metropolitan areas, either in first or secondary locations. The Company intends to target assets and portfolios with a sustainable rental yield of between approximately 5% and 7%, and vacancy rates of less than 20%, with acquisition volumes of more than EUR 20 million for single assets and more than EUR 50 million for portfolios.
- ***Retail & Logistics***: The Company plans to acquire retail and logistics assets, such as supermarkets, food-anchored retail parks, do-it-yourself stores, as well as logistics centers and warehouses with a focus on strong, medium-sized economic and production regions with solid infrastructure, and creditworthy

tenants. The Company intends to target assets and portfolios with a sustainable rental yield of between approximately 6% and 8%, and vacancy rates of less than 15%, with acquisition volumes of more than EUR 10 million for single assets and more than EUR 20 million for portfolios.

- ***Other Commercial***: The Company plans to acquire other commercial assets with a focus on metropolitan areas and creditworthy tenants if suitable opportunities arise to deploy capital efficiently. The Company intends to target assets and portfolios with a sustainable rental yield of between approximately 6% and 8%, and vacancy rates of less than 10%, with acquisition volumes of more than EUR 25 million for single assets and more than EUR 50 million for portfolios.

Based on the Company's strategy, it will also have the flexibility to pursue opportunities that do not meet one or more of the criteria described above, provided the Company finds the acquisition attractive to the overall performance of the Company.

13.6 Key Performance Indicators

In order to provide investors with information on its performance going forward, the Company intends to report the following key performance indicators in the future:

- ***Net rental income ("NRI")***. NRI represents income from letting activities without income from recharged utilities and other operating costs and income from other goods and services.
- ***Net operating income from letting activities ("NOI")***. NOI represents income from letting activities less expenses related to letting activities, that are reflected in the consolidated statement of comprehensive income for the respective period.
- ***Earnings before interest, tax, depreciation and amortization ("EBITDA")***. EBITDA represents net income/loss before income taxes, income from joint ventures, financial income, financial expenses, gain/loss from the remeasurement of derivative financial instruments, depreciation and amortization as well as the result from the remeasurement of investment property.
- ***Adjusted EBITDA ("Adjusted EBITDA")***. Adjusted EBITDA represents EBITDA adjusted for any non-recurring operating income/expenses excluding non-recurring depreciation and amortization.
- ***Funds from operations I ("FFO I")***. FFO I represents net income/loss for the period adjusted for the result from disposal of investment property, the result from disposal of real estate inventory, the result from the remeasurement of investment property, the gain/loss from the remeasurement of derivates and other effects, as well as deferred taxes and the tax effects from the result of the disposal of investment property and the disposal from real estate inventory as well as adjustments of non-recurring operating income / expenses and tax effects from the settlement of interest swaps.
- ***Funds from operations II ("FFO II")***. FFO II represents FFO I plus the result from disposal of investment property and the result from disposal of real estate inventory minus cash-effective income taxes relating to the Company's disposal activities as well as the share of net income/loss relating to the Company's disposal activities attributable to non-controlling shareholder.
- ***Gross asset value ("GAV")***. GAV represents the total value of the Company's real estate investments including investment property, advance payments on investment property, owner-occupied property, non-current assets classified as held for sale and inventories as well as advance payments on inventories).
- ***Net debt ("Net Debt")***. Net Debt represents the sum of non-current and current interest-bearing liabilities less cash and cash equivalents.
- ***EPRA Net asset value ("EPRA NAV")***. EPRA NAV is calculated in accordance with the definition recommended by EPRA and used as an indicator of the Company's long-term equity and is calculated based on equity attributable to shareholders of the parent company (i) plus fair value adjustment of owner-occupied property (IAS 16) and fair value adjustment of properties in inventories (IAS 2) and (ii) excluding the fair value of derivative financial instruments, deferred tax assets, deferred tax liabilities on investment properties.
- ***Loan to value ratio ("Net-LTV")***. Net-LTV represents the ratio of Net Debt to GAV.
- ***Equity ratio ("Equity Ratio")***. Equity Ratio represents the ratio of total equity divided by total equity and liabilities.
- ***Recurring interest ("Recurring Interest")***. Recurring Interest represents financial expenses minus financial income adjusted for any non-recurring financing income / expenses.

- ***Interest coverage ratio ("ICR")***. ICR represents the Adjusted EBITDA divided by Recurring Interest.
- ***Gross yield ("Gross Yield")***. Gross Yield represents the ratio of the NRI to GAV.
- ***Like-for-Like Growth***. Like-for-Like Growth represents growth rates at a constant portfolio scope, adjusted for acquisitions and disposals.
- ***EPRA vacancy rate ("EPRA Vacancy Rate")***. EPRA Vacancy Rate is the estimated rental value of vacant space divided by the estimated rental value of the whole portfolio.
- ***WALT***. WALT represents the remaining average contractual lease term for unexpired leases with a contractually fixed maturity.

The Company intends to present these measures as its management intends to use them to measure operating performance and as a basis for strategic planning and forecasting, and they represent measures that the Company believes are widely used by certain investors, securities analysts and other parties as supplemental measures of operating and financial performance. In the future, these measures may enhance management's and investors' understanding of the Company's financial and operational performance.

In addition following the successful acquisition of a portfolio, the Company intends to attain the annual EPRA Gold Award, which aims to recognise the efforts of property companies that have successful adopted the EPRA Best Practices Recommendations Guidelines.

13.7 Acquisition & Funding Process, Asset Management and Property Management

13.7.1 *Overview*

The Company envisages covering the key aspects of the real estate cycle: acquisitions and disposals, portfolio and in-house asset management, while outsourcing property management activities to third-party service providers. All decisions regarding portfolio allocation, acquisitions of properties in line with the Company's business strategy and divestment decisions are made by the management team with the support of an experienced in-house transaction and asset management team.

13.7.2 *Acquisition Process*

The Company proposes to establish internal research capacities in order to regularly and intensively monitor the German commercial real estate market. This serves as a basis for identifying acquisition opportunities that the Company considers attractive and compatible with its strategy. The Company intends to maintain close relationships with market participants in the commercial real estate sector, which the Company sees as an important source of information and enable the Company to participate in off-market deals. The Company intends to source acquisition opportunities through its existing network in the German real estate market, contacts with the financial sector, established brokers as well as public and private markets.

The Company believes the following activities are examples of the Company's intended due diligence activities to be performed prior to making a potential acquisition decision for a future asset or portfolio:

- Terms and conditions of existing lease agreements:
  - Effects on future cash flows: lease time, special termination rights, passing rents, service charges structure, rent indexation;
  - Effects on the quality of cash flows: credit ratings, guarantees, deposits, assignment or subletting rights, expansion rights and covenants;
- Operational expenses (OPEX): costs analysis includes repairs & maintenance, vacancy costs, insurance fees, property management fees and recoverable;
- Capital expenditure (CAPEX): assessing the state of repair of the building and its installations, building capex budgets and expenditure calendars when necessary;
- Rent and capital value comparables: assessing the submarket and/or similar submarkets in which the property is located according to rental levels, market liquidity and achievable yields; and
- Leasing market information: take-up volume and vacancy rates as a base to build projections on letting vacancies and new leases including downtime, renovation and tenant improvements.

The initial assessment of a specific acquisition opportunity by the Company is intended to focus on the long-term value potential of the asset. The Company's management team assesses the variety of factors as described above. If as a result of this initial review, management believes an acquisition opportunity is attractive, the property is visited for the purpose of an initial due diligence assessment. Following a subsequent assessment by the Company's management, a letter of intent may be submitted to the seller. If selected as one of the preferred bidders, the Company may choose to conduct due diligence involving external advisers and encompassing legal, technical, environmental and financial aspects and, in the case of an acquisition of a company, a tax review.

A final acquisition decision is supported by a detailed business plan for each asset, including a breakdown of the determinants of the rental income forecast for the asset, detailed strategy and the associated expected ordinary and extraordinary costs. After the completion of an acquisition, the Company's management ensures ongoing monitoring of the property and reaches a decision regarding the potential appointment of an external service provider and an annual review of the asset business plan.

13.7.3 *Acquisition Funding*

The Company intends to use the proceeds from the Offering, as well as any potential subsequent capital increase, to fund a portion of its potential future acquisitions.

In addition, as described in "*13.5.2 Financial Targets*", the Company intends to target a Net-LTV of between 45% and 55%, allowing the Company to make use of debt financing to fund a portion of its future acquisitions. More specifically, the Company expects to make use of secured and unsecured financing arrangements between banks, other financial institutions through bilateral facilities secured by mortgages over the assets and pledges over the rents derived therefrom on an asset-by-asset basis. The Company and the Management Team intends to potentially make use of capital markets instruments, subject to the following principles:

- The Company intends to determine the appropriate level of borrowings on a deal-by-deal basis taking into consideration the implication on the overall financial situation as well its defined financing strategy;
- The Company intends to enter into hedging transactions where appropriate to manage interest rate risk; and
- The Company intends to not enter into a financing agreement to fund acquisitions before a respective share purchase agreement has been signed.

13.7.4 *Asset Management*

The Company plans to perform its asset management in-house, with all related decisions made by the management team. As part of the Company's active asset management approach, the Company intends to regularly analyse the competitive positioning of its properties relative to comparable commercial properties in the relevant sub-market, and undertake the refurbishments and renovations required to meet tenants' evolving demands.

The Company will actively manage the assets according to the required asset strategy and its needs. The aim is to increase income and market valuations thus improving shareholder value. The Company will work intensively with the aim of ensuring the optimization of its portfolio in terms of occupancies and achievable rental income.

The Company believes the following key operating and management principles are examples of the Company's proposed operating and asset management principles:

- Maintaining and improving the quality of the Company's portfolio by regularly monitoring the performance of the assets;
- Improving marketability of buildings, especially assets in the manage-2-core(+) portfolio through tenant improvements and capital expenditures in return for medium to long lease terms and market rental levels;
- Reduction of vacancy rates to achieve a high level of occupancy and take advantage of Germany's strong economy;
- Renegotiating rents at market value to maximize rental yields through a considered approach to contract terms;
- Tenant rotation in order to seize the reversionary potentials of rental terms as well as improve tenant profiles if relevant;
- Sustainable capex spending to refurbish or upgrade the assets and thus improve their technical profile to stay competitive with newly delivered buildings; and

- Establishing a tenant account management to understand needs and requirements with an orientation towards the creation of long term relationships with creditworthiness tenants developing a conscious approach to cost management, and other asset value enhancement programs such as energy costs and third party providers.

The Company expects to proactively manage lease renewals and pursues new leases to reduce vacancy periods through factors such as negotiations with tenants whose tenancies are about to expire and increasing rent on leases which are at below-market rental rates.

13.7.5 *Property Management*

The Company intends to not perform property management activities internally and plans to hire and supervise a number of experienced and well-known service providers to render such services and to ensure that its properties comply with all applicable building and security regulations. After the Company has reached a considerable portfolio size, property management functions can be internalised to realise operational gains.

13.7.6 *Sale and Disposal Process*

The Company's strategy is to optimise the allocation of capital by disposing of assets held in its Manage-2-Core(+) portfolio if the Company's management team believes these assets cannot create additional value or if selling an asset is expected to generate a higher value contribution than continuing to hold it.

13.8 *Employees*

Given the Company's limited operating history, it did not have any employees in 2015, 2016 and 2017. As of the date of this Prospectus, the Company has two employees, not including members of the Management Board. In addition, the Company has entered into, or expects to enter into in the near term, employment contracts with three additional employees, subject to completion of the Offering. The Company's employees will mainly focus on asset management, administrative, investor relations and financial activities. Subject to the timeframe to realize its targeted acquisition level, the Company plans to hire approximately 50 employees in the near-term to manage its assets and perform other administrative and operational functions.

13.9 *Legal and arbitration proceedings*

The Company is currently not and has not been in the past twelve months, a party to any governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

14. REGULATORY ENVIRONMENT

The Company's then existing real estate portfolio will be subject to a variety of laws and regulations in Germany. This may cause restrictions in use and, if the Company fails to comply with any of these laws and regulations, it may be subject to civil liability, administrative orders, fines or even criminal sanctions. The following provides a brief overview of selected federal regulations and the state regulations that are applicable to the Company's business operations.

14.1 **Tenancy Law for Commercial Properties**

Unlike tenancy law for residential properties, German tenancy laws for commercial properties generally provide landlords and tenants with a broader framework within which they can structure the lease agreements. Also, general terms and conditions (*Allgemeine Geschäftsbedingungen*) used between entrepreneurs are only subject to a less strict review. There are, however, certain areas in which legal restrictions may limit a landlord's negotiating power. Further, the parties are required to adhere to strict form requirements to avoid early termination rights:

14.1.1 ***Strict Written Form Requirements***

German tenancy law generally requires that lease agreements with a term of more than one year must be concluded and amended in written form. The requirements to comply with the written form have been specified by comprehensive case law. Lease agreements that do not comply with written form requirements are not invalid. Rather, they are deemed to have been concluded for an indefinite period of time with the consequence that they can be terminated at the earliest at the end of one year after handover of the leased property to the tenant in accordance with the statutory notice period that may be significantly shorter. For business premises the notice of termination is admissible at the latest on the third working day of a calendar quarter towards the end of the next calendar quarter. Against the background of evolving case law on the formal invalidity of lease agreements, e.g., resulting from an addendum that does not comply as such with the strict written form requirement, there is a risk that lease agreements that were originally compliant with strict written form requirements may no longer satisfy the requirements currently applicable and—regardless of the agreed fixed term—could be terminated at short notice. According to a decision of the Federal Civil Court in autumn 2017, so-called written form defect curing clauses which were market standard to minimize the risk of early termination of a lease due to written form defects are null and void. Thus, compliance with the written form requirements is even more important following this decision. In this context it has to be pointed out that lease agreements that do not comply with the written form requirements can still be amended at the will of both parties to meet the written form requirements of the lease contract.

14.1.2 ***Operating Costs***

As regards the operating costs of commercial tenancies, most of the ongoing costs of the property accruing to the landlord may essentially be apportioned to the tenants. However, this requires a clause in the lease agreement stipulating explicitly and specifically which operating costs shall be borne by the tenant. These clauses have to be even more specific and transparent if they can be considered to be general terms and conditions presented by the landlord to the tenant. With respect to heating costs, further legal provisions are contained in the Heating Costs Ordinance (*Heizkostenverordnung*), banning lump-sum cost-bearing clauses and restricting the landlord's leeway in apportioning heating costs among tenants. Furthermore, costs that do not adhere to the landlord's statutory obligation to take a cost-effective approach (*Wirtschaftlichkeitsgebot*) may also not be apportioned to tenants and may even result in liability for damages.

14.1.3 ***Maintenance Costs, Cosmetic Repairs, Final Decorative Repairs***

Lease agreements for commercial properties may generally transfer the responsibility for the maintenance and repair of let properties to tenants. This general principle is limited to the extent that the costs of maintenance and repairs to the roof and structures cannot be charged to the tenant at all under general terms and conditions. Furthermore, as regards maintenance and repair obligations of the leased premises used exclusively by the tenant, general terms and conditions require a contractual limitation either by restricting the tenant's obligation to such damages caused by his contractual use or originating from his risk sphere or by limiting the amount apportioned.

Furthermore, the costs for spaces and installations that are jointly used by several tenants may not generally and to the full amount be transferred to tenants by use of general terms and conditions. Instead, the case law intents a restriction in percentage of the yearly net amount to limit the costs of maintenance and repairs of such jointly used spaces and installations. Exceeding costs are to be borne by the landlord.

Expenses for cosmetic repairs (*Schönheitsreparaturen*) may, in principle, be allocated to tenants, provided that the obligation to carry out ongoing cosmetic repairs is not combined with an undertaking to perform initial and/ or final decorative repairs. However, general terms and conditions may not allocate costs for cosmetic repairs to tenants if the execution of such repairs is fixed to set deadlines or if the tenant is otherwise unfairly disadvantaged.

There is a trend in the case law of the German Federal Supreme Court (*Bundesgerichtshof*) to the effect that restrictions originally developed for residential tenancy law are increasingly being applied to lease agreements for commercial properties. This may result in provisions contained in commercial lease agreements no longer being valid in the future and thus increasing costs to be borne by the landlord.

14.2 **Land-use Regulations**

14.2.1 ***German Federal Dispersion Control Act***

Under the German Federal Dispersion Control Act (*Bundesimmissionsschutzgesetz*), which is substantiated by several Federal Dispersion Control Ordinances (*Bundesimmissionsschutzverordnungen*), installations, such as, but not limited to, operating facilities, are to be constructed and operated in such a way that harmful environmental influences are reduced to a minimum according to the state of the best available technology in order to ensure a high level of environmental protection. Therefore, the construction and operation of installations listed in the Fourth Federal Dispersion Control Ordinance (4. *Bundesimmisionsschutzverordnung*) which are particularly suitable to cause adverse impacts to the environment is subject to prior approval by the competent authority. Competent authorities may also issue subsequent orders in order to achieve compliance with the applicable law.

14.2.2 ***German Planning Law***

Under German planning law, municipal planning authorities have a considerable amount of discretion in exercising their planning competence. They are, however, required by law to take into account private interests as well as to pursue a number of prescribed objectives, including sustainable urban development and the protection of the natural resources. Formal planning by municipalities takes a two-tiered approach.

On the first level, each municipality can issue a preparatory land use plan (*Flächennutzungsplan*) that represents, with respect to the entire municipal territory, a basic classification of land uses according to urban development objectives and the needs of the municipality. A preparatory land use plan may, e.g., determine for which purpose specific areas should be used in the future or which areas should be made available for environmental purposes, but does not create or affect individual rights.

On the second level, zoning plans (*Bebauungspläne*) may determine the use of land in designated areas. A zoning plan has to comply with the applicable preparatory land use plan. A zoning plan establishes the legally binding rules with respect to matters such as the size of plots and the height, density and specific use of buildings erected on a plot and may also designate land as being reserved for public purposes, industrial use, mixed use, social housing, infrastructure, open spaces, and protected areas. Where there is no zoning plan or only a preparatory land use plan with limited scope, permissible planning generally depends on the location of the property (i.e., within or outside of urban areas) and the existing buildings and usage in the surrounding area.

If the permitted use under a lease agreement does not comply with the provisions of the relevant building permit (which is based on the existing zoning plan, if any), the competent authority may restrict the use of the leased property. This will allow the tenant to reduce the rent or to terminate the lease agreement with immediate effect.

14.2.3 ***Special Urban Planning Zones***

Municipalities may designate special urban planning zones (*Gebiete des Besonderen Städtebaurechts*) in order to remediate specific planning deficiencies or facilitate specific urban developments. These planning zones are regulated by the Federal Building Act (*Baugesetzbuch*). This act provides for different types of special urban planning zones, such as renewal areas (*Sanierungsgebiete*), conservation areas (*Erhaltungsgebiete*), development areas (*Entwicklungsgebiete*) or restructuring areas (*Stadtumbaugebiete*). Properties located in special urban planning zones may be subject to certain restrictions.

For instance, in renewal and development areas, the sale and encumbrance of properties as well as the conclusion of a fixed-term lease agreement exceeding one year or reconstruction and refurbishment measures (including construction work, topping-up, change in use) are generally subject to special consent by the competent municipal authorities. Most importantly, such properties may only be sold at prices approved by the competent municipal authorities and approval is generally only granted if the proposed price excludes any value gains from restructuring measures. Property owners may, however, negotiate the lifting of such limitations, which is usually granted in exchange for compensatory payments.

14.3 **Building Regulations**

German building laws and regulations are quite comprehensive and address a number of issues, including, but not limited to, permissible types of buildings, building materials, statics, proper workmanship, heating, fire safety, means of warning and escape in case of emergency, access and facilities for the fire service, hazardous and offensive substances, noise protection, ventilation and access and facilities for disabled people.

14.4 **Urban Development Contracts**

By means of public private partnership, competent municipal authorities may enter into agreements with individuals or with private or public companies regarding urban development measures (*städtebauliche Verträge*). In an urban development contract (*Erschließungsvertrag*), a municipality may assign the development (e.g., the construction of paved ways, utility supply lines, waste disposal, street lighting, park areas etc.) to a third party. While the municipal authority would have to pre-finance all urban development expenses and would ultimately bear a share of at least 10% of the development costs eligible for contributions (*beitragsfähiger Erschließungsaufwand*) under the German Building Code (*Baugesetzbuch*) as well as all non-contributory costs, all costs may be imposed on such investor under an urban development contract. In addition to urban development contracts, expenses associated with the provision of infrastructure elements (e.g., expenses for kindergartens, children's playgrounds, hospitals, sewage plants, green areas) may be contractually imposed upon such investors (*Folgekostenvertrag*). In order for such expenses to be borne by a private investor, there must be a direct link between the construction projects and the costs imposed. The Company is party to both development contracts and contracts imposing consequential costs on it.

14.5 **Protection of Existing Buildings**

Owners of buildings erected and used in compliance with building permits (*Baugenehmigungen*) which have become final and absolute (*bestandskräftig*) in principle benefit from constitutional protection of property with respect to such buildings. This means that, generally, the local building authorities must tolerate the respective building and its use, even though the building permit may be unlawful or the planning or legal situation may have changed since the granting of the permit.

Nevertheless, as an exception to this general rule, the competent authority may, under certain circumstances, demand alterations to buildings on grounds of safety (e.g., fire safety) or health risks from a property. While mere non-compliance with prevailing regulations generally does not warrant such orders, the occurrence of concrete safety or health risks with respect to users of the building or the general public allows the competent authority to demand immediate action from the owner. Relevant risks in this regard include fire risks, traffic risks, risks of collapse and health risks from injurious building materials such as asbestos.

The protection of existing buildings does, as a rule, not cover alterations to such buildings or changes in the type of use. Hence, in those cases, a new building permit is generally required, which must respect the then applicable planning situation and building regulations. However, the building authority may under certain circumstances grant an exemption from the zoning plan if the intended use or alteration is not covered by the zoning plan. Under certain preconditions exemptions are also possible in relation to provisions of the building law (e.g. in relation to the required distance areas).

14.6 **Energy Saving Regulation**

Under the Energy Saving Act (*Energieeinsparungsgesetz*) and the Energy Saving Ordinance (*Energieeinsparverordnung*), owners of buildings are subject to various energy efficiency requirements.

For instance, under the Energy Saving Ordinance, owners are in case of an intended sale or lease of a building obliged to provide potential buyers or tenants with an energy certificate, i.e., a special certificate that discloses the property's energy efficiency. Further, real estate advertisements in commercial media must include specific information from the energy certificate and, generally, owners of buildings with more than 500 sqm of usable area and strongly frequented by the public (*starker Publikumsverkehr*) have to display the respective building's energy certificate in a visible place. The energy certificate is generally valid for ten years.

The Energy Saving Ordinance also includes various regulations regarding reconstruction works designed to improve energy efficiency. In general, the owner of a commercial property must comply with various requirements under the Energy Saving Ordinance in case modification measures, such as modernization measures and expansions of existing properties, are carried out. Certain requirements, relating, e.g., to the insulation of ceilings and to boilers, must be complied with regardless of whether any modification measures are implemented. Also, the Energy Saving Ordinance includes various energy saving requirements which must be complied with in case new buildings are erected or new installations put into operation. Operators of cooling systems with cooling power in excess of twelve kilowatt hours must regularly inspect their energy efficiency. Failure to comply with the Energy Saving Ordinance can be sanctioned as an administrative offense.

In April 2015, the Law on Energy Services (*Energiedienstleistungsgesetz*) was amended resulting in an obligation on large companies to carry out energy audits every four years beginning for the first time by December 5, 2015. Exceptions apply for companies that have implemented an environmental management system under DIN EN ISO 50001 or EMAS.

14.7 **Improvement and Development Charges**

The owner of a property may be obliged to pay certain public charges related to the property. Development charges (*Erschließungsbeiträge*) are levied for the initial construction and improvement charges (*Ausbaubeiträge*) for the subsequent improvement of development installations (*Erschließungsanlagen*), e.g., public roads. Municipalities are obliged to levy development charges if the initial construction of development installations has been completed. Once the development charges have been fully paid, no further development charges can be imposed. As regards improvement charges, they incur for each improvement of development installations. As a consequence, such charges may be imposed again in the future.

Both development and improvement charges may be levied from the owner of a property which benefits from initially constructed or improved development installations. However, some German federal states allow municipalities to divide their territory into areas and to levy improvement charges from all owners of properties in these areas and not only from the owners of properties adjacent to the specific development installation that has been improved. Such improvement charges are levied from all owners on a periodic basis and cover the improvement costs occurring in the entire area (*wiederkehrende Straßenbeiträge*). For example, municipalities in the State of Hesse can decide to levy such periodic improvement charges by law. The respective charges cannot be transferred to the tenant of a property.

14.8 **Public Easements**

In most of the German federal states, compliance with statutory requirements for the erection and use of buildings may be ensured by public easements (*Baulasten*). In this context, the owner of a property may assume an obligation to tolerate, perform or omit specific acts on the property. The building authorities maintain specific registers of such public easements (*Verzeichnis öffentlicher Baulasten*). Once registered, a public easement will also be effective for the legal successors of the owner (e.g., the purchaser of the respective property). A public easement may be cancelled only upon the consent of the local building authority. Public easements may restrict the use of a property and especially future modifications and, therefore, affect its commercial value.

14.9 **Regulation Relating to Environmental Damage, Contamination and Property Maintenance**

In addition to German tenancy law, the Company's commercial real estate portfolio is subject to various rules and regulations relating to the remediation of environmental damage and contamination if existent on the real property owned or used by the Company. If soil or groundwater contaminations exist, the competent authorities may issue orders in relation to investigation, remediation and or monitoring of such contamination. Such orders may be addressed to the polluter as well as to the owner or user of the property regardless of whether the contaminations have been caused by the current owner or by a third party. As a consequence the property owner or user may have to tolerate e.g. groundwater monitoring wells on the property. Such measures may have a negative impact on the use of the property. While remediation measures are less relevant in relation to existing buildings in case of construction or development measures on unbuilt properties, additional costs may be incurred e.g. for the investigation of soil and groundwater (if contaminations are suspected) and/or the excavation and disposal of contaminated soil. Furthermore, construction measures may be delayed, and lead to an increase in construction costs. As regards developments and new construction projects, furthermore, nature protection provisions e.g. on the protection of endangered species may lead to additional requirements during construction measures (e.g. restriction of building measures to certain times of the year, resettlement of endangered species, if any). This may also lead to extended building periods and additional costs.

Furthermore, owners of real property are subject to maintenance and testing obligations under public law in relation to technical equipment and facilities such as for example sewage systems which must be inspected and repaired according to federal states regulations or specified centralized heated water supply facilities which must be tested for legionella (a pathogenic bacteria) in regular intervals.

14.9.1 ***Soil Contamination and Disposal of Contaminated Material***

Pursuant to the German Federal Soil Protection Act (*Bundesbodenschutzgesetz*), the responsibility for residual pollution and harmful changes to soil ("Contamination") lies with, among others, the actual polluter, the polluter's universal successor, the current owner of the property, the party in actual control of the property and, if the title was transferred after March 1, 1999, the previous owner of the property if he knew or must have known about the Contamination. There is no general statutory ranking as to which of the aforementioned parties is primarily liable. Rather, this decision is made at the discretion of the relevant local authority who will take into account the effectiveness of remediation as a prevailing factor. Thus, the current owner of the contaminated property is usually the first party to be held responsible because the owner is generally in the best position to undertake the necessary remediation work. However, a former owner may be ordered to carry out remediation work if the current owner's financial condition appears to be unsound. Other responsible parties may be required to indemnify the party that carried out the remediation work under a statutory provision. This provision can, however, be waived by way of an express contractual agreement. Furthermore, liability is not based on fault; thus the German Federal Soil Protection Act does not require the relevant local authority to prove negligence or intent on the part of the liable parties.

Administrative powers arising from the German Federal Soil Protection Act authorize the relevant local authority to require risk inspections, investigations, remedial measures and other measures necessary for the prevention of residual pollution or harmful changes in the soil.

Civil law liability for Contaminations can arise from contractual warranty provisions or statutory law. Warranty obligations can generally be waived or can be limited by contract. According to statutory provisions, the polluter can be held liable for damages or for the remediation of the Contamination and its consequences. The Company could be subject to such liability if a property that the Company currently owns or formerly owned is detrimentally affecting the property of one or more third parties. This civil liability exists irrespective of official action taken under the German Federal Soil Protection Act.

The respective Ministries of Environment of both the German Federal Government and the Federal States have established a joint working group (*Bund-/Länder-Arbeitsgemeinschaft Abfall*, "**LAGA**") in order to ensure a homogenous enforcement of laws relating to waste and disposal legislations. LAGA publishes information sheets, regulations, guidelines and sample administrative provisions. In its most significant communication from 1997 as amended, the so-called LAGA M 20, LAGA has defined various classification categories, by which, *inter alia*, the treatment and disposal of soil excavation and demolition waste are governed. These classification categories range from emplacement class LAGA Z 0 (unrestricted emplacement for soil-related uses) over emplacement class LAGA Z 2 (restricted emplacement in certain construction types) and LAGA Z 2 (restricted emplacement with technical safety measures) to emplacement classes LAGA Z 3, LAGA Z 4 and LAGA Z 5, which do not allow for emplacement, but require disposal of the respective material.

14.9.2 ***Protection of Groundwater and Maintenance of Sewage Systems***

Pursuant to the German Federal Water Management Act (*Wasserhaushaltsgesetz*), all sewage systems must be constructed, operated and maintained according to the generally accepted Rules of Technology (*anerkannte Regeln der Technik*). Property owners are required to check, among other things, for the sewage system's condition, operability, maintenance and the amount and quality of wastewater and the substances contained therein. In the case of deficiencies, property owners must repair the sewage system. The German Federal Water Management Act authorizes the German Federal Government (*Bundesregierung*), with approval of the Second Chamber of the German Parliament (*Bundesrat*), to enact an ordinance specifying the abovementioned obligations concerning sewage systems. Up to date, no such ordinance has been enacted on a federal level.

Until an ordinance by the German Federal Government is enacted, the federal state governments may enact their own ordinances regarding the aforementioned obligations. Required testing intervals under such ordinances vary from state to state and sometimes between different zones within one state.

14.9.3 ***Legionella Testing***

Pursuant to the Federal Drinking Water Ordinance (*Trinkwasserverordnung*), the owners of specified centralized heated water supply facilities for use in commercial buildings are required to analyze stored heated water for the concentration of legionella (a pathogenic bacterium) by December 31, 2013 at the latest and to repeat this test at least once every three years. Competent authorities may order additional testing.

The analysis must be carried out by laboratories authorized by the respective federal state. The existence of appropriate sample extraction points (*Probeentnahmestellen*) must be ensured by the owner of the facility. If specific limits are exceeded, the competent authority will regularly adopt measures to improve the water quality.

14.9.4 ***Protection of Species***

The Federal Nature Protection Act (*Bundesnaturschutzgesetz*) regulates the protection of animals and plants, the natural habitat and biotope of wild species of animals and plants from human interference, as well as the resettlement of animals and plants of displaced species in suitable biotopes. Among other things, the act prohibits to catch or kill particularly protected animal species, to considerably perturb particularly protected animal species during designated periods including breeding season, overwinter survival period. These regulations may, e.g., impair the property owner's ability to building permits, or may result in delays and substantial additional costs for the resettlement of animals or plants.

14.9.5 ***Real Estate Transfer Tax***

In general, German real estate transfer tax ("**RETT**") is triggered if real estate situated in Germany is sold or transferred to a new owner. Apart from that, the transfer of shares/interest in companies owning German real estate may trigger RETT as well if thereby at least 95% of the shares/interest are (i) accumulated or (ii) transferred to new shareholder(s). This rule often triggers RETT in case of share deals once the so called 95%-threshold is reached or exceeded.

Purchasers of real estate located in Germany are required to bear certain costs. It is market practice that the purchaser of real estate is required to pay RETT (by law both parties are liable for RETT payments). The. RETT rate currently ranges from 3.5% (e.g., Bavaria) to 6.5% (e.g., North Rhine-Westphalia) which is levied on the purchase value of the property in case of an asset deal. Additional costs, amounting to approximately 1.5% of the purchase value, are incurred for notary fees and land registry office (*Grundbuchamt*) fees, depending on the value of the transaction. These additional costs are usually also paid by the purchaser. Legislative changes are currently under discussion. In the future, the above mentioned 95% threshold may be reduced, and other important elements of the current RETT regime may be amended to the detriment of the Company by the Federal Parliament (*Deutscher Bundestag)*. Furthermore, RETT levels, which vary throughout Germany may be increased by federal states.

As it is customary that RETT is born by the purchaser of real estate, any increase would increase the costs incurred by the Company in connection with the acquisition of real estate properties. As a cost factor for future buyers of real estate to be sold by the Company, any RETT increase may also have an adverse effect on the value of the Company's real estate property as well as the real estate acquisition and holding structures.

15. GENERAL INFORMATION ABOUT THE COMPANY

15.1 Formation, registration with the commercial register, name and registered seat

The Company was initially incorporated on November 9, 2001, under the legal name “KPE Holding GmbH”.

The legal name of the Company is “Godewind Immobilien AG”. The commercial name of the Company is “Godewind Immobilien”. The Company is a German stock corporation (*Aktiengesellschaft*) founded in Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg under docket number HRB 139152 with its registered seat in Hamburg.

The financial year of the Company is the calendar year. The term of the Company is unlimited. However, except in case of insolvency, the Company can be dissolved, in particular, by a resolution of the General Shareholders’ Meeting, which requires a majority of not less than three fourths of the share capital represented at the passing of the resolution.

The registered business address of the Company is Am Sandtorkai 77, 20457 Hamburg, Germany. The Company can be reached by telephone under the number +49 69 25 73 75 190.

On February 20, 2018, the ordinary General Shareholders’ Meeting resolved to transfer the Company’s registered seat from Hamburg to Frankfurt am Main. The transfer of the registered seat still needs to be registered with the commercial register in order to become valid and will only become effective after the completion of the Offering.

15.2 Business objective

According to Section 2 of the Articles of Association, the Company’s business objective is to acquire, transfer and manage domestic and foreign ownership interests in real estate and real estate companies as well as acquire and transfer real estate including development, letting and lease of real estate.

15.3 Significant subsidiaries

On January 29, 2018, the Company resolved on the incorporation of Godewind Beteiligungsgesellschaft mbH, a company with limited liability governed by the laws of Germany with registered seat in Frankfurt am Main, registered with the commercial register of the local court of Frankfurt am Main under HRB 111146 (“**Subsidiary**”), in which the Company holds 100% ownership interest and voting power. The incorporation of the Subsidiary became effective with its registration with the commercial register on March 7, 2018. The Subsidiary will acquire and hold future acquisitions of the Company. As of the date of this Prospectus, the Subsidiary has not yet been involved in any business activities.

On February 20, 2018, the Company as controlling entity and the Subsidiary as controlled entity have entered into a controlling and profit and loss pooling agreement. The controlling and profit and loss pooling agreement will become effective with its registration in the commercial register with retroactive effect (with regard to the profit and loss pooling element) from the start of the financial year of the Subsidiary during which the controlling and profit and loss pooling agreement is registered in the commercial register of the Subsidiary. Under the controlling and profit and loss pooling agreement, the Subsidiary will be, in particular, obliged to transfer its entire profit arising during the term of the controlling and profit and loss pooling agreement to the Company; the Company will be, in particular, obliged to a loss compensation pursuant to the provisions of section 302 of the German Stock Corporation Act (*Aktiengesetz*). Both the Existing Shareholders as the current shareholders of the Company as well as the Company as sole shareholder of the Subsidiary have already resolved on their respective consent to the controlling and profit and loss pooling agreement.

15.4 Auditors

KPMG has audited the IFRS Financial Statements and issued in each case an unqualified independent auditor’s report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*). Roser has audited the HGB Financial Statements and issued in each case an unqualified independent auditor’s report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*). With respect to the IFRS Financial Statements and the HGB Financial Statements, KPMG and Roser conducted their respective audits in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e.V.*).

15.5 Announcements

According to the Articles of Association, announcements are to be published in the German Federal Gazette (*Bundesanzeiger*), unless otherwise provided for by mandatory legal provisions. Information to holders of listed securities of the Company may also be transmitted via electronic media, to the extent permitted by law.

In compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), notices in connection with the approval of this Prospectus, or supplements thereto must be published in the manner stipulated for this Prospectus, i.e., by publication on the website of the Company (www.godewind-ag.com) and by making print versions available free of charge at the Company's offices and the offices of the Joint Bookrunners during regular business hours.

Publications concerning the Shares will be published in the German Federal Gazette and, if required by mandatory provisions, by media suitable for publication in the European Economic Area.

16. INFORMATION ON THE COMPANY'S SHARE CAPITAL AND FURTHER MATERIAL PROVISIONS OF THE ARTICLES OF ASSOCIATION

16.1 **Foundation, change of legal form and of legal name and capital measures**

The Company was incorporated on November 9, 2001, in the legal form of a company with limited liability (*Gesellschaft mit beschränkter Haftung*) based on its articles of association, dated October 12, 2001, with a registered share capital of EUR 68,610,200.00 under the legal name "KPE Holding GmbH" upon registration with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under HRB 81674.

On September 24, 2008, the shareholders' meeting of KPE Holding GmbH resolved, *inter alia*, on the decrease of the Company's registered share capital (*Stammkapital*) from EUR 68,610,200.00 to EUR 21,745,900.00. The capital decrease was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under HRB 81674 on November 19, 2008.

On December 22, 2008, the shareholders' meeting of KPE Holding GmbH resolved on a further decrease of the Company's registered share capital (*Stammkapital*) from EUR 21,745,900.00 to EUR 500,000.00. The capital decrease was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under HRB 81674 on November 13, 2009.

By merger agreement dated December 29, 2011 and consenting resolutions of the shareholders' meetings of the affected entities dated the same day, the Company has been merged as receiving company with the Georg Meyer Gesellschaft mit beschränkter Haftung with registered seat in Marktbergel, formerly registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Fürth, Germany under HRB 1078, as transferring company. The merger became effective with its registration with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under HRB 81674 on March 28, 2012.

On September 1, 2015, the shareholders' meeting of KPE Holding GmbH resolved to change the legal form of the Company into a German stock corporation (*Aktiengesellschaft*) with a registered share capital of EUR 500,000.00 consisting of 50,000 ordinary bearer shares with no par value (*Stückaktien*) with a notional value of EUR 10.00 each in the share capital. In addition, the shareholders' meeting of September 1, 2015 resolved on the change of the legal name of the Company into Godewind AG. The change of legal form and legal name was registered and became legally effective upon the entry in commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg, Germany, under HRB 81674 on November 26, 2015.

On November 30, 2017, the General Shareholders' Meeting resolved the change of the Articles of Association, in particular, to change the number of shares from 50,000 with a notional value of EUR 10 each in the share capital of the Company to 500,000 with a notional value of EUR 1 each in the share capital of the Company. The General Shareholders' Meeting of November 30, 2017, further resolved to increase the Company's share capital (*Grundkapital*) from EUR 500,000.00 by up to EUR 14,500,000.00 to up to EUR 15,000,000.00 against cash contributions. The capital increase was implemented through the issuance of 14,500,000 shares with no par value (*Stückaktien*) with a notional value of EUR 1 each in the share capital of the Company. The General Shareholders' Meeting of November 30, 2017, further resolved to change the form of the shares from ordinary bearer shares to registered shares and to change the legal name of the Company from Godewind AG to Godewind Immobilien AG. The change of the Articles of Association, in particular, the change of the number of shares, the capital increase, the change of the form of the shares as well as the change of the legal name was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg under HRB 139152 on December 12, 2017.

16.2 **Capital increase and resolution to implement the Offering**

On February 20, 2018, the ordinary General Shareholders' Meeting resolved to increase the Company's share capital by up to EUR 175,000,000.00 to up to EUR 190,000,000.00 against cash contributions through the issuance of up to 175,000,000 ordinary registered shares with no par value (*Stückaktien*) with a notional value of EUR 1.00 each in the share capital. The shareholders have waived their statutory subscription rights.

On or about March 27, 2018, the Management Board and the Supervisory Board are expected to resolve on the number of Offer Shares to be issued. The implementation of the Capital Increase with the commercial register of the Company is expected to be registered on March 28, 2018.

Assuming a Base Deal Scenario, following consummation of the Capital Increase, the Company's share capital will amount to up to EUR 127,500,000.00, divided into up to 127,500,000 Shares. Assuming an Upsize

Scenario, following consummation of the Capital Increase, the Company's share capital will amount to up to EUR 152,500,000.00, divided into up to 152,500,000 ordinary registered shares with no par value (*Stückaktien*) and a notional value of EUR 1.00 each in the share capital. The share capital will be fully paid up.

On February 20, 2018, the ordinary General Shareholders' Meeting further resolved on the following capital measures:

(a) Authorization of the Management Board, with approval of the Supervisory Board, to increase the Company's share capital by up to EUR 50,000,000.00 by means of a single or multiple issuance of up to 50,000,000 new registered shares with no par value (*Stückaktien*) against a cash contribution or contribution in kind by February 19, 2023 (authorized capital 2018/I) and to exclude subscription rights for the shareholders for a capital increase from the authorized capital 2018/I under certain conditions, in particular, in the event of a capital increase against a contribution in kind.

(b) Authorization of the Management Board, with approval of the Supervisory Board, to increase the Company's share capital by up to EUR 7,000,000.00 by means of a single or multiple issuance of up to 7,000,000 new registered shares with no par value (*Stückaktien*) against a cash contribution or contribution in kind by February 19, 2023 (authorized capital 2018/II) and to exclude subscription rights for the shareholders for a capital increase from the authorized capital 2018/II under certain conditions, in particular, in the event of a capital increase against a contribution in kind.

(c) Authorization of the Management Board, with approval of the Supervisory Board, to increase the Company's share capital by up to EUR 5,000,000.00 by means of a single or multiple issuance of up to 5,000,000 new registered shares with no par value (*Stückaktien*) against a cash contribution or contribution in kind by February 19, 2023 (authorized capital 2018/III) and to exclude subscription rights for the shareholders for a capital increase from the authorized capital 2018/III under certain conditions, in particular, in the event of a capital increase against a contribution in kind.

(d) Authorization of the Management Board, with approval of the Supervisory Board, to increase the Company's share capital by up to EUR 13,000,000.00 by means of a single or multiple issuance of up to 13,000,000 new registered shares with no par value (*Stückaktien*) against a cash contribution or contribution in kind by February 19, 2023 (authorized capital 2018/IV) and to exclude subscription rights for the shareholders for a capital increase from the authorized capital 2018/IV under certain conditions, in particular, in the event of a capital increase against a contribution in kind.

(e) The Company's share capital is increased by up to EUR 6,000,000.00 by means of issuance of up to 6,000,000 new registered shares with no par value (*Stückaktien*) (conditional capital 2018 I). The conditional capital increase shall be implemented only to the extent that the holders of convertible bonds (*Wandelschuldverschreibungen*) or option bonds (*Optionsscheine*) issued by February 19, 2023 by the Company or an affiliate of the Company on the basis of authorization of the Management Board resolved by the General Shareholders' Meeting of February 20, 2018 make use of their conversion privileges or option rights respectively fulfil their conversion or option obligations respectively that the Company utilizes its right to offer the shares and provided that no other forms of fulfilment are used to service such bonds.

(f) The Company's share capital is increased by up to EUR 1,500,000.00 by means of issuance of up to 1,500,000 new registered shares with no par value (*Stückaktien*) (conditional capital 2018 II). The conditional capital increase shall be implemented only to the extent that the holders of stock option rights (*Aktienoptionsrechte*) issued on the basis of the authorizing resolution by the General Shareholders' Meeting of February 20, 2018 exercise their subscription rights to shares of the Company.

The capital measures under recitals (a) through (d) have not yet been registered with the commercial register. The registration of these capital measures with the commercial register is subject to the consummation of the capital increase resolved by ordinary General Shareholders' Meeting of February 20, 2018 (capital increase by up to EUR 175,000,000.00 to up to EUR 190,000,000.00). The capital measures under recitals (e) and (f) were registered with the commercial register on March 1, 2018.

16.3 **Description of shares**

Each Share entitles the shareholder to one vote at the General Shareholders' Meeting. There are no restrictions on voting rights. Voting rights are the same for all of the Company's shareholders. Voting rights, however, do not attach until the respective capital contribution has been fully paid up. The Shares carry full dividend rights as from January 1, 2018. In the event of the Company's liquidation, the Company's assets remaining after satisfaction of all liabilities of the Company will be distributed to the shareholders in proportion to their interest in the Company's share capital.

As of the date of this Prospectus, the Company holds no shares in the Company.

16.4 Certification and transferability of the shares

The form of the share certificates, the dividend coupons and the renewal coupons, if any, are determined by the Management Board. The Company is entitled to issue share certificates embodying individual shares or multiples of shares. The Articles of Association stipulate that the shareholders' right to the issuance of share certificates shall be excluded.

The Shares will initially be represented by one global share certificate without dividend coupons, which will be issued and deposited with Clearstream, subsequent to the approval of this Prospectus. With respect to the Offer Shares, one additional global share certificate will be issued and deposited with Clearstream.

There are no restrictions on the transferability of the Shares.

16.5 General provisions governing a liquidation of the Company, a change in the share capital and subscription rights

16.5.1 *General provisions governing a liquidation of the Company*

Apart from liquidation following insolvency proceedings, the Company may be liquidated only with a vote of 75% or more of the share capital represented at the general shareholders' meeting at which such a vote is taken. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), in the event of the Company's liquidation, any assets remaining after all of the Company's liabilities have been settled will be distributed. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors which must be observed in the event of liquidation.

16.5.2 *General provisions governing a change in the share capital*

According to the German Stock Corporation Act (*Aktiengesetz*), the share capital of a stock corporation may be increased against contributions in cash or in kind by resolution of the general shareholders' meeting which must be adopted by a simple majority of the votes cast and a majority of at least three-quarters of the share capital represented at the adoption of the resolution, unless the corporation's articles of association (*Satzung*) require a different majority; if the share capital is increased by issuing non-voting preference shares or the subscription rights of the shareholders are excluded, the articles of association may only require a larger majority. The Company's articles of association do not provide for any provisions on the required majority for an increase of the share capital.

16.5.3 *General provisions governing subscription rights*

According to the German Stock Corporation Act (*Aktiengesetz*), each shareholder has, in principle, a right to subscribe for new shares issued in a capital increase (including securities convertible into shares, securities with warrants to purchase shares, securities with profit participation or participation certificates) to maintain their existing share in the share capital. Subscription rights are freely transferable and may be traded on German stock exchanges during a fixed period before the expiration of the subscription period. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), the subscription period may not be shorter than two weeks. The general shareholders' meeting may exclude subscription rights with a majority of the votes cast and, at the same time, at least three-quarters of the share capital represented at the adoption of the resolution. An exclusion of subscription rights further requires a report of the management board, which must show, in order to justify the exclusion of subscription rights, that the company's interest in excluding the subscription rights outweighs the interest of the shareholders being granted in the subscription rights. In the absence of such objective justification, an exclusion of subscription rights may be permissible for an issuance of new shares if:

- the company increases the capital against cash contributions;
- the amount of the capital increase does not exceed 10% of the existing share capital; and
- the issuance price of the new shares is not substantially lower than the stock exchange price.

It is not considered an exclusion of subscription rights if new shares are acquired by a credit institution, which undertakes to offer the new shares to those persons who would otherwise have subscription rights.

16.6 Mandatory takeover bids, exclusion of minority shareholders, share ownership notification requirements, director's dealings

16.6.1 *Mandatory takeover bids*

After the Shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard), the Company will be subject to the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*—"**WpÜG**").

Under the provisions of the WpÜG, shareholders who acquire 30% or more of the voting rights in a listed stock corporation (the "**Offeror**") are obligated to publish this fact, including the percentage of their voting interest, within seven calendar days and subsequently (provided no exemption from this obligation has been granted by the BaFin) make a mandatory tender offer to all shareholders of the target company. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights connected with the shares.

If a shareholder fails to disclose that the 30% threshold was reached or exceeded or fails to submit a mandatory public offer, the shareholder will be precluded from exercising the rights associated with these shares (including the voting right and in case of wilful failure to send the notice and failure to subsequently send the notice in a timely fashion, the right to receive dividends) while such default subsists. In addition, an administrative fine may be imposed in the event of failure to comply with duties of notification.

16.6.2 *Exclusion of minority shareholders*

Pursuant to the provisions in Sections 327a *et seqq*. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called "squeeze-out" process, the general shareholders' meeting of a stock corporation may resolve upon the request of a shareholder holding at least 95% of the share capital (the "**Majority Shareholder**") on the transfer of the shares of the remaining minority shareholders to the Majority Shareholder in exchange for granting reasonable cash compensation.

The amount of the cash compensation to be granted to the minority shareholders must take into account "the circumstances of the company" at the time the resolution is adopted by the general shareholders' meeting. The amount of the compensation is determined by the full value of the enterprise which is normally determined using the capitalized earnings method (*Ertragswertverfahren*).

The shareholding requirements for a squeeze-out are lowered if the squeeze-out takes place in connection with the merger of a subsidiary into the parent company. According to Section 62(5) of the German Transformation Act (*Umwandlungsgesetz*), the general shareholders' meeting of a transferring stock corporation may, within three months after the signing of the merger agreement, adopt a squeeze-out resolution in accordance with Section 327a of the German Stock Corporation Act (*Aktiengesetz*) if the acquiring company is a German stock corporation, partnership limited by shares (*Kommanditgesellschaft auf Aktien*) or European public company (*Societas Europea*) that holds at least 90% of the registered share capital. After registration of the squeeze-out with the commercial register, the merger can be implemented without a further resolution by the general shareholders' meeting of the subsidiary.

In addition to the squeeze-out process under the German Stock Corporation Act (*Aktiengesetz*) summarized above, the WpÜG permits the so-called squeeze-out under the law on takeovers. Under these provisions, a bidder holding at least 95% of the voting share capital in a target company (within the meaning of the WpÜG) after a public takeover offer or mandatory offer can generally file a motion with the district court (*Landgericht*) of Hamburg for the transfer of the other voting shares in exchange for the grant of reasonable compensation by means of a court order within three months after expiration of the acceptance period. A resolution of the general shareholders' meeting is not necessary. The type of compensation must correspond to the consideration in the takeover offer or the mandatory offer; cash compensation must always be offered as an alternative. The consideration offered in connection with the takeover or mandatory offer is deemed to be reasonable if the bidder has acquired shares equal to at least 90% of the share capital affected by the offer. In addition, shareholders have a sell-out right. During squeeze-out proceedings under the law on takeovers initiated upon the motion of the bidder, the provisions on a squeeze-out under stock corporation law do not apply, and they are only applicable after a final conclusion of the squeeze-out proceedings under takeover law.

Pursuant to the provisions in Sections 319 *et seqq*. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called integration process (*Eingliederung*), the general shareholders' meeting of a stock corporation can resolve upon the integration into another company if the future principal company holds at least 95% of the shares in the company to be integrated. The existing shareholders in the integrated company have a claim for reasonable compensation which must as a general rule be granted in the form of own shares in the principal company. The amount of the compensation must be determined using the so-called merger value ratio (*Verschmelzungswertrelation*) between the two companies, i.e., the exchange ratio which would be considered reasonable in the event of merging the two companies. In contrast to the rules governing squeeze-outs, integration is only possible if the future principle company is a stock corporation domiciled in Germany.

16.6.3 *Share ownership notification requirements*

After the Shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard), the Company is subject to the provisions of the WpHG, which has been amended effective as of August 17, 2017, most recently by the Act on the more effective and practicable modalities for criminal proceedings.

The WpHG provides that any shareholder who, through acquisition, sale or otherwise, reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights in a listed company whose country of origin is Germany must notify the respective company and the BaFin without undue delay, but no later than four trading days after the event, of having reached, exceeded or fallen below the threshold values and must also disclose the amount of its current share of the voting rights. The prescribed time limit commences at the time when the shareholder required to give the notification has actual knowledge or should have had knowledge under the circumstances that its share of voting rights reached, exceeded or fell below the stated thresholds. It is assumed that the shareholder required to give the notification has gained knowledge about his shareholding two trading days after reaching, exceeding or falling below the aforementioned thresholds.

Except for the threshold at 3%, corresponding disclosure obligations towards the Company and BaFin apply for reaching, exceeding, or falling below the above mentioned threshold values when the relevant shareholder directly or indirectly holds financial instruments (i) which either, on maturity, give the holder the unconditional right to acquire already issued shares carrying voting rights in the Company or the discretion as to his right to acquire such shares in the Company or (ii) which are referenced to already issued shares of the Company carrying voting rights and have similar economic effect to the instruments mentioned under (i), irrespective of whether or not they confer a right to a physical settlement. In particular such instruments comprise transferable securities, options, futures, swaps, forward rate agreements and contracts for differences. The number of voting rights relevant for the notification requirement is generally calculated by reference to the full nominal amount of shares underlying the instrument, except where the instrument provides exclusively for a cash settlement. The voting rights from shares and voting rights obtainable through financial instruments will be aggregated.

The WpHG defines "holding" as the existence of an unconditional claim related to a transfer of shares without any undue delay or a respective obligation.

In case of non-compliance with the notification requirement, for example by failing to file a notice or providing false information, the shareholder is precluded from exercising the rights attached to its shares (including voting rights and the right to dividends) for the duration of the failure. Under certain circumstances the shareholder is precluded from exercising the rights attached to its shares for a period of six month after he or she files the necessary notice. In addition, a fine may be imposed for failure to comply with the notification requirement.

16.6.4 *Director's dealings*

According to the Market Abuse Regulation, persons discharging managerial responsibilities ("**Manager**") within the Company are obliged to notify the Company and BaFin within three working days regarding any of their transactions in shares of the Company or financial instruments linked to them, particularly derivatives. This obligation also applies to persons closely associated with a Manager. The Company is obliged to promptly publish the information received in accordance with the foregoing and to simultaneously notify BaFin of the publication no later than three business days after the transaction. Notification is not required if the sum of all transactions involving a Manager and persons closely related to him or her is less than EUR 5,000 in a given calendar year.

A "Manager" is any member of the Company's administrative, management or supervisory body or another senior executive who has regular access to inside information relating directly or indirectly to the Company and power to take managerial decisions affecting the future developments and business prospects of the Company. Persons closely related to a Manager are spouses, registered civil partners, dependent children as well as other relatives who have been living in the same household as the Manager for at least one year when the relevant transaction is made. Notification is also required for transactions by legal entities in which a Manager or any of the aforementioned parties holds management responsibilities, which are directly or indirectly controlled by a Manager or such a party, which were established for the benefit of a Manager or such a party or whose economic interests are substantially equivalent to those of a Manager or such party. Non-compliance with the notification requirements may result in a fine.

Furthermore, the Market Abuse Regulation imposes a closed period of 30 calendar days prior to the announcement of an interim financial report or a year-end report which the Company is obliged to publish, during which a Manager shall not conduct any transactions in shares of the Company or financial instruments linked to them, particularly derivatives, or act on behalf of a third party in relation to such transactions.

16.6.5 ***Sanctions***

The German law on the Amendment of the Financial Market Regulation due to European Legislation (*Finanzmarktnovellierungsgesetz*) has introduced the following sanctions into the WpHG:

- Infringements against the prohibition of insider dealing and market manipulation will be subject to a fine of up to a maximum amount of EUR 5 million for individuals and of EUR 15 million or 15% of the consolidated revenues for corporations.
- If the Company fails to comply with its duties to publish ad-hoc announcements, it may be subject to fines up to a maximum amount of EUR 2.5 million or 2% of the consolidated revenues of the Company. Additionally, if the Company has received economic advantages through the non-publication, BaFin may impose penalties of up to a maximum of three times the economic advantage.
- Infringements with regard to directors' dealings will be sanctioned for individual with a fine of up to EUR 500,000 for individuals and for corporations with a fine of up to EUR 1 million.

Additionally, criminal sanctions are possible in case of wilful non-compliance.

17. CORPORATE BODIES

17.1 Overview

The Company as a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany has the Management Board, the Supervisory Board and the General Shareholders' Meeting as corporate bodies. The powers vested in these bodies are set forth in the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association and the internal rules of procedure (*Geschäftsordnungen*) for the Management Board and the Supervisory Board.

The Management Board manages the Company's business in accordance with the provisions of the relevant statutes, the Articles of Association, the resolutions of the General Shareholders' Meeting, and the internal rules of procedure for the Management Board including a schedule of responsibilities (*Geschäftsverteilungsplan*). It represents the Company in its dealings with third parties.

The Management Board is responsible for the management of the entire Company. Further, it bears responsibility for the preparation of the quarterly statement or quarterly financial report and half-year reports and the annual financial statements of the Company, ensures compliance with the legal provisions and the Company's internal guidelines, and works towards adherence to these throughout the Company. In particular, it ensures adequate risk management and risk controlling throughout the Company.

The Supervisory Board appoints the members of the Management Board and is authorized to remove them under certain conditions. The Supervisory Board is required to supervise the Management Board in its management of the Company. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board is not authorized to perform management tasks.

Pursuant to statutory provisions and the Company's Articles of Association, the Management Board may perform certain transactions as listed below only with the prior consent of the Supervisory Board:

- taking up major new lines of business within the scope of the Company's Articles of Association or discontinuing the Company's existing major lines of business;
- acquisition, foundation and establishment as well as sale of companies and holdings, closure of companies and termination of holdings in companies, including changes in the percentage of shareholdings or participation in capital measures; this shall not apply to real estate project companies or holding companies that only hold real estate project companies ("real estate project companies" are companies the business activities of which comprise solely the holding of ownership or heritable building rights in properties; such companies are not intended to employ staff);
- conclusion, amendment, cancellation or termination of enterprise agreements (*Unternehmensverträge*);
- acquisitions/divestments: the acquisition or sale of real estate or holdings in real estate project companies if the agreed asset value exceeds EUR 30 million;
- investments of over EUR 1 million in portfolio properties;
- drawing up, amendment and setting aside the Company's financial and business planning;
- conclusion, cancellation or termination of loan agreements with the Company as borrower with an individual loan value in excess of EUR 50,000,000;
- conclusion, cancellation or termination of loan agreements with the Company as lender with an individual loan value in excess of EUR 100,000, unless the loan relates to transactions or measures already authorised or relates exclusively to group-internal financing;
- provision of any type of collateral, especially real estate collateral or rights of lien, assuming warranties or guarantees with an individual value in excess of EUR 30,000,000, unless the collateral is provided in the context of loan agreements not subject to approval;
- conclusion and termination of derivative financial instruments (interest rate swaps/hedging transactions, etc.), unless these are exclusively for determining and managing interest payments for the Company's loans;
- conclusion of advisory agreements where the amount payable by the Company for the service exceeds EUR 1,500,000 (excl. VAT) or the notice period is more than one year; for contracts for the performance of continuous obligations the annual value (excl. VAT) of the amount payable by the Company is decisive; as well as

- transactions with a Management Board member or with persons or enterprises with a close connection to a Management Board member (section 112 German Stock Corporation Act (*Aktiengesetz*) remains unaffected—representation of the Company by the Supervisory Board against the Management Board).

The Supervisory Board may consent in advance to a specific set of transactions in general or to individual transactions providing they fulfil certain conditions. This consent may subsequently be revoked. Transactions expressly and specifically listed in the business plan are deemed to have been approved when the business plan is signed off.

To the extent permitted by law, the resolutions of the Supervisory Board concerning these matters are adopted by a simple majority of the votes cast. The Supervisory Board may also provide for further transactions which require its consent.

The members of the Management Board and the Supervisory Board are subject to fiduciary duties and duties of care towards the Company. The members of these bodies must take a wide range of interests into consideration, including those of the Company, its shareholders, its employees, its creditors and, to a limited extent, the general public. In addition, the Management Board must consider the shareholders' rights to equal treatment and equal information. In the event that the members of the Management Board or the Supervisory Board breach their duties, they are jointly and severally liable to the Company. Under German law, however, a shareholder generally does not have standing to sue members of the Management or Supervisory Board directly if he or she believes that these have breached their duties to the Company. Only the Company has the right to claim damages from the members of the Management Board or Supervisory Board. The Company may not waive compensation rights until three years from the date on which such rights arose, and may only do so or reach a settlement if so resolved by the shareholders at the General Shareholders' Meeting with a simple majority of the votes cast and provided that a minority of shareholders whose shares together make up or exceed 10% of the share capital do not raise an objection that is recorded in the minutes. Shareholders and shareholder associations may call on other shareholders, for example in the shareholder forum (*Aktionärsforum*) of the Federal Gazette (*Bundesanzeiger*), to apply for a special audit or a call for a General Shareholders' Meeting to be convened or exercise their voting rights in the General Shareholders' Meeting, either jointly or by proxy. Shareholders who together hold 1% of the share capital or a proportionate share of EUR 100,000 can also assert a claim for damages against members of the governing bodies on behalf of the Company in their own name by way of a claim admission process.

German law prohibits individual shareholders (or any other person) from exercising their influence on the Company so as to cause a member of the Management or Supervisory Board to act in a manner that would be detrimental to the Company. Shareholders with a controlling influence may not use their influence to cause the Company to act against its interests unless a domination agreement (*Beherrschungsvertrag*) exists between the shareholder and the Company and the influence is exercised within the scope of certain mandatory statutory provisions or the damages are compensated for. Anyone who uses his or her influence to cause a member of the Management or Supervisory Board, a procurated officer (*Prokurist*), or an authorized agent (*Handlungsbevollmächtigter*) to act in a manner that would be detrimental to the Company or its shareholders is liable for the damage incurred by the Company and its shareholders as a result thereof. Moreover, if members of the Management Board or the Supervisory Board breach their duties they are jointly and severally liable for the resulting damages.

17.2 **Management Board**

17.2.1 ***Overview***

Under the Articles of Association, the Management Board consists of at least two persons, with the Supervisory Board deciding on the exact number. Currently, the Management Board consists of Mr. Stavros Efremidis as CEO and Mr. Ralf Struckmeyer as CFO.

The Supervisory Board appoints the members of the Management Board for a maximum term of five years. Reappointment or extension of the term for up to five years is permissible. The Supervisory Board may revoke the appointment of a Management Board member prior to the expiration of his or her term for good cause only, such as for gross breach of fiduciary duties or if the shareholders' meeting passes a vote of no-confidence with respect to such member, unless the no-confidence vote was clearly unreasonable. The Supervisory Board is also responsible for entering into, amending and terminating service agreements with the members of the Management Board and, in general, for representing the Company in and out of court against the Management Board. The Supervisory Board may assign these duties to a committee of the Supervisory Board, except for the rights to set forth the remuneration of member of the Management Board and to reduce the remuneration in case of a deterioration of the Company's status on which the plenum of the Supervisory Board has to resolve.

The Management Board determines the Company's business areas and operating segments. The chairman of the Supervisory Board sets up a schedule of responsibilities (*Geschäftsverteilungsplan*) allocating the businesses to the various members of the Management Board.

According to the Articles of Association, the Company may be represented by two members of the Management Board or by one member of the Management Board and a procurated officer (*Prokurist*) acting jointly in each case. The Supervisory Board may grant any Management Board member the right to represent the Company alone and may release any member of the Management Board from the restrictions on multiple representations under Section 181 2nd case of the German Civil Code (*Bürgerliches Gesetzbuch*); section 112 of the German Stock Corporation Act (*Aktiengesetz*), however, remains unaffected. The members of the Management Board have been released from the restrictions imposed by Section 181 2nd case of the German Civil Code (*Bürgerliches Gesetzbuch*).

17.2.2 *Current members of the Management Board*

The following table lists the current members of the Management Board, their age, the date on which they were first appointed, the date on which their current appointment is scheduled to end, their position as well as their other positions in administrative, management and supervisory bodies and as partners in partnerships outside the Company during the past five years; unless stated otherwise below, these memberships are current:

Name	Age	First appointed	Appointed until	Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years
Stavros Efremidis, CEO . . .	49	December 12, 2017	December 11, 2022	• WCM Beteiligungs- und Grundbesitz-AG, CEO (until 2017) • Invivo Capital GmbH, managing director (current) • Invivo Immobilienverwaltungs-GmbH, managing director (current) • Invivo Management GmbH, managing director (until 2016) • BUWOG AG, member of the supervisory board (current) • KWG Kommunale Wohnen AG, CEO (until 2013) • Barmer Wohnungsbau AG, chairman of the supervisory board • KWG Kommunale Wohnen AG, member of the supervisory board • conwert Immobilien Invest SE, managing director • Verwaltung Tophi Warenhandel AG, member of the supervisory board (until 2017)
Ralf Struckmeyer, CFO . .	44	December 12, 2017	December 11, 2022	• Platin Asset GmbH, managing director (current) • WCM Beteiligungs- und Grundbesitz-AG, CFO (until 2017) • rent'n'roll internet GmbH, managing director • Poseidon Beteiligungs GmbH, managing director

Stavros Efremidis. The Company's CEO, Stavros Efremidis, was the CEO of WCM Beteiligungs- und Grundbesitz-AG from 2014 to 2017. Mr. Efremidis is a real estate professional with nearly 30 years of experience in the residential and commercial markets. Previously, he served for more than 10 years as CEO of major public real estate companies, including conwert Immobilien Invest SE and KWG Kommunale Wohnen AG. After Mr. Efremidis initiated a majority share takeover by the formerly listed Austrian conwert Immobilien Invest SE, he was appointed as executive director of conwert Immobilien Invest SE. In this role, he was responsible for one of the largest German real estate portfolios with around 30,000 residential units. As

CEO of the listed KWG Kommunale Wohnen AG, he was responsible for the development of a value-oriented portfolio and quickly expanded its size to approximately EUR 430 million, or approximately 10,000 apartments, within a few years. At the same time, he was able to significantly increase property values by reducing vacancies in the portfolio.

Ralf Struckmeyer. The Company's CFO, Ralf Struckmeyer, has more than 17 years of experience in the real estate investment and finance industry. From 2016 to 2017, he was the CFO of WCM Beteiligungs- und Grundbesitz-AG, where he was primarily responsible for all M&A and corporate financing activities. Before joining WCM he was a Director at Kuna & Co. (thereafter acquired by Evercore), an M&A boutique where he advised on large real estate portfolio, financing and restructuring transactions. Mr. Struckmeyer started his career with GE Capital Real Estate working in Paris and Frankfurt on complex real estate transactions in Germany and Central Europe. During his career he was involved in more than EUR 20 billion of real estate transactions and financings.

The members of the Management Board may be contacted at the Company's business address.

17.2.3 ***Service agreements and compensation of the members of the Management Board; ownership of Shares***

The service agreements between the Company and the two members of the Management Board, Mr. Efremidis and Mr. Struckmeyer, were concluded on February 23, 2018, with effect from December 12, 2017. The service agreements are subject to the condition precedent (*aufschiebende Bedingung*) that the Company is listed on the stock exchange. Both members of the Management Board will receive the below contractual benefits with retroactive effect from December 12, 2017, once the Company's initial public offering is implemented. Entitlements under the stock option plan are granted from the date on which the initial public offer is implemented.

The management service agreements have a term until December 11, 2022, and may generally only be terminated by mutual agreement or by termination for good cause (*wichtiger Grund*) within the meaning of section 626 of the German Civil Code (*Bürgerliches Gesetzbuch*). If the appointment of a member of the Management Board is revoked with good cause within the meaning of section 84 para 3 of the of the German Stock Corporation Act (*Aktiengesetz*) or if Mr Efremidis or Mr Struckmeyer, respectively, resigns from his office as a member of the Management Board for good cause, the management service agreement is automatically terminated upon the expiry of a six-month notice period to the end of a calendar month. In such cases, the respective member of the Management Board is entitled to a severance payment, except in case of the Company terminating the member of the Management Board for good cause within the meaning of section 626 of the German Civil Code (*Bürgerliches Gesetzbuch*), equal to the member of the Management Board's two years' compensation comprising of the fixed salary and the annual bonus (*Tantieme*), but in any event no more than the compensation until the remaining term of the service agreement. The Company can release a member of the Management Board from his duties under the respective management service agreement for the remaining term of the management service agreement, provided it continues to pay the compensation.

Both management service agreements provide for a change of control clause. If a third party were to directly or indirectly acquire more than 30% of the Company's shares, or if the Company enters into an intercompany contract (*Unternehmensvertrag*) within the meaning of section 291 of the German Stock Corporation Act (*Aktiengesetz*) ("**Change of Control**"). In case of a Change of Control, the member of the Management Board can terminate his management service agreement by giving notice of termination with a period of two weeks or, subject to his discretion, with effect from the end of each calendar month within a period of three months after the Change of Control has become effective. The member of the Management Board would be entitled to an amount equal to his three years' compensation comprising of the fixed salary and the annual bonus (*Tantieme*).

Both members of the Management Board receive a fixed salary (Mr. Efremidis: EUR 600,000 gross; Mr. Struckmeyer: EUR 330,000 gross) and are eligible for an annual bonus (*Tantieme*). For the financial year 2018, both members of the Management Board may receive a discretionary bonus, which is conditional upon the economic success of the Company and the individual contribution (Mr. Efremidis: up to a maximum amount of EUR 200,000 gross; Mr. Struckmeyer: up to a maximum amount of EUR 110,000 gross). As from financial year 2019, the Company will implement a bonus program. In case of a 100% target achievement, the annual bonus amounts shall amount to EUR 200,000 gross in the case of Mr. Efremidis and EUR 110,000 in the case of Mr. Struckmeyer, respectively ("**Annual Bonus Target Amount**"). The annual bonus shall require a minimum target achievement of 75% ("**Minimum Target Threshold**"). The annual bonus shall be capped at a target achievement of 125% ("**Annual Bonus Cap**"). Between the Minimum Target Threshold and the Annual Bonus Cap, the Annual Bonus Target Amount is increased or decreased accordingly. The annual bonus amount shall be determined based on the achievement of targets relating to the development of the Company's funds from operations and net asset value, as well as the Company's share price and the development of the Company's real estate portfolio.

The management service agreements also include a long-term incentive based on a stock option plan with a duration of four years starting from the date the initial public offering is implemented (*Wartezeit*, "**Qualifying Period**"). The members of the Management Board and key employees to be selected at the Company's discretion will be issued stock options amounting to 6% of the post-initial public offering ("**IPO**") share capital (of the 6%, approximately two-thirds of this portion will be allocated to members of the Management Board and one-third is reserved for key employees). In case of a successful tender offer before the expiry of the Qualifying Period, the stock option program will be accelerated. Mr Efremidis shall be granted 6 million stock options, Mr Struckmeyer 1,800,000 stock options. The strike price for the stock options (*Ausübungspreis*) amounts to EUR 1.00, but at least the minimum price pursuant to section 9 para 1 of the German Stock Corporation Act (*Aktiengesetz*). The number of stock options may in- or decrease subject to number of the post-IPO number of shares outstanding ("**NOSH**") based on the following calculation formula:

$$Number\ of\ actual\ options = \text{NOSH x } \frac{\text{6.00 x number of initially granted options}}{\text{100 x 11,400,000}}$$

The stock options shall only become exercisable subject to the achievement of total shareholder return ("**Absolute TSR Performance**" (component A) or if targets relating to the relative performance of the Company's share price to the EPRA Europe (ex UK) index (component B), respectively are met. The achievement of the Absolute TSR Performance targets requires a minimum target achievement of a 10% total shareholder return per year. The minimum and maximum threshold ranges between 10% and 18% total shareholder return per year with a linear increase of the stock options (which become exercisable) starting from a minimum of 40% of the stock options allocated to the achievement of the Absolute TSR Performance targets (i.e. 50% of the total stock options granted to the member of the Management Board) and full compensation in case of a total shareholder return of at least 18% per year. The total shareholder return will be calculated based on the comparison of the Offer Price and the volume weighted average price ("**VWAP**") two months before and after February 1, 2022 (reference date) plus any accumulated dividends received. Another basket of 50% of the total stock options granted to the member of the Management Board becomes exercisable if the performance of the Company's share price is at least 200 basis points (*Basispunkte*) above the development of the EPRA Europe (ex UK) index during the same period of time (maximum threshold). If the share price equals the development of the EPRA Europe (ex UK) index (minimum threshold), 50% of the stock options pertaining to the component B basket become exercisable. Between the minimum and the maximum threshold, the stock options which become exercisable are increased or decreased accordingly. The target achievement is determined for the first time upon the expiry of the Qualifying Period. The target achievement is re-assessed after the first and second anniversary of the expiry of the Qualifying Period whereby the re-assessment may only result in an increase of the number of stock options which become exercisable. Any shares acquired based on an exercising of stock options will be subject to a six-month lock-up period. Both members of the Management Board are eligible for a sell-to-cover mechanism to allow for a funding of the tax and social security liability. The stock option program contains provisions on anti-dilution protection (*Verwässerungsschutz*). In case of a capital increase during the term of the stock options by issuing new shares or in the event of bonds with conversion rights or option rights being issued (if the determined conversion or option price per share is below the exercise price of stock options), the entitlement to stock options of the members of the Management Board is adjusted accordingly to compensate for the dilution, i.e. the total number of stock options remains equal to 6.00% of the post-IPO capital. In case of a capital increase from company funds (*Kapitalerhöhung aus Gesellschaftsmitteln*) by issuing new shares (section 218 Stock Corporation Act) or in case of a capital reduction (*Kapitalherabsetzung*), the member of the Management Board's stock option entitlements are adjusted accordingly as well (increase of decrease, respectively).

The Company provides the members of the Management Board benefits in kind such as company cars, mobile phones and contributions to health and disability insurance (ancillary benefits). In addition, the Company provides the members of the Management Board with a D&O insurance policy.

In case that the IPO gross issuance proceeds (*Bruttoemissionserlös*) is below EUR 450,000,000, the Company and the members of the Management Board shall re-negotiate the service agreements, in particular but not limited to the compensation, in good faith and with regard to the smaller size of the Company.

The members of the Management Board did not receive compensation from the Company for 2017. In relation to 2017, the Company did not set aside or accrue any amounts to provide pension, retirement or similar benefits for the members of the Management Board.

Mr. Karl Philipp Ehlerding and Mr. John Frederik Ehlerding have granted to the Participation Entities options to acquire Existing Shares in the Company. Under their respective agreements, Mr. Efremidis has the option to acquire up to 6,800,000 Existing Shares and Mr. Struckmeyer has the option to acquire up to 150,000 Existing Shares (in each case through their respective Participation Entities) for a purchase price equal to such Shares' notional interest in the Company's share capital plus a premium of 25% per share. The options are exercisable until June 30, 2018, which period may be extended until September 30, 2018.

The Company and the Joint Global Coordinators have entered into firm commitment agreements (the "**Firm Commitment Agreements**") with the Participation Entities. Pursuant to their respective Firm Commitment Agreements, Mr. Efremidis has agreed to acquire 3,750,000 Firm Commitment Shares and Mr. Struckmeyer has agreed to acquire 150,000 Firm Commitment Shares at the Offer Price, in each case through their respective Participation Entities. For information on the lock-up restrictions of the Firm Commitment Agreements, see "*5.10 Lock-Up.*"

17.3 **Supervisory Board**

17.3.1 ***Overview***

The Supervisory Board consists of three members who are elected by the shareholders at the General Shareholders' Meeting in accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*).

In addition, the General Shareholders' Meeting may elect deputy members to the Supervisory Board. Currently, the General Shareholders' Meeting of the Company has elected one deputy member (the "**Deputy Member**").

The Supervisory Board members and the Deputy Member are elected pursuant to the Articles of Association in conjunction with Section 102 of the German Stock Corporation Act (*Aktiengesetz*) for a maximum period ending upon termination of the General Shareholders' Meeting that resolves on the discharge (*Entlastung*) of the Supervisory Board members for the fourth financial year after the commencement of their term of office. The financial year in which their term of office has commenced will not count for purposes of calculating such period. Supervisory Board members may be re-elected.

Resolutions of the Supervisory Board will generally be adopted in meetings. The chairman of the Supervisory Board or, if he or she is unavailable, the deputy chairman is responsible for convening and chairing the Supervisory Board meetings. The Supervisory Board has a quorum if at least three of its members participate in the vote.

Unless otherwise provided by mandatory law or the Articles of Association, Supervisory Board resolutions are adopted by a simple majority of the votes cast.

17.3.2 ***First members of the Supervisory Board***

On September 1, 2015, in the context of the change of the legal form of the Company into a German stock corporation (*Aktiengesellschaft*), three members of the Supervisory Board were elected for a period ending upon termination of the General Shareholders' Meeting that resolves on the discharge (*Entlastung*) of the Supervisory Board members for the first full financial year of the Company. However, in the General Shareholders' Meeting on September 5, 2016, resolving on the discharge (*Entlastung*) of the Supervisory Board members for the financial year 2015, no new members of the Supervisory Board were elected. Therefore, in the period between the end of term of office of the first members of the Supervisory Board on September 5, 2016, and the appointment of the current members of the Supervisory Board on November 23, 2017, the Company had no members of the Supervisory Board.

17.3.3 ***Current members of the Supervisory Board***

The following table lists the current members of the Supervisory Board, their age, the date on which they were first appointed, the date on which their current appointment is scheduled to end, their position as well as their other positions in administrative, management and supervisory bodies and as partners in partnerships outside the Company during the past five years; unless stated otherwise below, these memberships are current:

Name	Age	Appointed from	Position	Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years
Dr. Bertrand Malmendier	50	November 23, 2017	Chairman	• Studio Babelsberg AG, Member of the Supervisory Board (current) • KEST GmbH, Member of the Advisory Board (current) • Moellendorf & Co. Ltd., Member of the Advisory Board (current) • Malmendier Hellriegel Rechtsanwälte Partnerschaftsgesellschaft, managing partner (current) • Eggers Malmendier Rechtsanwälte Partnerschaftsgesellschaft, managing partner (current) • MALCON GmbH, managing director (current) • BAZECON GmbH, managing director (current) • GEPLABAU Gesellschaft für Planungs- und Baugenehmigungsberatung mbH, managing director (current) • Formycon AG, deputy chairman of the supervisory board (until 2012) • Nanohale (Switzerland) AG, member of the administrative board (until 2013) • OOO RusNanohale, chairman of the board (until 2013) • Ilim Timber Industry Group, member of the advisory board (until 2012)
Dr. Roland Folz	54	November 23, 2017	Member	• Studio Babelsberg AG, chairman of the supervisory board (current) • Nürnberger Beteiligungs-AG, member of the supervisory board and chairman of the audit committee (current) • Fürst Fugger Privatbank AG, member of the supervisory board (current) • Lead1ng AG, deputy chairman of the Supervisory Board (until 2014) • Deutsche Asset & Wealth Management Investment GmbH, member of the supervisory board and chairman of the audit committee (until 2016)
Karl Ehlerding	75	November 23, 2017	Member	• WCM Beteiligungs- und Grundbesitz-AG, member of the supervisory board (current) • Kommanditgesellschaft Erste “Hohe Brücke 1” Verwaltungs-GmbH & Co., managing director (current) • KHS Maschinen und Anlagenbau GmbH, member of the supervisory board (current) • MATERNUS-Kliniken AG, member of the supervisory board (current)

Name	Age	Appointed from	Position	Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years
				• Salzgitter Aktiengesellschaft, member of the supervisory board (current) • Elbstein AG, member of the supervisory board (current) • Deutsche Bank AG, member of the advisory committee north (current) • Ehlerding Stiftung, member of the board of management (current) • German Dry Docks GmbH & Co. KG, member of the administrative board (until 2016) • Lloyd Werft Bremerhaven AG, member of the supervisory board (until 2015)

The members of the Supervisory Board are appointed until the conclusion of the General Shareholders' Meeting that resolves upon discharge of liability for the fourth fiscal year after the beginning of the member's term of office. The fiscal year in which the term of office begins is not counted.

Dr. Bertrand Malmendier. Dr. Bertrand Malmendier has been working as a lawyer for 20 years in Berlin and further he is the founder of the law firm MALMENDIER PARTNERS. Dr. Malmendier advises medium-sized companies and corporations as well as the public sector in all matters of commercial law. His main emphases are in the real estate industry, especially in the accompaniment of project developments as well as portfolio and individual transactions. In addition, he is specialised on cross-border transactions in the areas of energy, raw materials, infrastructure and construction. Dr. Malmendier focuses mainly on Germany, France, the United Kingdom, Italy, Russia, Central Asia, the Middle East and Africa. Since 2002, Dr. Malmendier is an independent lawyer and has held various management mandates during this time. Furthermore, he was member of the supervisory board of Formycon AG, a company in the pharmaceutical and biotechnology sector. Since 2006, he is member of the supervisory board of Studio Babelsberg AG. Dr. Malmendier studied law, philosophy and history in Lyon, Geneva and Berlin. He worked for several years in research and teaching at the Institute of Political Science, Constitutional and Administrative Law of the Freie Universität Berlin.

Dr. Roland Folz. Since February 2017, Dr. Roland Folz has been chairman of the executive board of solarisBank AG, the first fully licensed digital Banking platform. Dr. Folz has more than 25 years experience in the banking and finance sector, strong expertise in financial services, mobility and telecommunications and competence in management and scaling of companies. Prior to solarisBank AG Roland Folz was in various senior management positions at Deutsche Bank AG, including as global CFO for Private and Business Customers, regional CFO for Europe, Middle East and Africa, and ultimately responsible for the overall global costs of Deutsche Bank AG. From 2005 until 2009 Dr. Folz was member of the divisional executive board of T-Com/T-Home of Deutsche Telekom AG and was responsible, among other things, for the areas of Quality and Processes, thereafter Sales and Customer Service and finally as CEO for the Technical Service. From 2002 until 2005 he transformed Daimler Chrysler Bank AG from a leasing and financing specialist to a universal bank through creation of deposits, custody, credit card and insurance transactions as chairman of the executive board. From 1997 until 2001, he was member of the executive board of the Direkt Anlage Bank AG and there he was especially and among other things responsible for the successful stock exchange listing. Prior to this, from 1990 until 1997, he was in various positions for Bayerische Hypotheken- und Wechsel-Bank AG and further he was the fund manager of Hypo Foreign & Colonial Management Ltd. (London). Since 2006, Dr. Folz also served numerous supervisory board mandates, *inter alia* at DWS/Deutsche Asset- und Wealth Management Investment GmbH, Nürnberger Beteiligungs-AG, Fürst Fugger Privatbank AG or Studio Babelsberg AG. Dr. Folz earned a Diploma degree in business mathematics and in 1994 a Dr. rer. pol. from the University of Ulm as well as a Master of Business Administration from the University of Illinois in Chicago (USA).

Karl Ehlerding. Since 1970, Mr. Ehlerding has held several management and supervisory board mandates across German stock-listed and private companies. The business graduate, Mr. Ehlerding, was elected as a Supervisory Board Member of Godewind Immobilien AG in 2017.

The General Shareholders' Meeting has appointed John Frederik Ehlerding as Deputy Member of the Supervisory Board. As of the date of this Prospectus, John Frederik Ehlerding has no function. If a Supervisory

Board member leaves the Supervisory Board prior to the end of his term of office, John Frederik Ehlerding will replace such Supervisory Board member.

The members of the Supervisory Board may be contacted at the Company's business address.

17.3.4 *Compensation of the members of the Supervisory Board; ownership of shares*

The members of the Supervisory Board receive a fixed remuneration payable after the end of the General Shareholders' Meeting resolving on the respective financial year. As of the date of this Prospectus each member of the Supervisory Board receives an annual remuneration of EUR 30,000.00. The chairman of the Supervisory Board receives an annual remuneration of EUR 60,000.00 and the deputy chairman of the Supervisory Board receives an annual remuneration of EUR 45,000.00. In addition, the members of the Supervisory Board receive a reimbursement for the expenses incurred in connection with the performance of their duties in this capacity as well as compensation regarding value added tax. Furthermore, the Company provides insurance coverage for the members of the Supervisory Board, in particular, a D&O insurance policy, the costs of which are borne by the Company. Prior to becoming a member of the Supervisory Board the Deputy Member will not receive any remuneration.

The members of the Supervisory Board did not receive remuneration from the Company for 2017. In relation to 2017, the Company did not set aside or accrue any amounts to provide pension, retirement or similar benefits for the members of the Supervisory Board.

Mr. Karl Ehlerling holds directly 0.3% in Ehlerding Beteiligungs GmbH and indirectly via Erste Hohe Brücke KG further 22.62% in Ehlerding Beteiligungs GmbH, which in turn holds 2,571,000 Shares. Mr. Karl Philipp Ehlerding and Mr. John Frederik Ehlerding have granted to the Participation Entities and certain other friends and family members options to acquire up to 7,830,000 Existing Shares in the Company. For information on the options granted to the Participation Entities, see "*17.2.3 Service agreements and compensation of the members of the Management Board; ownership of Shares.*" In addition, Mr. Karl Ehlerding has provided a commitment for the remaining 8,350,000 Firm Commitment Shares to the extent that they are not acquired by the other members of the Supervisory Board, the members of the Management Board or other investors procured by the members of the Supervisory Board or the Management Board.

The further members of the Supervisory Board do not hold Shares as of the date of this Prospectus. The Company and the Joint Global Coordinators entered into Firm Commitment Agreements with Dr. Malmendier (through his Participation Entity) and Dr. Folz. Pursuant to the respective Firm Commitment Agreements, Dr. Malmendier (through his Participation Entity) and Dr. Folz have each agreed to acquire 125,000 Firm Commitment Shares at the Offer Price. For information on the lock-up restrictions of the Firm Commitment Agreements, see "*5.10 Lock-Up.*"

17.4 **Further information on the members of the Management Board and the Supervisory Board**

In the last five years, no member of the Management Board or member of the Supervisory Board has been convicted in relation to any fraudulent offences, nor has been subject to any bankruptcies, receiverships or liquidations. No official public incriminations by statutory or regulatory authorities (including designated professional bodies) have been made and/or sanctions have been imposed against a member of the Management Board or of the Supervisory Board in the aforementioned period. No member of the Management Board or of the Supervisory Board has been disqualified by a court from acting as a member of an administrative, management, or supervisory body of any issuer or from conducting the management or the affairs of any issuer during the last five years.

There are no employment contracts between the Company on the one hand, and one or more members of the Supervisory Board on the other hand, which provide for a severance payment or other benefits in the case of termination of the employment contract.

As of the date of this Prospectus, the Company has not granted any loans to members of the Supervisory Board or the Management Board or assumed any sureties or guarantees for them.

No conflict of interest with regard to obligations owed to the Company as of the date of this Prospectus could result with respect to the members of the Management Board or Supervisory Board. Furthermore, no family relationships exist between the members of the Management Board and the Supervisory Board.

17.5 **General Shareholders' Meeting**

General Shareholders' Meetings (ordinary and extraordinary) are held at the Management Board's option either at the Company's registered seat or at the place of a stock exchange in Germany. Each Share entitles the shareholder to one vote in the respective General Shareholders' Meetings.

Unless mandatory law and the Articles of Association do not provide otherwise, resolutions are adopted by a simple majority of the votes cast and, if a capital majority is required, with the simple majority of the share capital represented on the adoption of a resolution. According to mandatory law, resolutions of fundamental importance require, in addition to the majority of votes cast, a majority of three quarters of the share capital represented at the adoption of the resolution. Resolutions of fundamental importance include in particular:

- Changes of the corporate purpose of the Company;
- Share capital increases; if preference shares are issued, and share capital decreases;
- Creation of authorized and conditional share capital;
- Exclusion of the subscription rights of shareholders;
- Mergers, split-ups, spin-offs as well as the transfer of all assets of the Company;
- Entering into enterprise agreements (*Unternehmensverträge*) (in particular domination agreements and profit and loss transfer agreements (*Beherrschungs- und Ergebnisabführungsverträge*));
- Change of the corporate form of the Company; and
- Dissolution of the Company.

General Shareholders' Meetings are convened by the Management Board. The Supervisory Board must convene General Shareholders' Meetings whenever the interests of the Company so require. Upon request of shareholders holding an aggregate of 5% or more of the registered share capital, the Management Board is obliged to convene a General Shareholders' Meeting. The annual General Shareholders' Meeting, which decides on the discharge of the Management Board and the Supervisory Board, profit distributions, appointment of the auditor and the approval of the annual accounts, must be held within the first eight months of each financial year.

The German Stock Corporation Act (*Aktiengesetz*) requires the Company to publish notices of General Shareholders' Meetings in the German Federal Gazette (*Bundesanzeiger*) at least 30 days prior the day of the meeting. When calculating the notice period, the day on which the invitation is sent and the day of the shareholders' meeting are not counted.

Only those shareholders who are registered in the Company's stock register (*Aktienregister*) and have duly submitted notification of attendance in a timely manner prior to the meeting shall be entitled to attend the general shareholders' meeting and to exercise their voting rights. Such notification of attendance shall be made in text form in German or English language and must be received by the Company at the address specified for this purpose in the notice of the meeting not later than six days prior to the general shareholders' meeting. A shorter time limit to be expressed in days may be stipulated in the notice of the meeting. The day of receipt of the notification of attendance and the day of the general shareholders' meeting shall not be taken into account for the purpose of calculating this time limit.

Neither German law nor the Articles of Association restrict the right of non-resident or foreign shareholders to hold shares or to exercise any voting rights attached to these shares.

17.6 **Corporate governance**

The German Government Commission of the German Corporate Governance Code (*Regierungskommission Deutscher Corporate Governance Kodex*) established by the German Federal Ministry of Justice in September 2001, approved the German Corporate Governance Code on February 26, 2002 (the "**Code**"), and most recently adopted various amendments to the Code on February 7, 2017. The Code contains recommendations and suggestions for the management and supervision of German listed companies. In this respect, it is based on internationally and nationally accepted standards for good and responsible corporate management. The Code is intended to make the German corporate governance system transparent and comprehensible. The Code includes recommendations (so-called "shall provisions") and suggestions (so-called "should or can provisions") on corporate governance in relation to shareholders and the General Shareholders' Meeting, the Management Board and the Supervisory Board, transparency, accounting and auditing of financial statements. The Code is available at: www.corporate-governance-code.de.

There is no obligation to comply with the recommendations or suggestions of the Code. However, Section 161 of the German Stock Corporation Act (*Aktiengesetz*) obliges the Management Board and the Supervisory Board of a listed company to declare annually either that the recommendations of the Code were and are being complied with, or to declare which recommendations were not and are not applied. This declaration is to be made accessible to shareholders.

Prior to the Listing, the Company will not be required to ensure that it complies with the Code. As of the date of this Prospectus, the Company intends to comply with the recommendations of the Code, with the following exceptions:

- Section 3.8 of the Code: D&O insurance: The D&O insurance policy for members of the Supervisory Board does not provide for a deductible. The Company is confident that its Management Board and Supervisory Board and employees exercise their duties with the greatest care and diligence. In light of the relatively low level of fixed remuneration paid to members of the Supervisory Board, the Company does not consider a deductible for the Supervisory Board to be appropriate. The D&O insurance policy for the members of the Management Board provides for a deductible of 10%, with a maximum payment of 1.5 times the fixed annual compensation.
- Section 4.1.3 of the Code: Whistleblowing: Due to the currently very low number of the employees of the Company, the Management Board does not consider it necessary to implement a whistleblowing hotline for the employees. A whistleblowing hotline for employees will be implemented once an adequate number of employees is reached.
- Section 4.1.5 of the Code: Composition of top level management: As a precautionary measure, the Company points out that the Management Board has not set any targets for a women's quota for the two top tiers of management below the Management Board. As the Company itself does not have management levels below the Management Board, no quota targets have to be set in accordance with the Act for equal participation of women and men in managerial positions in the private sector and in public service (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*). The Company does not deem a quota necessary as it ensures that candidates have the skills, knowledge and experience that are required for the work on a management level. Management Board and Supervisory Board consider criteria such as a candidate's gender as less decisive, even though they expressly welcome diversity.
- Section 4.2.5 of the Code: Use of table templates: For the disclosure of the total remuneration of the members of the Management Board, the Company may not make use of the Code's table templates if there are other ways of disclosing all relevant information in a generally understandable format as the Code requires.
- Section 5.1.2 of the Code: Composition of Management Board: When appointing members of the Management Board, the Supervisory Board will follow the requirements of the German Stock Corporation Act by ensuring that candidates have the skills, knowledge and experience that are required for the work of the Management Board. However, the Supervisory Board considers criteria such as a candidate's gender as less decisive, even though it expressly welcomes diversity.
- Section 5.3 of the Code: Supervisory Board committees: As the Supervisory Board consists of three members, committees would not provide for more efficiency. The Company considers the number of Supervisory Board members to be adequate in light of the size of the Company.
- Section 5.4.1 of the Code: Limits on membership: There is no limit to the duration of Supervisory Board membership, which the Company does not currently deem to be necessary given the current shareholder structure.

18. SHAREHOLDER STRUCTURE (BEFORE AND AFTER THE OFFERING)

Before completion of the Offering, all of the Company's shares are held by the Existing Shareholders. The following table indicates the number of Offer Shares offered by the Company and presents an overview of the Company's shareholder structure before and after completion of the Offering (assuming the Base Deal Scenario and Upsize Scenario), based on the information provided to the Company by the Existing Shareholders:

	Before the Offering		After the Offering (Base Deal Scenario)		After the Offering (Upsize Scenario)	
Name of shareholder or shareholder group	**No-par value Shares**	**%**	**No-par value Shares**	**%**	**No-par value Shares**	**%**
Karl Philipp Ehlerding	8,994,000	60	8,994,000	7	8,994,000	5
Ehlerding Beteiligungs GmbH	2,571,000	17	2,571,000	2	2,571,000	1
Petram Beteiligungs GmbH	1,080,000	7	1,080,000	1	1,080,000	1
Walentina Ehlerding	735,000	5	735,000	1	735,000	0
John Frederik Ehlerding	1,500,000	10	1,500,000	1	1,500,000	1
Baumann Consultants GmbH	120,000	1	120,000	0	120,000	0
Free float	0	0	112,500,000	88	137,500,000	90
Total	**15,000,000**	**100**	**127,500,000**	**100**	**152,500,000**	**100**

All of the Shares carry the same rights. The Existing Shareholders do not have different voting rights or other rights with respect to the Company.

19. RELATED PARTY TRANSACTIONS

For a description of the Company's transactions with related parties (in the meaning of IAS 24), please see Note 7.20 to the 2016 IFRS Financial Statements and Note 6.21 to the 2017 IFRS Financial Statements. The Company has not entered into any transactions with related parties during the period from December 31, 2017, to the date of this Prospectus.

20. UNDERWRITING

On March 9, 2018, the Company and the Joint Bookrunners entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering. Under the terms of the Underwriting Agreement and subject to certain conditions, the maximum number of Offer Shares to be underwritten by each of the Joint Bookrunners is set forth below opposite the Joint Global Coordinator's name:

	Offer Shares Base Deal Scenario	**Offer Shares Upsize Scenario**
Citigroup Global Markets Limited	39,375,000	48,125,000
J.P. Morgan Securities plc	39,375,000	48,125,000
Société Générale	16,875,000	20,625,000
Joh. Berenberg Gossler & Co. KG	16,875,000	20,625,000

20.1 **Underwriting Agreement**

In the Underwriting Agreement, the Joint Bookrunners agreed to subscribe for and purchase the Offer Shares with a view to offering them to investors in this Offering. The obligations of the Joint Bookrunners are subject to various conditions, including (i) the absence of a material event, e.g., a material adverse change in or affecting the business, prospects, management, financial position, shareholders' equity, or results of operations of the Company, or a suspension or material limitation in trading in securities generally on the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange (ii) receipt of customary certificates, legal opinions, auditor letters, and (iii) the admission of the Shares to trading on the Frankfurt Stock Exchange.

The Joint Bookrunners have provided and may in the future provide services to the Company in the ordinary course of business and may extend credit to and have regular business dealings with the Company in their capacity as financial institutions. For a more detailed description of the interests of the Joint Bookrunners in the Offering, see "*6.2 Interests of persons participating in the Offering and the listing of the Shares*."

20.2 **Commission**

The Joint Bookrunners will offer the Offer Shares at the Offer Price. The Company will pay the Joint Bookrunners a base commission of 2.20% of the aggregate gross Offering proceeds excluding the aggregate gross proceeds from the Firm Commitment Shares (the "**Base Comission**"), each in proportion to the gross Offering proceeds they will receive. In addition to the Base Commission, the Company may pay the Joint Bookrunners the Incentive Fee. The total underwriting commission is expected to amount to approximately EUR 11.0 million in a Base Deal Scenario and approximately EUR 13.8 million in an Upsize Scenario, assuming payment in full of the Incentive Fee. The Company also agreed to reimburse the Joint Bookrunners for certain expenses incurred by them in connection with the Offering.

20.3 **Termination/Indemnification**

The Underwriting Agreement provides that the Joint Global Coordinators may, under certain circumstances, terminate the Underwriting Agreement, including after the Shares have been allotted and listed, up to delivery and settlement. Grounds for termination include in particular:

- there has been any adverse change, or any development involving a prospective adverse change, in or affecting the business, prospects, management, financial position, shareholders' equity or results of operations of the Company;
- a suspension or material limitation in trading on the Frankfurt, London or New York stock exchange (other than for technical reasons) develops;
- a general moratorium is imposed on commercial banking activities in Frankfurt am Main, London or New York by the responsible authorities;
- a material, not only temporary, disruption takes place in commercial banking or securities settlement or clearance services in Germany, the United Kingdom, or the United States; and
- an outbreak or escalation of hostilities or war, or the occurrence of acts of terrorism or other calamity or crisis has a material adverse impact on the financial markets in Germany, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations. The Company has agreed in the Underwriting Agreement to indemnify the Joint Bookrunners against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

20.4 **Selling Restrictions**

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company or the Joint Bookrunners to permit a public offering of the Offers Shares anywhere other than Germany and Luxembourg or the possession or distribution of this document in any other jurisdiction, where action for that purpose may be required.

The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with the securities regulators of the individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable U.S. legal regulations. The Offer Shares may be sold in or into the United States only to persons who are QIBs within the meaning of Rule 144A or another exemption from registration, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other U.S. legal regulations, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the Offer Shares may take place. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Securities Exchange Act of 1934, as amended. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sales is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Company does not intend to register either the Offering or any portion of the Offering in the United States or to conduct a public offering of shares in the United States. This Prospectus has been approved solely by BaFin.

Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than Germany and Luxembourg except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the preceding paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Sales in the United Kingdom are also subject to restrictions. In the United Kingdom, this Prospectus is only addressed to and directed to qualified investors (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and/or (ii) who are high net worth entities falling within Article 49 para. 2(a) through (d) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

In relation to each member state of the European Economic Area which has implemented Directive 2003/71/EC as amended (the "**Prospectus Directive**") from the date of the implementation of the Prospectus Directive (each a "**Relevant Member State**") no offer to the public of any Offer Shares which are the subject of this Offering have been and will be made in that Relevant Member State, other than the offers contemplated in this Prospectus in Germany (and Luxembourg once the Prospectus has been approved by the BaFin, notified to the CSSF) and published in accordance with the Prospectus Directive as implemented in Germany, except that an offer may be made to the public in that Relevant Member State of any Offer Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any qualified investor (as defined in the Prospectus Directive);
- by the Joint Bookrunners to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any Joint Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this section, an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offer Shares which are the subject of the Offering contemplated by this Prospectus under the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Joint Bookrunner that:

- it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2 para. 1 lit. (e) of the Prospectus Directive; and
- in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3 para. 2 of the Prospectus Directive, (i) the Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than to "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

21. TAXATION IN GERMANY

The following section contains a summary of key German taxation principles which generally are or may be relevant to the acquisition, holding or transfer of shares under German law. This summary does not purport to be an exhaustive or complete description of all potential tax aspects that could be relevant for shareholders. The information is based on the domestic tax law in force in Germany as of the date of this Prospectus (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax legislation and the status of the treaties may change, possibly with retroactive or retrospective effect. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative assessment to be correct that differs from the one described in this section.

This section is no substitute for individual tax advice to a particular shareholder and should not be viewed as such advice. Prospective investors are therefore advised to consult their tax advisers and attorneys regarding the tax implications of the acquisition, holding or transfer, donating or bequeathing of shares and/or subscription rights and regarding the procedures to be followed to potentially achieve a reimbursement of German withholding tax (Kapitalertragsteuer). Only such individual tax advice can adequately take the specific tax-relevant circumstances of individual investors into due account and consider special legal consequences that might arise for the shareholders in their personal tax situations and under their applicable legal systems.

21.1 **Taxation of the Company**

As a rule, the taxable profits generated by German corporations are subject to corporate income tax (*Körperschaftsteuer*). The rate of the corporate income tax is a standard 15% for both distributed and retained earnings, plus a solidarity surcharge (*Solidaritätszuschlag*) amounting to 5.5% on the corporate income tax liability (i.e., 15.825% in total).

In general, dividends (*Dividenden*) or other profit shares that the Company derives from domestic or foreign corporations are effectively 95% exempt from corporate income tax, as 5% of such receipts are treated as a non-deductible business expenses, and are therefore subject to corporate income tax (and solidarity surcharge i.e. increase the income of the Company). However, dividends are not exempt from corporate income tax (including solidarity surcharge thereon) if the Company only holds a direct participation of less than 10% in the share capital of such corporation at the beginning of the calendar year (herein after in all cases, a "Portfolio Participation"—*Streubesitzbeteiligung*). Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations in the share capital of other corporations which the Company holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the Company only on a *pro rata* basis at the ratio of the interest share of the Company in the assets of the relevant partnership.

The Company's gains from the disposal of shares in a domestic or foreign corporation are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge thereon), regardless of the size of the participation and the holding period. 5% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge thereon) at a rate of 15.825%. Conversely, losses incurred from the disposal of such shares are generally not deductible for corporate income tax purposes. Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations. Please note that there have been discussions and even draft laws which would lead to the taxation of such gains. However, so far none of the draft laws has actually been passed.

Additionally, German corporations are generally subject to trade tax (*Gewerbesteuer*) on their taxable trade profit (*Gewerbeertrag*) generated at their permanent establishments maintained in Germany (*inländische Betriebstätten*). The effective trade tax rate depends on the municipalities in which the corporation maintains its operations or permanent establishments. The effective trade tax rates generally ranges from 7% to more than 18% depending on the municipal trade tax multiplier applied by the relevant municipal authority (*Hebesatz*). When determining the income of the corporation that is subject to corporate income tax, trade tax may not be deducted as a business expense.

In principle, dividends (*Dividenden*) or other profit shares that the Company derives from domestic or foreign corporation are treated in the same way for trade tax purposes as for corporate income tax purposes. However, 95% of profit shares will in effect be exempt from trade tax only if (a) the distributing corporation is a German corporation and the Company held an interest of at least 15% in the share capital of the company at the beginning of the relevant tax assessment period (*Erhebungszeitraum*), (b) the distributing corporation is a foreign corporation as per Article 2 of Council Directive 2011/96/EU of November 30, 2011 (the "**Parent-Subsidiary Directive**") with its registered office in another member state of the European Union and the Company held at least 10% of the nominal capital (*Nennkapital*) of the distributing corporation at the beginning of the relevant tax assessment period, (c) the distributing corporation is a foreign corporation and the Company held at least 15% of the nominal capital (*Nennkapital*) of the distributing corporation since the beginning of the relevant tax assessment period or (d) the distributing corporation is a foreign corporation resident in a jurisdiction with which Germany has concluded a double taxation treaty which provides for an exemption on the taxation of dividend income and the Company holds a stake of at least 15% (or any lower rate as set out in the treaty) in the distributing corporation at the time of the distribution. Otherwise, the profit shares will be fully subject to trade tax. Additional restrictions apply for profit shares originating from foreign corporations which do not fall under Article 2 of the Parent-Subsidiary Directive.

Profits derived from the sale of shares in another domestic and foreign corporation are treated in the same way for trade tax purposes as for corporate income tax purposes, i.e. 95% of such profits are in general exempt from trade tax.

If and to the extent the Company and its German subsidiaries form a tax group for corporate income and trade tax purposes (*ertragsteuerliche Organschaft*), the profits and losses are generally effectively consolidated and subject to tax at the level of the Company.

Interest expenses are generally tax-deductible, the provisions of the so-called interest barrier rules (*Zinsschranke*), however, limits the amount of interest expenses which can be deducted from the tax base in certain cases. According to these rules, interest (and other financing) expenses are tax deductible without limitation to the extent that the relevant entity earns taxable interest income in the same fiscal year. Interest (and other financing) expenses which exceed the taxable interest income ("net interest expenses"), are only tax deductible up to an amount of 30% of the current year net taxable earnings before interest, tax and depreciation/amortisation (EBITDA) of the respective entity unless the net interest expenses of the entity are below the threshold of EUR 3,000,000 per annum and no other exceptions apply. Non-deductible interest expenses will be carried forward and will generally be deductible in subsequent years, subject to certain limitations. EBITDA that has not been fully utilized can under certain circumstances be carried forward to subsequent years and may be deducted subject to the limitations set out above. For trade tax purposes, 25% of the interest expenses deductible after applying the interest barrier rules are added when calculating the taxable trade profit. Therefore, for trade tax purposes, the deductible interest expenses amount to only 75% of the interest expenses which are deductible for corporate income tax purposes.

Under certain conditions, negative income of the Company that has not been offset by the current year's positive income can be carried forward or back into other assessment periods. Loss carry-backs to the immediately preceding assessment period are only permissible up to EUR 1,000,000 for corporate income tax but not for trade tax purposes. Negative income that has not been offset and not carried back can only be carried forward to subsequent assessment periods in an amount of up to EUR 1,000,000 to offset positive income for corporate income and trade tax purposes (tax loss carry-forward). If the taxable income or the taxable trade profit exceeds this amount, only 60% of the excess amount can be offset by tax loss carry-forwards. The remaining 40% of the taxable income are subject to trade tax and corporate income tax (so called minimum taxation—*Mindestbesteuerung*). Generally, tax loss carry forwards that are not utilized may be carried forward and be used to offset by future income, subject to the application of the minimum taxation rules.

However, interest carry-forwards, tax loss carry-forwards and unused losses of the current year are forfeited in full if more than 50% of the subscribed capital, membership rights, participation rights or voting rights in the Company are transferred, directly or indirectly, to an acquirer or related parties of such acquirer (or a group of acquirers with common interest) within a period of five years or in case of comparable measures (harmful acquisition—*schädlicher Beteiligungserwerb*). In case of a respective transfer of more than 25% and up to 50% the Company's tax loss carry-forwards and unused losses of the current year as well as interest carry-forwards (possibly also EBITDA carry-forwards), will generally be forfeited on a *pro rata* basis. If and to the extent the tax loss carry-forwards and unused losses of the current year as well as the interest carry-forwards are covered by the built-in gains of the loss making company's business assets that are subject to domestic taxation a forfeiture of such items will generally not apply. An allocation of the built-in gains of business assets to interest carry-forwards is subordinated to the allocation of built-in gains to loss carry forwards/unused losses. The forfeiture of accrued losses, loss carry-forwards and interest carry-forwards can be avoided upon application of the taxpayer provided that the company has been continuously operating the same business operations since its establishment or at least within a period including the past three tax assessment periods preceding and including the tax assessment period, in which the harmful transfer of shares or voting rights takes place, and that none of further pre-determined events has occurred during this period (so-called continuation-bound loss carry forward). Furthermore, if any of these pre-determined events (including the discontinuation of the business operations) occurs in a subsequent period, any tax loss carry-forward remaining after this period is forfeited.

21.2 **Taxation of the shareholders**

21.2.1 ***Income tax implications of the holding, sale and transfer of shares***

Shareholders may be subject to taxation in connection with the holding of shares ("Taxation of Dividends"), the sale of shares ("Taxation of Capital Gains") and the gratuitous transfer of shares ("Inheritance and Gift Tax").

21.2.2 ***Taxation of dividends***

21.3 **Withholding tax**

As a general rule, the dividends distributed by the Company are subject to a withholding tax (*Kapitalertragsteuer*) at a rate of 25% plus solidarity surcharge of 5.5% thereon (i.e., 26.375% in total plus church tax, if applicable). This, however, will not apply if and to the extent that dividend payments are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 of the German Corporate Taxation Act (KStG); in this case no withholding tax will be withheld. The assessment basis for the withholding tax is the dividend approved by the General Shareholders' Meeting.

If shares are admitted for collective custody by a securities custodian bank (*Wertpapiersammelbank*) pursuant to Section 5 German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany (as in the case of the Offer Shares), the withholding tax is withheld and passed on for the account of the shareholders by the domestic credit or financial services institution (*inländisches Kredit—oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent or by the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (*Wertpapiersammelbank*) (the "**Dividend Paying Agent**"). The Company does not assume any responsibility for the withholding of the withholding tax.

In general, the withholding tax must be withheld regardless of whether and to what extent the dividend is exempt from taxation at the level of the shareholder and whether the shareholder is domiciled in Germany or in a foreign country.

However, withholding tax on dividends distributed to a company domiciled in another EU Member State within the meaning of Article 2 of the Parent-Subsidiary Directive, may be refunded upon application provided that further conditions are met, including e.g., the minimum holding requirement of 10% and substance requirements of the German anti-treaty shopping rules. This also applies to dividends distributed to a permanent establishment of such a parent company in another Member State of the European Union or to a parent company that is subject to unlimited tax liability in Germany, provided that the participation in the Company is actually part of such permanent establishment's business assets. The application has to be filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuel*, An der Küppe 1, D-53225 Bonn, Germany).

With respect to distributions made to other shareholders without a tax domicile in Germany, the withholding tax rate can be reduced in accordance with the double taxation treaty if Germany has entered into a double taxation treaty with the shareholder's country of residence and if the shares neither form part of the assets of a permanent establishment or a fixed place of business in Germany, nor form part of business assets for which a permanent representative in Germany has been appointed. The withholding tax reduction is generally granted by the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) upon application in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the reduced withholding tax actually owed under the relevant double taxation treaty (generally 15%) is refunded by the German Federal Central Tax Office.

The German Federal Central Tax Office (http://www.bzst.bund.de) as well as at German embassies and consulates provide forms for the application of the refund of the withheld tax.

For EU-residents the EU Savings Directive has been repealed as of January 1, 2016 (January 1, 2017, in the case of Austria) (in each case subject to transitional arrangements). The Council of the European Union has adopted Directive 2014/107/EU (the "**Amending Cooperation Directive**"), amending Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. Germany has implemented the Amending Cooperation Directive by means of a Financial Account Information Act (*Finanzkonten-Informationsaustauschgesetz, FKAustG*) according to which it will provide information on financial accounts to EU Member States and certain other states as of January 1, 2016.

If dividends are distributed to corporations subject to limited taxation, i.e., corporations with no registered office or place of management in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor are part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the tax withheld at the source can generally be refunded even if not all of the prerequisites for a refund under the Parent-Subsidiary Directive or the relevant double taxation treaty are fulfilled (subject to certain substance requirements). The relevant application forms are available at the German Federal Central Tax Office (at the address specified above).

A withholding tax credit or refund might be limited if the prerequesites set out in section 50j German Income Tax Act (*Einkommensteuergesetz*—"**ITA**") are not met.

21.3.1 ***Taxation of dividends of shareholders with a tax domicile in Germany***

21.3.2 ***Shares held as private assets***

Dividends distributed to shareholders being tax residents in Germany and holding shares as private (non-business) assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25% plus solidarity surcharge of 5.5% thereon (i.e., 26.375% in total plus church tax, if applicable). The private investor's income tax liability is in general settled by the withholding tax withheld by the Dividend Paying Agent (flat-rate withholding tax—*Abgeltungsteuer*). Income-related expenses cannot be deducted from the shareholder's capital investment income (including dividends), except for an annual lump-sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed spouses or registered life partners). However, the shareholder may request that his capital investment income (including dividends) along with his other taxable income be subject to progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden. In this case the withholding tax will be credited against the progressive income tax and any excess amount will be refunded; in principle, such withholding tax credit or refund might be limited pursuant to section 36a ITA; however, pursuant to a tax decree dated April 3, 2017, this provision should generally not apply to shares held as private assets. Also in this case income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump-sum deduction.

In general, no flat income withholding tax is levied if the shareholder is an individual (i) who does not hold the shares as operating assets and (ii) who submits a tax exemption request (*Freistellungsauftrag*) to the German Custodian, but only to the extent the income derived from the shares together with all other capital income do not exceed the lump-sum deduction amount. Similarly, no withholding tax is deducted if it is to be assumed that the income is not subject to taxation and the shareholder has submitted to the German Custodian a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax office.

Another exceptions from the flat rate withholding tax apply upon application for shareholders who have a shareholding of at least 25% in the Company and for shareholders who have a shareholding of at least 1% in the Company and are able to have, as a result of their employment (*berufliche Tätigkeit*) for the Company, a significant entrepreneurial influence on the business activities of the Company.

With regard to church tax on dividends an automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office. In consequence a shareholder being a member of a religious community is obliged—as also in case of an insufficient withholding of taxes—to report the capital gains that are subject to church tax subsequently within the scope of his income tax return. In this case, church tax on interest income is imposed by assessment. Any church tax withheld as a surcharge on the withholding tax is not deductible as special expenses (*Sonderausgaben*).

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 KStG) and are paid to shareholders with a tax domicile in Germany whose shares are held as non-business assets, do—contrary to the above—not form part of the shareholder's taxable income. However, these dividend payments are deemed a disposal of shares and a capital gain deriving thereof is in principle taxable if the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be) disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Holding**"). A capital gain generally arises if the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 KStG) exceeds the acquisition costs of the shares. In this case the taxation corresponds with the description in the section "—Taxation of Capital Gains" made with regard to shareholders maintaining a Qualified Holding.

Shares held as business assets

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat-rate withholding tax. The taxation depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid by the Dividend Paying Agent will, in general, be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or refunded in the amount of any excess. However, such withholding tax credit or refund might be limited if the prerequesites set out in section 36a ITA are not met.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 KStG) and are paid to shareholders with a tax domicile in Germany whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholder. To the extent the dividend payments funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 KStG) exceed the acquisition costs of the shares, a taxable capital gain should occur. The taxation of such gain corresponds with the description in the section "*—Taxation of Capital Gains*" made with regard to shareholders whose shares are held as business assets (however, as regards the application of the 95% exemption in case of a corporation this is not undisputed).

Corporations

Generally, dividends paid to a corporation with a tax domicile in Germany are subject to corporate income tax (and solidarity surcharge thereon) at a rate of 15.825%. However, the dividends are in general effectively 95% exempt from corporate income tax and the solidarity surcharge if the corporation holds a direct participation of at least 10% in the share capital of such corporation at the beginning of the calendar year. Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership. 5% of the dividends are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge). In other respects, business expenses actually incurred in direct relation to the dividends may be deducted.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the requirements of the trade tax participation exemption privilege are fulfilled. This is generally the case if the dividend receiving entity holds a stake of at least 15% in the share capital of the Company at the beginning of the assessment period. In case the requirements of the participation exemption are met, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be non-deductible business expenses (amounting to 5% of the dividend). Trade tax ranges from 7% to more than 18% of the taxable trade profit depending on the municipal trade tax multiplier applied by the relevant municipal authority.

Sole proprietors

In general, if the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the dividends are subject to progressive income tax (plus the solidarity surcharge) at the individual tax rate of the shareholder, so-called partial income method (*Teileinkünfteverfahren*). Respectively, only 60% of the business expenses incurred in connection with the dividends are tax-deductible. If the shares belong to a domestic permanent establishment in Germany of a business operation of the shareholder, the dividend income (after deduction of business expenses) is not only subject to income tax but is also fully subject to trade tax, unless the prerequisites of the trade tax participation exemption privilege are fulfilled (see "*—Corporations*" above). In this latter case the net amount of dividends, i.e., after deducting directly related expenses, is exempt from trade tax. As a rule, trade tax can be credited against the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Partnerships

The income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation for every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the shareholder will be taxed in accordance with the principles applicable for corporations (see "—*Corporations*" above). If the partner is an individual, the taxation is in line with the principles described for sole proprietors (see "—*Sole Proprietors*" above). Upon application and subject to further conditions, an individual as a partner can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, the dividends are generally subject to trade tax in the full amount at the partnership level if the shares are attributed to a German permanent establishment of the partnership. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. Due to a lack of case law and administrative guidance, it is currently unclear how the rules for the taxation of dividends from Portfolio Participations (see "—*Corporations*" above) might impact the trade tax treatment at the level of the partnership. Shareholders are strongly recommended to consult their tax advisors.

21.3.3 ***Taxation of dividends of shareholders without a tax domicile in Germany***

Shareholders without a tax domicile in Germany, whose shares are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are liable for tax in Germany on their dividend income. In this respect the provisions outlined above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly ("—*Taxation of Dividends of Shareholders with a Tax Domicile in Germany—Shares Held as Business Assets*"). The withholding tax (including the solidarity surcharge) withheld and passed on will be credited against the income or corporate income tax liability or refunded in the amount of any excess. However, such withholding tax credit or refund might be limited if the prerequesites set out in section 50j ITA are not met.

In all other cases, any German tax liability for dividends is satisfied by the withholding of the withholding tax by the Dividend Paying Agent. Withholding tax is only reimbursed in the cases and to the extent described above under "—*Withholding Tax.*"

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 KStG) are generally not taxable in Germany.

21.4 **Taxation of capital gains**

21.4.1 ***Taxation of capital gains of shareholders with a tax domicile in Germany***

Shares held as private assets

Gains on the disposal of shares held by a shareholder with a tax domicile in Germany as private assets are generally—regardless of the holding period—subject to a uniform tax rate on capital investment income in Germany (25% plus the solidarity surcharge of 5.5% thereon, i.e., 26.375% in total plus any church tax if applicable). If the entitlement to dividend payments is disposed of without the shares, the income from the sale of the entitlement to dividend payments is taxable. The same applies if shares are sold without the entitlement to dividend payments

The taxable capital gain is computed from the difference between (a) the proceeds of the disposal and (b) the acquisition costs of the shares and the expenses related directly and materially to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 KStG) reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* Section 27 KStG) exceed the acquisition costs, negative acquisition costs—which can increase a capital gain—can arise in case of shareholders, whose shares are held as non-business assets and do not qualify as Qualified Holding.

Only an annual lump-sum deduction of EUR 801 (EUR 1,602 in the case of jointly assessed spouses or registered life partners) may be deducted from the entire capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains. Losses on disposals of shares may only be offset against gains on the disposal of shares.

If the shares are held in custody or administered by a domestic credit institution, domestic financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic branches of foreign credit institutions or financial service institutions, or if such an office executes the disposal of the shares and pays out or credits the capital gains (a "**Domestic Paying Agent**"), the tax on the capital gains will in general be satisfied by the Domestic Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) on the capital gain and transferring it to the tax authority for the account of the seller. If the shares were held in safekeeping or administered by the respective Domestic Paying Agent after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses that stand in direct relation to the sale, and the amount paid to acquire the shares. However, the withholding tax rate of 25% (plus the 5.5% solidarity surcharge thereon and church tax, if any) will be applied to 30% of the gross sales proceeds if the shares were not administered by the same Domestic Paying Agent since acquisition and the original cost of the shares cannot be verified or such verification is not valid. In this case, the shareholder is entitled to verify the original costs of the shares in his annual tax return. In any case, the acquisition costs for subscription rights granted by the Company are deemed to be EUR 0 for purposes of this calculation.

However, the shareholder can apply for his total capital investment income together with his other taxable income to be subject to progressive income tax rate as opposed to the uniform tax rate on investment income if this results in a lower tax liability. In this case the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded; limitations on offsetting losses are applicable. Also income-related expenses are non-deductible, except for the annual lump-sum deduction. Moreover, the limitations on offsetting losses are also applicable under the income tax assessment.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

With regard to church tax on dividends an automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office.

If the shareholder making the disposal—or, in case of a sale of shares acquired without consideration, its legal predecessor—held a direct or indirect stake of at least 1% in the Company's share capital at any time in the five years preceding the disposal, the partial income method applies to gains on the disposal of shares, which means that only 60% of the capital gains are subject to tax and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax is withheld by a Domestic Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the shareholder. Consequently, a shareholder must declare his capital gains in his income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the shareholder's income tax on his tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any excess.

Shares held as business assets

Gains on the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to uniform withholding tax. The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) reduce the original acquisition costs. In case of disposal a higher taxable capital gain can arise herefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

Corporations

If the shareholder is a corporation with a tax domicile in Germany, the gains on the disposal of shares are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, currently, regardless of the size of the participation and the holding period. 5% of the gains are treated as a non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a tax rate amounting to 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the municipal authority, generally between 7% and more than 18%). As a rule, losses on disposals and other profit reductions in connection with shares (e.g., from a write-down) cannot be deducted as business expenses. Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations. Please note that there have been discussions and even draft laws which would lead to the taxation of such gains. However, so far none of the draft laws has actually been passed.

Sole proprietors

In general, if the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the gains on the disposal of the shares are subject to progressive income tax (plus the solidarity surcharge) at the individual tax rate of the shareholder, and, if applicable, church tax (partial-income method). Respectively only 60% of the losses in connection with the disposal of the shares are tax deductible. If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax can be credited towards the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Partnerships

The income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations (see "*—Corporations*" above). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial-income method, see above under "*—Sole proprietors*"). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his personal income tax rate for earnings not withdrawn from the partnership.

In addition, gains on the disposal of shares are subject to trade tax at the level of the partnership if the shares are attributed to a domestic permanent establishment of a business operation of the partnership: Generally, at 60% as far as they are attributable to the profit share of an individual as the partner of the partnership, and, currently, at 5% as far as they are attributable to the profit share of a corporation as the partner of the partnership. Losses on disposals and other profit reductions in connection with the shares are currently not considered for the purposes of trade tax if they are attributable to the profit share of a corporation, and are taken into account at 60% in the context of general limitations if they are attributable to the profit share of an individual.

If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Withholding tax

In case of a Domestic Paying Agent, the gains of the sale of shares held as business assets are in general subject to withholding tax in the same way as shares held as non-business assets by a shareholder (see the section "*—Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany—Shares Held as Non-Business Assets*"). However, the Domestic Paying Agent will not withhold the withholding tax if (i) the shareholder is a corporation, association of persons or estate with a tax domicile in Germany, or (ii) the shares belong to the domestic business assets of a shareholder, and the shareholder declares so to the Domestic Paying Agent using the designated official form and certain other requirements are met. If withholding tax is nonetheless withheld by a Domestic Paying Agent, the withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or will be refunded in the amount of any excess.

21.4.2 ***Taxation of capital gains of shareholders without a tax domicile in Germany***

Generally, capital gains derived by shareholders with no tax domicile in Germany are only subject to German tax if the shareholder making the disposal—or, in case of a sale of shares acquired without consideration, its legal predecessor—held a direct or indirect stake of at least 1% in the Company's share capital at any time in the five years preceding the disposal or the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed.

Pursuant to a recently published decision of the Federal Fiscal Court, the gains on the disposal of shares are exempt from corporate income tax if the shareholder is a corporation and has no domestic permanent establishment or fixed place of business in Germany and the shares do not form part of business assets for which a permanent representative in Germany has been appointed. If the shareholder is a private individual, only 60% of the gains of the disposal of the shares are subject to progressive income tax plus the solidarity surcharge (partial-income method). However, most double taxation treaties provide for exemption from German taxation and assign the right of taxation to the shareholder's country of residence. According to the tax authorities there is no obligation to withhold withholding tax at source in the case of a Qualified Holding if the shareholder submits to the Domestic Paying Agent a certificate of domicile issued by a foreign tax authority.

With regard to gains or losses of the disposal of shares belonging to a domestic permanent establishment or fixed place of business or which are part of business assets for which a permanent representative in Germany has been appointed, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply *mutatis mutandis* (see "*—Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany—Shares Held as Business Assets*"). The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on an official form that the shares form part of domestic business assets and certain other requirements are met.

21.4.3 ***Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds***

If financial institutions (*Kreditinstitute*) or financial services providers (*Finanzdienstleistungsinstitute*) within the meaning of section 1a of the German Banking Act hold or sell shares which are allocable to their trading book (*Handelsbuch*) pursuant to Section 340e para. 3 of the HGB, neither dividends nor capital gains are subject to the partial-income method or the economical 95% exemption from corporate income tax and any applicable trade tax. Thus, dividend income and capital gains are fully taxable and business expenses relating thereto are generally fully deductible. The same applies to shares acquired by a financial enterprise (*Finanzunternehmen*) within the meaning of the German Banking Act if at least 50% of the shares in such financial enterprise are held (directly or indirectly) by financial institutions or financial services providers and the shares had to be capitalized as current assets (*Umlaufvermögen*) upon acquisition. This also applies to financial institutions, financial services providers, and financial enterprises that have their seat in a member state of the European Community or another country that is a signatory to the treaty on the European Economic Area ("**EEA**").

The 95% exemption from corporate income tax and any applicable trade tax does not apply to dividends from shares held as investments by life insurance and health insurance companies, and to capital gains from the sale of such shares or which are held by pension funds.

The 95% exemption from corporate income tax and any applicable trade tax does, however, apply to dividends distributed to aforementioned companies if such dividends qualify for the exemption under the EC Parent-Subsidiary Directive (EC Directive 90/435/EEC of the Council dated July 23, 1990, as amended).

21.4.4 ***Inheritance and Gift Tax***

The transfer of shares to another person by way of gift or upon death is generally subject to German inheritance or gift tax if:

- the place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five continuous years outside of Germany without maintaining a place of residence in Germany, or
- independent of these individual circumstances, the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed, or
- the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10% of the Company's share capital either alone or jointly with other related parties.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, as stated under (ii) above. Special provisions apply to certain German nationals living outside of Germany and to former German nationals who are resident outside Germany.

21.4.5 ***Other Taxes***

No German capital transfer taxes, value-added-tax, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from value-added-tax, to value-added-tax if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax (*Vermögenssteuer*) is currently not levied in Germany.

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the "**Participating Member States**") and Estonia. However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Offer Shares (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Offer Shares where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective shareholders are advised to seek their own professional advice in relation to the FTT.

22. TAXATION IN LUXEMBOURG

The following information is of a general nature only on certain tax considerations effective in Luxembourg in relation to shares held in a non-resident company, such as the Company, and does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision in such a company. It is included herein solely for preliminary information purposes and is not intended to be, nor should it be construed to be, legal or tax advice. The information contained herein is based on the laws presently in force in Luxembourg on the date of the Prospectus, and thus subject to any change in law that may take effect after such date. Prospective shareholders should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Further, any reference to a resident corporate shareholder/taxpayer includes non-resident corporate shareholders/taxpayers carrying out business activities through a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which assets (such as the Shares) would be attributable. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) and personal income tax (impôt sur le revenu). Corporate shareholders may further be subject to net wealth tax (impôt sur la fortune), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

22.1 **Withholding Tax**

Dividend distributions made by a non-resident company, as is the case of the Company, to Luxembourg resident shareholders are not subject to Luxembourg withholding tax. This is also the case for liquidation proceeds and capital gains. Therefore the non-resident company has no responsibility to withhold tax in Luxembourg, even if the payments are made through a Luxembourg-based paying agent, provided that the latter is not considered as being the beneficial owner of such incomes, proceeds or gains.

22.2 **Income tax on dividends and capital gains**

22.2.1 ***Fully taxable resident corporate shareholders***

For resident corporate taxpayers, dividends (and other payments) derived from shares held in a company and capital gains realized on the disposal of shares in a company are, in principle, fully taxable and thus subject to a combined corporate income tax rate amounting to 27.08% for year 2017 and 26.01% as at January 1, 2018 (provided that (i) they are resident corporate taxpayers established in Luxembourg City and that (ii) their taxable base exceed EUR 30,000). Resident corporate taxpayers whose tax base is below EUR 25,000 should be subject to a reduced corporate income tax rate amounting to 15% and those whose tax base ranges from EUR 25,000 and EUR 30,000 subject to EUR 3,750 plus 39% of the tax base between EUR 25,000 and EUR 30,000.

However, as described in further detail below, (i) dividends can benefit either from a full exemption if the conditions of article 166 of the Luxembourg income tax law ("**LITL**") are met or from a 50% exemption if the conditions of Article 115 (15a) LITL are met, and (ii) capital gains realized by resident corporate shareholders are fully exempt if the conditions of Grand Ducal Decree of December 21, 2001 (as amended) are fulfilled.

Under the Luxembourg participation exemption on dividends as implemented by Article 166 LITL, dividends derived from shares may be exempt from income tax at the level of the resident corporate shareholder if cumulatively, (i) the shareholder is either (a) a fully taxable resident collective entity taking one of the forms listed in the appendix to paragraph 10 of Article 166 LITL, (b) a fully taxable resident corporation not listed in the appendix to paragraph (10) of Article 166 LITL, (c) a permanent establishment of a collective entity referred to in Article 2 of the Parent-Subsidiary Directive, (d) a permanent establishment of a corporation resident in a State with which the Grand Duchy of Luxembourg has signed an agreement in an attempt to avoid double taxation, or (e) a permanent establishment of a corporation or a cooperative company resident in a State party to the European Economic Area Agreement other than a Member State of the European Union, (ii) the subsidiary is either (a) a collective entity referred to in Article 2 of the Parent-Subsidiary Directive, (b) a fully taxable resident corporation not listed in the appendix to paragraph (10) of Article 166 LITL, or (c) a non-resident corporation fully subject to a tax corresponding to the Luxembourg corporate income tax, and (iii) the shareholder has held or commits itself to hold, for an uninterrupted period of at least 12 months, a participation representing at least 10% in the share capital of the subsidiary or for an acquisition price of at least EUR 1.2 million. Liquidation proceeds may be exempt under the same conditions. The participation through an entity that is transparent for Luxembourg income tax purposes is to be considered as direct participation in proportion to the amount held in the net assets invested in that tax transparent entity.

With effect as from January 1, 2016, an anti-abuse rule, based on the amended Council Directive No. 2011/96/EC of November 30, 2011 (the "**Parent-Subsidiary Directive**"), was added to Article 166 LITL. According to this new Article 166 (2bis) LITL, under which dividends distributed do not benefit from the exemption when such income is deductible in the other EU Member State or paid as part of an arrangement which has been set-up with the main purpose of obtaining a tax advantage which is contrary to the object or purpose of the Parent-Subsidiary Directive, and is not genuine in light of all the relevant facts and circumstances. An arrangement will not be considered genuine to the extent that it is not set-up for valid economic reasons which reflect economic reality.

Expenses, including interest expenses and impairments, in direct economic relation with the shareholding held by a resident corporate shareholder should not be deductible for income tax purposes up to the amount of any exempt dividend derived during the same financial year. Expenses exceeding the amount of the exempt dividend received from this shareholding during the same financial year should remain deductible for income tax purposes but are however subject to recapture upon sale of the company (see below).

If the conditions of the Luxembourg participation exemption, as described above, are not met, 50% of the gross amount of dividends may however be exempt from corporate income tax in accordance with Article 115 (15a) LITL if such dividends are received from (i) a fully taxable corporation, (ii) a corporation (a) resident in a State with which the Grand Duchy of Luxembourg has signed an agreement in an attempt to avoid double taxation, and (b) fully subject to a tax corresponding to the Luxembourg corporate income tax, or (iii) a company resident in a Member State of the European Union and referred to in Article 2 of the Parent-Subsidiary Directive. A tax credit may further be granted for German withholding taxes, provided it does not exceed the corresponding Luxembourg corporate income tax on the dividends and other payments derived from German source income.

Capital gains realized on a disposal of shares by resident corporate shareholders may be exempt from corporate income tax if the conditions mentioned above under the Luxembourg participation exemption on dividends are met, except that the acquisition price must be at least EUR 6 million instead of 1.2 million (if the shareholding constitutes less than 10% of the participation). The holding of a participation through an entity that is transparent for Luxembourg income tax purposes should be considered as a direct participation in proportion to the amount held in the net assets invested in that tax transparent entity. Taxable gains are determined as being the difference between the price for which the shares were disposed for and the lower of their cost or book value.

Capital gains realized upon the disposal of shares should remain taxable for an amount corresponding to the sum of the expenses related to the shareholding and impairments recorded on the shareholding that reduced the taxable base of the resident corporate shareholder in the year of disposal or in previous financial years (*i.e.* expenses in recapture).

22.2.2 *Resident corporate shareholders with a special tax regime*

A resident corporate shareholder that is governed either by the law of May 11, 2007 on Family Estate Management Companies (as amended), or by the Law of February 13, 2007 on Specialized Investment Funds (as amended) or by the Law of December 17, 2010 on Undertakings for Collective Investment (as amended), or by the Law of July 23, 2016 on Reserved Alternative Investment Funds having elected for the Specialized Investment Funds regime as referred to in the Law of February 13, 2007 on Specialized Investment Funds (as amended) is not subject to Luxembourg income tax. Thus dividends (and other payments) derived from shares held in a company and capital gains realized on the sale or disposal, in any form whatsoever, of shares in a company, are not taxable at the level of such resident corporate shareholders.

22.2.3 *Resident individual shareholders*

For resident individual shareholders, dividends derived from shares and capital gains realized on the disposal of shares are, in principle, subject to income tax at the progressive rate (with a current effective marginal rate of up to 42%). Such income tax rate is increased by 7% for income not exceeding EUR 150,000 for single taxpayers and EUR 300,000 for couples taxed jointly, and by 9% for income above these amounts. In addition, a 1.4% dependence insurance contribution is also due.

50% of the gross amount of dividends derived from shares may however be exempt from income tax, if the conditions laid down under Article 115 (15a) LITL, as described above, are complied with. In addition, a total lump-sum of EUR 1,500 (which is doubled for taxpayers who are jointly taxable) is deductible from the total of dividends received during the tax year.

Capital gains realized on the disposal of the shares by resident individual shareholders who act in the course of the management of their private wealth, will in principle only be taxable if (i) these capital gains qualify either as speculative gains or (ii) as gains on a substantial participation. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of shares.

(i) Capital gains are deemed to be speculative if the shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains realized during the year that are equal to, or greater than EUR 500 are subject to income tax at the progressive rate.

(ii) A participation is deemed to be substantial when a resident individual shareholder holds, either alone or together with his spouse, his partner and/or children under the age of eighteen, directly or indirectly, at any time within a 5 year period preceding the disposal, more than 10% of the share capital of a collective entity. A shareholder is also deemed to alienate a substantial participation if such participation (i) was acquired free of charge, within a 5 year period preceding the transfer, and (ii) constituted a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5 year period). Capital gains realized on a substantial participation more than six months after its acquisition may benefit from an allowance of up to EUR 50,000 granted for a ten-year period (which is doubled for couples that are jointly taxable). They are subject to income tax according to the half- global rate method, (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation).

Capital gains realized on the disposal of the Company's shares by resident individual shareholders, who act in the course of their professional or business activity, are subject to income tax at the progressive rate. Taxable gains are determined as the difference between the price for which the shares was disposed for and the lower of their cost or book value.

22.3 **Other taxes**

22.3.1 ***Net wealth tax***

Non-resident corporate taxpayers are in principle only subject to net wealth tax on their Luxembourg wealth. However resident corporate taxpayers are in principle subject to net wealth tax at the rate of 0.5% (the rate decreases to 0.05% for the portion of unitary value in excess of 500 Mio EUR) applied on their worldwide net assets, unless a double tax treaty provides for a specific exemption or the asset benefits from the Luxembourg participation exemption regime. Net worth is referred to as the unitary value (*valeur unitaire*), which is determined on a yearly basis, as at January 1. The unitary value corresponds to the difference between (a) assets estimated at their fair market value and (b) third party liabilities, unless one of the exceptions mentioned below applies.

A resident corporate shareholder will be subject to net wealth tax on shares, except if (i) the shareholder is a securitization company governed by the Law of March 22, 2004 on Securitization (as amended) or an investment company in risk capital governed by the Law of June 25, 2004 on Venture Capital Vehicles (as amended) or a specialized investment fund governed by the Law of February 13, 2007 on Specialized Investment Funds (as amended) or a family wealth management company governed by the Law of May 11, 2007 on Family Estate Management Companies (as amended) or an undertaking for collective investment governed by the Law of December 17, 2010 on Undertakings for Collective Investment (as amended) or a pension-saving company as well as a pension-saving association, both governed by the Law of July 13, 2005 (as amended) or a reserved alternative investment funds governed by the Law of July 23, 2016 on Reserved Alternative Investment Funds or (ii) the shares may be exempt from net wealth tax in a given year if the conditions mentioned above for the participation exemption regime on dividend income are met at the end of the previous year (except that no minimum holding period is required).

The net wealth tax charge for a given year can be avoided or reduced if a specific reserve, equal to five times the net wealth tax to save, is created before the end of the subsequent tax year and maintained during the five following tax years. The net wealth tax reduction corresponds to a fifth of the reserve created, except that the maximum net wealth tax to be saved is limited to the corporate income tax amount due for the same tax year, including the employment fund surcharge, but before imputation of available tax credits.

As from January 1, 2017, a corporate resident shareholder might be subject to (a) minimum net wealth tax amounting to EUR 4,815, if it holds assets such as fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash, in a proportion that exceeds 90% of its total balance sheet value and if the total balance sheet value exceeds EUR 350,000 or (b) a minimum net wealth tax between EUR 535 and EUR 32,100 based on the total amount of its assets. Items (*e.g.* real estate properties or assets allocated to a permanent establishment) located in a treaty country, where the latter has the exclusive tax right, are not considered for the calculation of the 90% threshold. Despite the above mentioned exceptions, the minimum net wealth tax also applies if the resident corporate shareholder is a securitization company governed by the Law of March 22, 2004 on Securitization (as amended) or an investment company in risk capital governed by the Law of June 15, 2004 on Venture Capital Vehicles (as amended) or a pension-saving company as well as a pension-saving association, both governed by the Law of July 13, 2005 (as amended) or a reserved alternative investment funds governed by the Law of July 23, 2016 on Reserved Alternative Investment Funds having elected for the regime of an investment company in risk capital as referred to in the Law of June 15, 2004 on Venture Capital Vehicles (as amended).

22.3.2 ***Inheritance tax***

Where a shareholder is a resident of Luxembourg for tax purposes at the time of his/her death, shares are included in his/her taxable estate for inheritance tax purposes.

22.3.3 ***Gift tax***

Gift tax may be due on a gift or donation of shares if recorded in a Luxembourg notarial deed or otherwise recorded in Luxembourg.

22.3.4 ***Registration taxes and stamp duties***

In principle, the issuance of shares and the disposal of shares are not subject to Luxembourg registration tax or stamp duty.

However a registration duty may be due upon the registration of the deed acknowledging the issuance/disposal of shares in Luxembourg in the case of a registration of this deed on a voluntary basis or in case this deed would be appended to a deed which is mandatorily subject to registration or kept by the notary for his records (*deposé au rang des minutes d'un notaire*).

23. RECENT DEVELOPMENTS AND OUTLOOK

As of the date of this Prospectus, the Company has not acquired any commercial real estate assets and, therefore, there have not been any significant recent trends affecting the Company since December 31, 2017.

In the current fiscal year, the Company expects to be most significantly affected by its ability to execute its acquisition strategy, as well as developments in, and related to, the commercial real estate market in Germany. Given the Company's focus on office, retail, logistics and other commercial assets, the Company also expects to be affected by macroeconomic developments such as GDP, interest rates, unemployment rates, purchasing power, inflation, the development of the tertiary economic sector, the number of office workers as well as overall population change. In addition, the Company will be affected by rent levels and vacancy rates in the regions and commercial sectors where it operates.

The Company has already identified promising off-market acquisition opportunities. These opportunities include office portfolios with an estimated total value of EUR 1.8 billion, a WALT of 6.4 years, an annual rental income of EUR 105 million, an average vacancy rate of 10% and an average yield of 5.8%. The Company has also identified off-market retail and logistics opportunities with a total estimated value of EUR 1.9 billion, a WALT of 5.8 years, an annual rental income of EUR 130 million, an average vacancy rate of 8% and a yield of 6.7%. For further information on acquisition opportunities identified by the Company, see "*13 Proposed Business—13.4 Competitive Strengths—Large Identified Off-Market Transaction Pipeline.*"

The Company has submitted a non-binding offer with regard to the potential acquisition of a real estate portfolio exceeding the amount of EUR 1 billion. The portfolio is in line with the investment criteria described in this Prospectus (*see "13 Proposed Business—13.5 Strategy—13.5.3 Target asset classes and acquisition parameters.*").

No assurance can be given that any offer the Company has made or will make in respect of any of these identified opportunities will be accepted, that related negotiations will be successful or that the Company will complete any such acquisition.

In addition to using the proceeds of the Offering in the execution of its acquisition strategy, the Company intends to enter into financing arrangements in connection with the acquisition of commercial real estate assets and portfolios in the future, while targeting a Net-LTV ratio of between 45% and 55%.

24. FINANCIAL INFORMATION

2016 IFRS FINANCIAL STATEMENTS

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

IFRS statement of financial position as at 31 December 2016

	(Note)	31/12/2016	31/12/2015	01/01/2015
		EUR	EUR	EUR
Assets				
Non-current assets				
Intangible assets		2,142.00	0.00	0.00
Other non-current receivables	3.2/7.2	107,042.92	113,071.37	113,207.91
		109,184.92	**113,071.37**	**113,207.91**
Current assets				
Current income tax receivables	3.11/7.3	951.61	0.00	3.16
Receivables from related parties	3.6/7.4	2,257,943.30	5,620,596.31	5,636,429.00
Securities held as current assets	3.5/7.5	6,068,474.75	6,676.35	2,842.00
Cash and cash equivalents	3.7/7.6	1,928,203.68	50,369.07	3,573.65
		10,255,573.34	**5,677,641.73**	**5,642,847.81**
		10,364,758.26	**5,790,713.10**	**5,756,055.72**
Equity and liabilities				
Equity				
Subscribed capital	7.7	500,000.00	500,000.00	500,000.00
Capital reserves	7.7	3.64	3.64	3.64
Accumulated other comprehensive income	7.7	615,511.08	3,834.35	0.00
Accumulated retained earnings attributable to shareholders	7.7	3,510,999.10	3,643,599.57	3,655,437.87
		4,626,513.82	**4,147,437.56**	**4,155,441.51**
Non-current liabilities				
Provisions for pensions and similar obligations	3.8/7.8	430,860.00	452,478.00	500,934.00
		430,860.00	**452,478.00**	**500,934.00**
Current liabilities				
Current income tax liabilities	3.11/7.9	0.00	1,070.00	2,020.00
Trade payables	3.10/7.10	12,566.48	12,829.50	12,961.32
Liabilities to related parties	3.10/7.11	5,253,078.75	1,166,735.91	1,078,009.03
Other current liabilities	3.10/7.12	41,739.21	10,162.13	6,689.86
		5,307,384.44	**1,190,797.54**	**1,099,680.21**
		10,364,758.26	**5,790,713.10**	**5,756,055.72**

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

IFRS income statement and other comprehensive income

for the 2016 financial year

	(Note)	2016	2015
		EUR	EUR
Other operating income	7.15	82.50	41,954.51
Personnel expenses	7.14	-26,096.11	20,291.33
Other operating expenses	7.15	-137,166.59	-133,554.74
Net operating profit/loss		**-163,180.20**	**-71,308.90**
Interest income	7.4	64,352.15	84,167.31
Interest expenses	7.8/7.11	-33,776.55	-25,647.69
Net financial profit/loss		30,575.60	58,519.62
Earnings before income taxes		**-132,604.60**	**-12,789.28**
Income taxes	7.16	4.13	950.98
Net profit/loss for the period		**-132,600.47**	**-11,838.30**
Earnings per share (basic diluted)	7.17	-2.65	-0.24
Net profit/loss for the period		**-132,600.47**	**-11,838.30**
Unrealised gain from the fair value measurement of securities		611,676.73	3,834.35
Other comprehensive income, net of taxes		**611,676.73**	**3,834.35**
Total comprehensive income		**479,076.26**	**-8,003.95**

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

IFRS statement of cash flows

for the 2016 financial year

	(Note)	2016	2015
		EUR	EUR
Net loss for the period		–132,600.47	–11,838.30
Net interest recognised in profit or loss	7.18	–30,575.60	–58,519.62
Actual taxes recognised in profit or loss	7.18	–4.13	–950.98
Interest received	7.18	61,533.24	0.00
Interest paid	7.18	–22,737.72	–8,743.00
Income tax payments		–2,017.48	4.14
Change in receivables and other assets		6,028.45	136.54
Change in liabilities and other items under equity and liabilities		9,696.06	–45,115.55
Net cash flows from operating activities		**–110,677.65**	**–125,026.77**
Investments in intangible assets	7.1	–2,142.00	0.00
Investments in securities held as current assets	7.5	–6,220,121.67	0.00
Cash proceeds from the disposal of securities held as current assets	7.5	770,000.00	0.00
Net cash flows from investing activities		**–5,452,263.67**	**0.00**
Cash proceeds from the settlement of receivables from related parties	7.4/7.11	1,994,365.71	0
Payments made in connection with the granting	7.11		
of receivables from related parties		0.00	–28,177.81
Cash proceeds in connection with the granting of liabilities to related parties	7.11	5,446,410.22	200,000.00
Net cash flows from financing activities		**7,440,775.93**	**171,822.19**
Net increase/decrease in cash and cash equivalents		**1,877,834.61**	**46,795.42**
Cash and cash equivalents at the beginning of period	7.6	50,369.07	3,573.65
Cash and cash equivalents at the end of period	7.6	**1,928,203.68**	**50,369.07**

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

IFRS statement of changes in equity
for the 2016 financial year
Equity to attributable to the shareholders of the Company

	(Note)	Subscribed capital	Capital reserves	Accumulated other comprehensive income		Accumulated retained earnings attributable to shareholders	Total equity
		EUR	EUR	EUR Fair value reserve	EUR Accumulated other comprehensive income	EUR	EUR
As at 31 December 2014 (HGB)		**500,000.00**	**3.64**	**0.00**	**0.00**	**3,844,518.87**	**4,344,522.51**
Change	2	0.00	0.00	0.00	0.00	–189,081.00	–189,081.00
As at 1 January 2015 (IFRS)	7.7	**500,000.00**	**3.64**	**0.00**	**0.00**	**3,655,437.87**	**4,155,441.51**
Total comprehensive income for 2015	7.7	0.00	0.00	0.00	0.00	–11,838.30	–11,838.30
Addition to the fair value reserve	7.7	0.00	0.00	3,834.35	3,834.35	0,00	3,834.35
Overall result		0.00	0.00	3,834.35	3,834.35	–11,838.30	–8,003.95
As at 31 December 2015		**500,000.00**	**3.64**	**3,834.35**	**3,834.35**	**3,643,599.57**	**4,147,437.56**
Total comprehensive income for 2016	7.7	0.00	0.00	0.00	0.00	–132,600.47	–132,600.47
Addition to the fair value reserve	7.7	0.00	0.00	611,676.73	611,676.73	0.00	611,676.73
Overall result		0.00	0.00	611,676,73	611,676.73	–132,600.47	479,076.26
As at 31 December 2016		**500,000.00**	**3.64**	**615,511.08**	**615,511.08**	**3,510,999.10**	**4,626,513.82**

Table of contents

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

Notes to the annual financial statements for the 2016 financial year

1 General information

Godewind Immobilien AG is a German stock corporation (*Aktiengesellschaft*) which is domiciled in Germany. The Company's registered office is located at Am Sandtorkai 77, Hamburg. The Company is entered into the commercial register of the Local Court (*Amtsgericht*) of Hamburg under no. HRB 139152. The business objective of the Company until 30 November 2017 included the acquisition, sale and management of its own assets, specifically equity interests in corporations and partnerships in Germany and abroad, as well as land and land rights. The business objective of the Company was changed in the Extraordinary General Meeting on 30 November 2017 by amendment of the Articles of Association. Accordingly, the business objective of the Company is the acquisition and sale as well as the management of domestic and foreign participations in real estate and real estate companies, the purchase and sale of real estate including their development, letting and leasing.

Pursuant to the shareholders' resolution dated 1 September 2015, KPE Holding GmbH was reorganised into Godewind AG by way of a change in its legal form. The change in the Company's legal form was entered in the commercial register on 26 November 2015.

At the Extraordinary General Meeting on 30 November 2017, it was decided that the company would be renamed Godewind Immobilien AG. A capital increase of T € 14,500 to T € 15,000 was also resolved.

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

The Company prepares separate financial statements and not consolidated financial statements, as it does not have any subsidiaries.

The Company's financial year is the calendar year. In 2016 and 2015, the Company had no employees.

Godewind Immobilien AG is not a capital markets-oriented company within the meaning of German corporate or commercial law. These IFRS financial statements have thus been prepared on a voluntary basis.

The IFRS annual financial statements were prepared by the Management Board of the Company on 31 January 2018 and were released for publication.

2 Material differences relating to accounting principles

Godewind Immobilien AG voluntarily prepared its annual financial statements in accordance with IFRS for the first time for financial year 2016. The transition to IFRS occurred according to IFRS 1 under the assumption that the financial statements had always been prepared according to IFRS. In this regard, the following significant accounting policies which deviate from those set out under German law (HGB—Handelsgesetzbuch) were taken into account:

In accordance with IAS 39, securities held as available for sale were recognised for the first time at their market price, even if this exceeded their historical cost.

Assets and liabilities in relation to future tax relief and tax burdens are recognised in accordance with the liability method set out in IAS 12, using the tax rates that are expected to be applicable upon the realisation of such deferred tax assets and liabilities; this also includes the obligation to recognize deferred tax assets to the extent that it is probable that a future taxable profit will be available, against which unused tax losses and unused tax credits can be utilized.

Pension provisions are calculated in accordance with the projected unit credit method. Any difference between the amount reported under pension provisions in the IFRS financial statements and the amount reported in the single-entity financial statements prepared in accordance with German commercial law was recognised directly in equity in the opening balance sheet as at 1 January 2015.

Taking into account deferred taxes, any changes in value resulting from the transition to IFRS as at 1 January 2015 were transferred to or offset against equity (retained earnings).

The effects of preparing the annual financial statements as at 31 December 2015 in accordance with IFRS rather than in accordance with the German Commercial Code (*Handelsgesetzbuch*, "HGB") are presented

2 Material differences relating to accounting principles (Continued)

below. The differences as compared to HGB as at 1 January 2015 were transferred to or offset against retained earnings.

Securities held as current assets were recognised at fair value, and not according to their acquisition costs as per HGB. The increase in securities was recognised directly in equity in the fair value reserve. The carrying amounts changed as follows:

01/01/2015			31/12/2015		
HGB	IFRS	Change in equity	HGB	IFRS	Change in equity
EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
3	3	0	7	7	0

Provisions for pensions and similar obligations were remeasured in accordance with IFRS. This resulted in the following differences to the amounts reported under HGB:

01/01/2015			31/12/2015		
HGB	IFRS	Change in equity	HGB	IFRS	Change in equity
EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
312	501	–189	316	452	–136

At the date of transition, due to the different valuation of securities held as current assets, there are active differences in assets, which would result in deferred tax liabilities. Due to the tax exemption according to § 8b of the German Corporate Taxation Act (*Körperschaftsteuergesetz*—**"KStG"**), only 5% (business expenses) are taxable. The formation of deferred tax liabilities was waived due to insignificance. Due to the different valuation of the pension provisions, there are deferred tax liabilities that would lead to deferred tax assets. Deferred tax assets due to tax loss carryforwards and negative differences in liabilities are recognized at the date of transition at the amount at which the related tax benefits associated with future taxable profits are probable. However, the Management Board assumes that the current business model will not use the loss carryforwards. As a result, no deferred tax assets were capitalized.

In summary, this resulted in the following changes in **reported equity**:

	31/12/2015	01/01/2015
	EUR '000	EUR '000
Securities held as current assets	0	0
Provisions for pensions and similar obligations	–136	–189
	–136	–189

The net income/loss for the previous year in accordance with HGB was reconciled with the net income/loss for the previous year in accordance with IFRS:

	EUR '000
Net loss for 2015 in accordance with HGB	–61
Change due to revaluation of provisions for pensions and similar obligations	53
Elimination of write-ups on securities held as current assets affecting net result	–4
Net loss for 2015 in accordance with IFRS	–12
Unrealized gain from securities held as current assets presented in other comprehensive income	4
Total net comprehensive income	–8

3 Significant accounting policies

The following presents the significant accounting policies used to prepare these annual financial statements.

3.1 Basis of preparation

The Company's annual financial statements as at 31 December 2016 were prepared on a voluntary basis in accordance with the IFRS applicable as at 31 December 2016 (including the interpretations of the IFRS IC) as adopted by the EU.

The requirements of IFRS were complied with in full and resulted in a fair presentation of the Company's net assets, financial position and results of operation. The statement of comprehensive income was prepared in accordance with the nature of expense method.

The financial statements were generally prepared on the basis of the historical cost principle, with the exception made for receivables from reinsurance contracts as well as securities held as current assets, which were measured at fair value.

The estimates and assumptions on the basis of which the financial statements in accordance with IFRS were prepared affect the measurement of assets and liabilities, as well as the amounts recognised for contingent assets and liabilities as at the respective balance sheet dates and the amounts recognised for income and expenses during the reporting period. Although these estimates and assumptions were made in good faith by the management on the basis of current events and measures, actual results may ultimately deviate from these estimates.

The following new financial reporting standards and interpretations were applied in preparing the IFRS financial statements for the financial year:

Standard	Content
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IAS 1	Disclosure initiative
Improvements to IFRS 2010-2012	Amendments and clarifications to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38
Improvements to IFRS (2012–2014)	Amendments and clarifications to IFRS 5, IFRS 7, IAS 19, IAS 34
Clarification of IAS 16 and IAS 38	Guidance on selecting acceptable methods of depreciation and amortisation, specifically revenue-based methods
Amendments to IAS 16 and IAS 41	Bearer plants
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to IAS 19	Employee benefits
Amendments to IAS 27	Equity methods in separate financial statements

First-time application had no material effect on the annual financial statements or the presentation of the Company's net assets, financial position and results of operation or earnings per share.

3 Significant accounting policies (Continued)

The following new or amended financial reporting standards issued by the IASB prior to the date of these financial statements will not become mandatory until after the balance sheet date—subject to adoption by the European Union—and the Company has not opted to voluntarily apply them early:

Standard	Content	First-time application mandatory for financial years beginning on or after
Endorsed by EU		
Amendments to IFRS 4	Financial Instruments and Insurance Contracts	01/01/2018
IFRS 9	Financial Instruments	01/01/2018
IFRS 15	Revenue from Contracts with Customers	01/01/2018
IFRS 16	Leases	01/01/2019
Amendments to IAS 7	Statement of Cash Flows: Disclosure Initiative	01/01/2017
Amendments to IAS 12	Income Taxes: Clarifications	01/01/2017
Clarifications to IFRS 15	Revenue from Contracts with Customers	01/01/2018
Improvements to IFRS 2014-2016	Amendments and clarifications to IFRS 12	01/01/2017
Improvements to IFRS 2014-2016	Amendments and clarifications to IFRS 1 and IAS 28	01/01/2018
Not yet endorsed by EU		
Amendments to IFRS 2	Share-Based Payment	01/01/2018
IFRIC 22	Foreign Currency Transactions	01/01/2018
Amendments to IAS 40	Transfer of investment property	01/01/2018
Improvements to IFRS 2015-2017	Amendments and clarifications to IFRS 3, IFRS 11, IAS 12 and IAS 23	01/01/2019
IFRIC 23	Uncertainty regarding income tax treatment	01/01/2019
Amendments to IFRS 9	Prepayment Features with negative compensation	01/01/2019
Amendments to IAS 28	Long-term investments in associated companies and joint ventures	01/01/2019
IFRS 17	Insurance contracts	01/01/2021
Amendments to IFRS 10 and IAS 28	Sales or contributions of assets in associates or joint ventures	Postponed indefinitely

The Company currently does not expect the application of the future financial reporting standards to result in any material effects on the annual financial statements, except for the additional notes. Insofar as investments in equity instruments should be available at the transition date on January 1, 2018, the future fair value would be accounted for profit or loss. The standards will be applied when they become mandatory for the first time.

The amounts in the notes and tables are primarily reported in thousands of euros (EUR '000) unless otherwise indicated. Presentation of figures in EUR '000 may result in rounding differences, both in the individual tables in the notes and between the figures reported in the notes and the figures reported in the remaining components of the financial statements.

3.2 Other non-current receivables

Other non-current receivables includes assets from employee benefits in the form of reinsurance contracts. These are measured at fair value. Since the reinsurance receivable is not insolvency-protected, it is not offset against the existing pension obligations.

3.3 Financial assets (overview)

Financial assets are classified according to the following measurement categories:

- Financial assets measured at fair value through profit or loss (there were none during the reporting period or in the previous year)

3 Significant accounting policies (Continued)

- Loans and receivables
- Held-to-maturity assets (there were none during the reporting period or in the previous year)
- Available-for-sale financial assets

Financial assets are classified depending on the purpose for which they were acquired. Management determines how financial assets are to be classified upon initial recognition and reviews their classification at each balance sheet date. During the reporting period and the prior-year period, the Company only held financial assets classified as loans and receivables and available-for-sale financial assets.

3.4 Financial assets (individual measurement categories)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted on an active market. These are created when the Company offers money, goods or services directly to a debtor without having the intention of trading in these receivables.

These are recognised as current assets if they fall due no later than twelve months after the balance sheet date. Otherwise, they are reported as non-current assets. Loans and receivables are included in the balance sheet in receivables from related parties, trade receivables and other current assets.

Loans and receivables are measured in accordance with the effective interest method and carried at amortised cost less any write-downs. With the exception of current receivables in which the interest rate effect would be immaterial, interest income is recognised in accordance with the effective interest method.

3.5 Securities

In accordance with IAS 39, securities are classified as available-for-sale financial assets for measurement purposes. Available-for-sale financial assets are reported as at the balance sheet date at their fair value or, if this cannot be (reliably) determined for investments for equity instruments, at their historical cost. If the fair values of the securities cannot be derived using appropriate valuation techniques, they are recognised at cost.

Changes in fair value are recognised directly in equity. In instances where there has been a material and lasting decrease in fair value, an impairment is recognised in profit or loss. Should the circumstances leading to the recognition of an impairment no longer be present in subsequent periods, impairment losses on financial assets with debt characteristics are reversed through profit or loss, as are any prior-period impairments. Reversals of impairments on equity instruments are recognised directly in equity. Impairments on financial instruments recognised at cost are recognised through profit or loss. Impairments recognised in respect of such financial instruments are not reversed.

3.6 Trade receivables and receivables from related parties

Receivables are initially recognised at fair value taking into account transaction costs and subsequently measured at amortised cost less cumulative write-downs in accordance with the effective interest method. These receivables are classified as loans and receivables.

An impairment is recognised if there are objective indications that it will not be possible to collect the full amount of the receivables as they fall due.

The amount to be written down is calculated as the difference between the carrying amount of the receivable and the present value of estimated future cash flows from this receivable, discounted using the effective interest rate. The impairment is recognised in profit or loss.

Should any or all of the reasons for an impairment no longer apply, the impairment is reversed through profit or loss, with the carrying amount of the receivable written up to no more than the amortised cost.

3 Significant accounting policies (Continued)

3.7 Cash and cash equivalents

Cash and cash equivalents are recognised in the balance sheet at their historical cost. Cash and cash equivalents recognised in the statement of cash flows comprise cash on hand, demand deposits, and other short-term, highly liquid financial investments with an original term of no more than three months.

3.8 Pension obligation

Pension provisions are calculated in accordance with the projected unit credit method. In accordance with IAS 19, this method takes into account pensions and vested benefits reported as at the balance sheet date as well as expected future salary and pension increases. Any difference between the amount reported under pension provisions in the IFRS financial statements and the amount reported in the single-entity financial statements prepared in accordance with German commercial law was recognised in the opening balance sheet as at 1 January 2015 in accumulated retained earnings attributable to shareholders without affecting income.

The Company's retirement benefit plan consists of a defined benefit system. The Company's obligation is to fulfil commitments made to former employees.

3.9 Other provisions

Other provisions are recognised if the Company is subject to a current legal or constructive obligation arising from past events, if it is likely that an outflow of economic resources will be necessary to fulfil the obligation and it is possible to reliably estimate the amount of such resources. If the Company expects to receive a reimbursement for an amount recognised under other provisions (e.g., on the basis of an insurance policy), it recognises the reimbursement claim as a separate asset if reimbursement is all but certain in the event a claim is made in respect of the obligation. Provisions that do not lead to an outflow of resources in the following year are recognized at the settlement amount discounted to the balance sheet date. The discounting takes place at market interest rates.

The Company recognises a provision for loss-making transactions if the expected economic benefits arising from the contractual claim are less than the unavoidable costs of fulfilling the contractual obligation.

3.10 Financial liabilities, trade payables, liabilities to related parties and other current liabilities

Financial liabilities are initially recognised at fair value less transaction costs. They are subsequently measured at amortised cost; any difference between the amount paid out (less transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the term of the liability in accordance with the effective interest method.

Financial liabilities are classified as current if the Company does not have the absolute right to postpone settlement of the liability to a date at least twelve months after the balance sheet date. Trade payables and other current liabilities are measured at amortised cost using the effective interest method.

3.11 Deferred and current taxes

Deferred tax assets and liabilities are accounted for in accordance with the liability method for temporary differences between the tax accounts and the IFRS accounts and for unutilised tax loss carryforwards. Deferred taxes are calculated on the basis of the statutory tax rate applicable at the balance sheet date at the time the respective differences are expected to reverse. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be generated against which the temporary differences or a loss carryforward can be applied.

Current tax reimbursement claims and tax liabilities are recognised in the amount for which a reimbursement by or payment to the tax authorities is expected. The tax rates and tax laws applicable as at the balance sheet date are used to calculate this.

3 Significant accounting policies (Continued)

3.12 Revenue recognition

Income from the disposal of financial assets (securities) is recognized when the contractual rights to cash flows from an asset expire or the rights to receive the cash flows arise in a sale transaction, in which all material risks and opportunities associated with the ownership of the financial asset are transferred. A derecognition also occurs if the Company neither transfers nor retains all material risks and rewards of ownership and does not retain control over the transferred asset.

The Company recognises interest income *pro rata temporis*, taking into account the residual liability and the effective interest rate over the remaining term.

3.13 Leases

Leases under which the Company bears all material risks and benefits of ownership of the leased asset as the lessee are classified as finance leases. Assets under finance leases are recognised at the commencement of the lease term at the lower of fair value and the present value of the minimum lease payments. The same amount is recognised at that date as a lease liability under non-current financial liabilities. The portion of the lease liability falling due within twelve months after the balance sheet date is reported under current financial liabilities. As a consequence, each lease instalment is split into an interest and principal portion, taking into account a constant rate of interest for the respective residual lease liability. The interest portion of the lease instalment is recognised through profit or loss as an interest expense in the statement of comprehensive income.

The Company had no finance leases during the year under review.

In the case of leases in which the Company is a lessee, beneficial ownership of the leased assets is attributed to the lessor in accordance with IAS 17 if the latter bears substantially all the risks and rewards of ownership of the leased asset. The leased assets are accounted for by the lessor in this case. The leasing expenses incurred for this purpose are recognized in full as expenses by the lessee. Operating leases relate to motor vehicles, certain items of office equipment and business supplies as well as business premises. The leases do not contain any purchase options.

4 Additional disclosures on financial instruments

4.1 General principles of financial risk management

Financial risk management entails the management and limitation of financial risks arising from operating activities. It encompasses continual, rolling liquidity monitoring aimed specifically at avoiding material defaults and securing the financial means required to finance current business operations.

In principle, fixed interest on loan liabilities is agreed in the loan agreements. Since the loans are short-term, changes in interest rates can occur at any time.

The quantitative disclosures relating to the financial and liquidity risk are presented below in the sections entitled “Liquidity risk” and “Financing risk”.

4.2 Capital management

The Company manages its capital—i.e., recognised equity in accordance with IFRS—with the aim of maintaining an equity ratio of approximately 40% to 45% and accordingly a debt ratio of approximately 55% to 60%.

The Company regularly reviews its capital structure when it prepares its annual financial statements. The equity ratio was as follows at the end of the year:

Equity ratio	31/12/2016	31/12/2015
	EUR ‘000	EUR ‘000
Equity	4,627	4,147
Total assets	10,365	5,791
Equity ratio (%)	44.6	71.6

4 Additional disclosures on financial instruments (Continued)

The net indebtedness at the end of the year was as follows:

	31/12/2016	31/12/2015
	EUR '000	EUR '000
Liabilities (without pension liabilities)	5,306	1,188
Cash and cash equivalents	–1,928	–50
Net indebtedness	3,378	1,138
Equity	4,627	4,147
Ratio of net indebtedness to equity (in %)	73.0	27.4

4.3 Classification of financial instruments in accordance with IFRS 7

The tables below reconcile the carrying amounts of the financial instruments to the measurement categories in accordance with IAS 39 and the fair values of the financial instruments within each class:

31/12/2016	Carrying amount	Of which falling under the scope of IFRS 7	Measurement category(1)	Fair value under the scope of IFRS 7
	EUR '000	EUR '000		EUR '000
Securities held as current assets (equity instruments)	6,068	6,068	AfS	6,068
Receivables from related parties	2,258	2,258	LaR	2,258
Cash and cash equivalents	1,928	1,928	LaR	1,928
Trade payables	13	13	AmC	13
Liabilities to related parties (loans)	5,253	5,253	AmC	5,253
Other current liabilities	42	40	AmC	40

31/12/2015	Carrying amount	Of which falling under the scope of IFRS 7	Measurement category(1)	Fair value under the scope of IFRS 7
	EUR '000	EUR '000		EUR '000
Securities held as current assets (equity instruments)	7	7	AfS	7
Receivables from related parties	5,621	5,621	LaR	5,621
Cash and cash equivalents	50	50	LaR	50
Trade payables	13	13	AmC	13
Liabilities to related parties (loans)	1,167	1,167	AmC	1,167
Other current liabilities	10	8	AmC	8

(1) AfS: Available-for-sale financial assets;
LaR: Loans and receivables; AmC: Amortised cost
(Financial liabilities carried at amortised cost)

Financial instruments measured at fair value are classified according to the significance of the factors and information influencing their valuation and their valuation levels.

A financial instrument is classified to a level depending on the significance of the input factors used in its overall valuation, i.e., the lowest level which is significant or decisive for the valuation as a whole. The levels are organised in hierarchical order according to their input factors:

Level 1: (Unchanged) prices quoted on active markets for identical assets or liabilities

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

Level 3: Factors for measuring the asset or liability that are not based on observable market data (unobservable inputs)

4 Additional disclosures on financial instruments (Continued)

The equity instruments recognised in the balance sheet at fair value are measured based on information and inputs from Level 1 as described above. The disclosures on the other financial instruments are based on a Level 3 valuation.

Cash and cash equivalents, receivables from related parties and other current assets are largely short-term. Their carrying amounts as at the balance sheet date are therefore approximately the same as their fair values. The same applies for trade payables, liabilities to related parties and other current liabilities.

The other non-current financial assets have a book value which materially corresponds to the fair value as at the reporting date.

4.4 Net gains and losses from financial instruments

The net gain/loss broken down by the measurement categories set out in IAS 39 is as follows:

	AfS	LaR	AmC	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Interest income	0 (previous year: 0)	64 (previous year: 84)	0 (previous year: 0)	64 (previous year: 84)
Interest expenses	0 (previous year: 0)	0 (previous year: 0)	–27 (previous year: –17)	–27 (previous year: –17)
Increase in value (fair value reserve)	616 (previous year: 4)	0 (previous year: 0)	0 (previous year: 0)	616 (previous year: 4)
Net gain/loss	616 (previous year: 4)	64 (previous year: 84)	–27 (previous year: –17)	653 (previous year: 71)

4.5 Interest rate change risk

The interest income reported in the net proft/loss for the period comprises the following:

	31/12/2016	31/12/2015
	EUR '000	EUR '000
Other interest and similar income		
Interest income from interest-bearing assets	64	84
Changes in other capital of the shareholders	0	0
Total	64	84

As in the previous year, the interest expenses reported in the net proft/loss for the period relate exclusively to interest from interest-bearing liabilities in the amount of EUR 27 thousand (previous year: EUR 17 thousand). The corresponding capitalisation rate in the financial year amounted to 1.5%.

The main risks to the Company associated with changes in interest rates relate to borrowing.

Fixed interest rates were agreed for the loan liabilities in the loan agreements. To date, no interest rate hedging transactions have been concluded to reduce the risk associated with changes in interest rates. Due to short-term loan agreements and fixed interest rates, there is no interest rate risk.

4.6 Other market price risks

The company is exposed to share price risks. The Management Board monitors the securities portfolio on the basis of market indices. All investments of the company are listed on German stock exchanges. For shares classified as "available for sale", a hypothetical increase in the market price of two percent would have led to an increase in equity by € 121 thousand after taxes (2015: increase of € 0 after taxes). A hypothetical reduction of the market price by two percent would have led to a decrease in equity of T € 121 after taxes (2015: reduction of T € 0 after taxes).

4 Additional disclosures on financial instruments (Continued)

4.7 Default risk management

Default risk refers to the risk of the Company incurring a loss if a contractual partner fails to fulfil its contractual obligations. The Company only enters into business relationships with contractual partners that have good credit ratings and, where appropriate, obtains collateral in order to reduce the risk of loss associated with a failure to fulfil obligations. The Company uses the financial information available and its own trading records to evaluate its customers. The Company's risk exposure is monitored on an ongoing basis. Particular default risks that tend to arise in connection with material receivables from related parties are analysed separately.

As at the reporting date, the receivables from related parties that are not impaired and for which no collateral was furnished to the Company had the following age structures:

	31/12/2016	31/12/2015
	EUR '000	EUR '000
Age structure of receivables from related parties Receivables that are not past due	2,258	5,621
Receivables that are past due by up to 30 days	0	0
Receivables that are past due by up to 90 days	0	0
Receivables that are past due by up to 180 days	0	0
Receivables that are past due by up to 360 days	0	0
Receivables that are past due by more than 360 days	0	0
Total	2,258	5,621
Carrying amount of the impaired receivables	0	0
Total	2,258	5,621

The receivables that were not past due on the reporting date mainly include receivables from related parties with good credit ratings or receivables in respect of which the Company does not expect any significant defaults. In the financial year under review, no impairment losses were recognised in connection with receivables losses relating to receivables from related parties due to poor customer credit ratings (previous year: EUR 0 thousand).

There were no major default risks as at the reporting date. The carrying amount of the financial assets reported on the face of the financial statements constitutes the maximum default risk.

4.8 Liquidity risk

Responsibility for liquidity risk management lies with the Management Board, which has established an appropriate concept for managing short-term, medium-term and long-term financing and liquidity requirements. The Company manages liquidity risks by keeping adequate reserves, via loans between related parties and by constantly monitoring the projected and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table shows the contractual residual maturity of those liabilities of the Company that fall under the scope of IFRS 7. The table is based on undiscounted cash flows and the earliest date on which the Company can be obliged to pay. The table includes both interest and principal payments.

	31/12/2016	31/12/2015
	EUR '000	EUR '000
Residual maturity of the liabilities that fall under the scope of IFRS 7		
Payments within 12 months	5,305	1,188
Payments within between 12 and 24 months	0	0
Payments within between 24 and 60 months	0	0
Repayment after more than 30 months	0	0
Total	5,305	1,188

4 Additional disclosures on financial instruments (Continued)

The Company expects to be able to satisfy its liabilities using its own operating cash flows and the available financial assets.

4.9 Financing risk

In order to finance the acquisition of securities and its ongoing business activities, Godewind Immobilien AG relies on loans granted by the main shareholder and related parties.

This involves a risk that extensions based on these or other conditions will not be possible. As the existing loans have been granted on a fixed-interest basis, the interest rate and cash flow risk associated with them is relatively low.

The financial management system aims to achieve a situation in which Godewind Immobilien AG generates the financial resources required for the Company's operating growth on its own. Until this objective has been reached and implemented, the shareholders of Godewind Immobilien AG will provide support by making sufficient financial resources available.

5 Accounting estimates, judgements and assumptions

The Company makes accounting estimates and assumptions regarding expected future developments. All assumptions and estimates are based on the prevailing circumstances and assessments on the balance sheet date and have an impact on the presentation of the net assets, financial position and results of operation, as well as on the understanding of the underlying financial reporting risks. The estimates applied as part of this process may deviate from the circumstances which actually materialise later on. The following areas of accounting, in particular, involve critical estimates and assumptions:

- Regarding the securities held by the Company, the Management Board has to decide, on each reporting date, whether these securities are being held long term for investment purposes or are being held for sale. Depending on this decision, the securities are recognised, in line with the corresponding principles, as available-for-sale securities or available-for-sale non-current assets and are measured, in line with this classification, at (amortised) cost or at fair value.
- Estimates are required when recognising current and deferred tax items. The recoverability of deferred tax assets is dependent on future taxable income. There is uncertainty surrounding the interpretation of tax provisions, e.g. regarding the treatment of tax loss carryforwards in the event of shareholder changes. As a result, differences between the actual results and our assumptions, or future changes to our estimates, may result in changes in the tax result in future periods.
- The measurement of provisions for pensions and similar obligations is based, among other things, on assumptions about discount rates, expected future pension increases and mortality tables. These assumptions may differ from actual data due to changes in economic conditions or changing market conditions.

6 Segment reporting

There is no segment reporting in accordance with IFRS 8 for the financial year under review, as the Company exercises only one business activity and thus has only one segment.

7 Supplementary notes on the items in the annual financial statements

7.1 Intangible assets

Intangible assets changed as follows over the past two financial years:

Cost	Other intangible assets
	EUR '000
As at 1 January 2015	0
Additions	0
Disposals	0
As at 31 December 2015	0
Additions	2
Disposals	0
As at 31 December 2016	2

7.2 Reinsurance receivables

Reinsurance receivables (life insurance) changed as follows:

	EUR '000
As at 1 January 2015	113
Change	0
As at 31 December 2015	113
Change	–6
As at 31 December 2016	107

7.3 Current income tax receivables

Current income tax receivables comprise the following:

	EUR '000 2016	EUR '000 2015
2014 corporation tax	1	0
2014 solidarity surcharge	0	0
Total	1	0

7.4 Receivables from related parties

For details on related parties see note 7.20. These receivables changed as follows during the financial year:

	EUR '000
As at 1 January 2015	5,637
Repayment	–100
Interest	84
As at 31 December 2015 / As at 1 January 2016	5,621
Repayment	–2,050
Disposal due to offsetting	–1,377
Interest	64
As at 31 December 2016	2,258

The receivable at the end of the year is a receivable from the main shareholder Karl Philipp Ehlerding. In the previous year, the receivable related to the shareholder John Frederik Ehlerding.

7 Supplementary notes on the items in the annual financial statements (Continued)

The conclusion of the agreement on the assumption of liabilities with a discharging effect on 29 December 2016 resulted in various loans being offset against each other or, with respect to the remaining receivables following the off-set in the amount of € 2,255 thousand, being assumed by Karl Philipp Ehlerding.

The loan bears interest at a rate of 1.5%. Pursuant to the repayment conditions of the loan agreement dated 9 August 2011 and declarations of accession dated 19 December 2011, the loan is classified as a short-term loan. No collateral has been furnished.

7.5 Securities held as current assets

Securities (shares) changed as follows:

	Amount EUR '000
As at 1 January 2015	3
Write-up due to increase in value	4
As at 31 December 2015 / 1 January 2016	7
Addition due to acquisitions	6,220
Disposal due to sales	–770
Impairment due to change in fair value	–1
Write-up due to increase in fair value	612
As at 31 December 2016	6,068

This item includes securities (equity instruments) that are traded on German stock exchanges. They are stated at the current stock market price as at the reporting date. Any changes in value are recognised in the fair value reserve or in other income.

7.6 Cash and cash equivalents

The cash and cash equivalents include bank balances due on demand.

7.7 Equity

The share capital amounts to EUR 500,000.00 as at 31 December 2016 and is divided into 50,000 no-par value bearer shares.

The capital reserves recognised as at the reporting date result mainly from the premium in connection with an in-kind capital increase.

Accumulated other comprehensive income includes the fair value reserve.

Securities held as current assets are measured at fair value as at the reporting date. This valuation is recognised in other income and transferred to the reserve. The changes were as follows:

	EUR '000
As at 1 January 2015	0
Valuation of securities in 2015	4
As at 31 December 2015	4
Valuation of securities in 2016	612
As at 31 December 2016	616

Godewind Immobilien AG did not pay out any dividends in the past financial year and there are no plans as yet to pay out any dividends for the current financial year either.

7 Supplementary notes on the items in the annual financial statements (Continued)

7.8 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations changed as follows in the 2016 reporting year—starting with the opening balance for the 2015 financial year:

	EUR '000
As at 1 January 2015	501
Utilisation in 2015	–26
Change parameter	–32
Interest expense in 2015	9
As at 31 December 2015	452
Utilisation in 2016	–25
Change parameter	–2
Interest expense in 2016	6
As at 31 December 2016	431

The pension obligations were measured based on the provisions set out in IAS 19 and the generally recognised actuarial principles, applying the projected unit credit (PUC) method. The 2005 G mortality tables developed by Dr Klaus Heubeck were used as the basis for the calculation. The retirement age used for the purposes of the calculation is the contractual retirement age of 63 for women and men. The entitlements to widow(er)'s pensions were measured collectively.

The actuarial discount rate is 1.50% (previous year: 2.0%). The change in the discount rate by 10 basis points would lead to a change in the pension obligations of EUR 4k. The salary increase trend for current pensions is 1.50% (previous year: 1.25%) per year. The calculation is based on a duration of 10 years.

There are reinsurance receivables of EUR 107 thousand (previous year: EUR 113 thousand) for the pension obligations. Please refer to the disclosures under note 7.2. Pension payments in the amount of EUR 25k are expected for the 2017 financial year.

7.9 Current income tax liabilities

The liabilities in the previous year relate to trade tax for 2014 and were paid in the financial year under review.

7.10 Trade payables

Trade payables relate mainly to ongoing business operations.

7.11 Liabilities to related parties

The liabilities have a residual maturity of up to twelve months.

They primarily include two loans received from shareholders and a current settlement account for, among others, general administrative expenses.

The loans bear interest at a fixed rate. The accrued interest amounted to EUR 27 thousand during the financial year (previous year: EUR 17 thousand). Securities were not provided.

There were no delays in payments or contractual breaches relating to the liabilities during the reporting period.

There are no financial liabilities denominated in foreign currencies at present. There are no interest rate swaps or other derivative financial instruments as at the reporting date either.

7 Supplementary notes on the items in the annual financial statements (Continued)

7.12 Other current liabilities

Other current liabilities comprise the following as at the reporting date:

	31/12/2016	31/12/2015
	EUR '000	EUR '000
Supervisory Board remuneration	22	0
Legal, consultancy and auditing fees	18	8
Liabilities relating to payroll and church tax	2	2
	42	10

7.13 Deferred taxes

No deferred tax assets or liabilities are reported in the balance sheet on the reporting date.

There are active differences in assets due to the differences in the measurement of securities held as current assets that would result in deferred tax liabilities. The differences are as follows:

	IFRS value	Tax balance sheet	Deviation	Thereof 5%
	EUR '000	EUR '000	EUR '000	EUR '000
01/01/2015	3	3	0	0
31/12/2015	7	7	0	0
31/12/2016	6,068	5,457	611	31

Due to the tax exemption according to Section 8b KStG, only 5% thereof (non-deductible expenses) is taxable. Deferred tax liabilities have not been shown due to immateriality.

There are negative differences in liabilities due to the differences in the measurement of pension provisions that would result in deferred tax assets. The differences are as follows:

	IFRS value	Tax balance sheet	Deviation
	EUR '000	EUR '000	EUR '000
01/01/2015	501	293	208
31/12/2015	453	283	170
31/12/2016	431	253	178

There are also the following loss carryforwards:

	Corporation tax EUR '000	Trade tax EUR '000
01/01/2015	179,803	175,361
31/12/2015	179,847	175,412
31/12/2016	179,961	175,526

In total, not included deferred tax assets are as follows:

	31/12/2016	31/12/2015
	EUR '000	EUR '000
Deferred tax assets from pension provisions	57	55
Deferred tax liabilities from securities	–5	0
Deferred tax assets from corporate income tax and trade tax losses carried forward	57,362	57,325

Deferred tax assets on tax loss carryforwards are stated at the amount in which it is likely that the associated tax advantages can be realised through future taxable profits. The Management Board assumes, however, that

7 Supplementary notes on the items in the annual financial statements (Continued)

the loss carryforwards will not be used under the current business model. As a result, no deferred tax assets were recognised.

7.14 Personnel expenses

The Company had no employees at the end of the reporting period, only two members of the management board. The personnel expenses incurred comprise the following:

	2016	2015
	EUR '000	EUR '000
Salaries	24	8
Social security contributions and pensions	2	–28
	26	–20

Social security contributions and pensions include EUR 1 thousand in pension expenses (previous year: EUR 28 thousand).

7.15 Other operating income and expenses

Other operating income includes the following amounts:

	2016	2015
	EUR '000	EUR '000
Income from reinsurance	0	42
	0	42

Other operating expenses include the following amounts:

	2016	2015
	EUR '000	EUR '000
Cost of premises and rent	77	77
Legal, consultancy and auditing fees	27	57
Supervisory Board remuneration	22	0
Miscellaneous	11	0
	137	134

7.16 Income taxes

The tax income (previous year: tax income) reported in the statement of comprehensive income relates, both in the current financial year and in the previous year, mainly to corporation tax and the solidarity surcharge for 2014.

The actual taxes are calculated on the basis of the applicable tax provisions.

7 Supplementary notes on the items in the annual financial statements (Continued)

The reconciliation of the theoretical to the actual tax result is presented below:

	2016 EUR '000	2015 EUR '000
Earnings before income taxes	–133	–13
Expected tax income	–43	–4
Tax effects on		
tax refunds (–) in previous years	0	–1
tax–exempt income/non–deductible expenses	9	0
the recognition of deferred taxes resulting from the use of the loss carryforward	0	0
the non–recognition of deferred taxes on current losses	34	4
Actual tax expense (+)/tax income (–)	0	–1

Based on the actual tax expense, the effective tax rate for the financial year amounts to 0.0%. The theoretical tax rate is calculated as follows:

	2016 (%)	2015 (%)
Corporation tax	15.00	15.00
Solidarity surcharge	0.83	0.83
Trade tax rate	16.45	16.45
Tax rate	32.28	32.28

7.17 Earnings per share

As in the previous year, there are no equity instruments with a potential dilutive effect, such as stock options, as at the reporting date. Basic earnings per share are calculated as the ratio of the earnings due to the Company's shareholders to the average number of shares outstanding during the financial year as follows:

	2016 (EUR)	2015 (EUR)
Net loss for the period	–132,600.47	–11,838.30
Average number of shares	500,000	500,000
Basic earnings per share	–0.27	–0.02
Diluted earnings per share	–0.27	–0.02

At the Annual General Meeting on 30 November 2017, the bearer shares were converted into registered shares and a change in the number of shares was made. The calculated share of the no–par–value shares in the capital stock is now EUR 1.00 instead of EUR 10.00.

7.18 Statement of cash flows

The statement of cash flows was prepared in view of ongoing business operations using the indirect method. A distinction was made between current operating, investing and financing activities. The cash and cash equivalents as at the reporting date comprise bank balances.

The following cash flows are included in the statement of cash flows:

	2016 EUR '000	2015 EUR '000
Interest paid	–22	–9
Interest received	62	0
Taxes paid	–2	0
Taxes received	0	0

7 Supplementary notes on the items in the annual financial statements (Continued)

7.19 Contingent liabilities and Leasing

There are no other financial obligations that are relevant for the purposes of assessing the Company's financial position.

The company rents office space as part of an operating lease. The tenancy does not have a fixed term. Expenses in the amount of €76,000 were incurred in the financial year (previous year: €76,000) under the lease. The lease agreement was terminated on 15 December 2017 and payments in the amount of EUR 74k are expected for 2017.

7.20 Transactions with related parties

In addition to the corporate bodies of the Company, the shareholders as well as Mr. Karl Ehlerding and companies affiliated with him are related parties.

Material transactions with related parties in the financial year ended and in the previous financial year are presented below:

- There were loan-related receivables vis-à-vis the shareholder John Frederik Ehlerding amounting to EUR 0k (previous year: EUR 5,621 thousand as at 31 December 2016. The loan, including interest, was offset in full against other loans in the reporting year. The loan bore interest at a rate of 1.5%.
- There were loan-related receivables vis-à-vis the shareholder Karl Philipp Ehlerding amounting to EUR 2,258 thousand (previous year: EUR 0k) as at 31 December 2016. The loan bore interest at a rate of 1.5%. The accrued interest income amounted to EUR 3 thousand during the financial year.
- In 2016, Godewind AG received a loan of EUR 2,230 thousand with interest of 1.5% from Mr Karl Ehlerding. At the end of the year, the loan, including interest, amounts to EUR 2,238 thousand (previous year: EUR 0k).
- In 2016, Godewind received a loan of EUR 3,000 thousand with interest of 1.5% from Ehlerding Beteiliung GmbH. At the end of the year, the loan, including interest, amounts to EUR 3,003 thousand (previous year: EUR 0k).
- A cost allocation agreement was concluded with Elbstein AG on 17 December 2014. Elbstein AG entered into a lease agreement for office space in Hamburg on 31 March 2006. Under the agreement, the Company has to contribute 50% to the expenses to be paid monthly for this lease.
- As at 31 December 2016, there were liabilities to Elbstein AG, Hamburg, resulting from rental payments, pro rata service charges and interest in the amount of EUR 12 thousand (previous year: EUR 6k). The settlement account also bears interest at a rate of 1.5%. Interest of EUR 68.83 (previous year: EUR 0k) was incurred in the financial year under review.
- In the year under review, Godewind AG sold securities to Elbstein AG at a value of EUR 770k thousand in exchange for cash.

7.21 Executive bodies

The Company's Supervisory Board comprised the following members during the financial year:

- Dr Lukas Lenz, lawyer, Hamburg (Chairman until 20 November 2017),
- Claus Algner, businessman, Hamburg (Deputy Chairman until 20 November 2017),
- Jan Heinrich Meyer, bank director, Hamburg (ordinary member until 20 November 2017),
- Dr. Bertrand Malmendier, lawyer, Berlin (Chairman since 20 November 2017),
- Dr. Roland Folz, CEO of solarisBank AG, Berlin (Deputy Chairman since 20 November 2017),
- Karl Ehlerding, managing director, Hamburg (member since 20 November 2017).

7 Supplementary notes on the items in the annual financial statements (Continued)

The following individuals were appointed as members of the Management Board in the financial year ended:

- Nikolai Dumbsky, Hamburg (until 31 December 2017),
- Volker Lemke, Schenefeld (until 12 December 2017),
- Stavros Efremidis, Berlin (Chairman since 12 December 2017),
- Ralf Struckmeyer, Frankfurt am Main (since 12 December 2017).

In the financial year ended, the Supervisory Board received remuneration of EUR 22 thousand (previous year: EUR 0 thousand). The total remuneration paid to the Management Board for the financial year, including taxable benefits, amounted to EUR 24 thousand (previous year: EUR 8 thousand).

7.22 Significant events after the balance sheet date

At the proposal of the Management Board, the new members of the Supervisory Board were appointed by the Local Court (*Amtsgericht*) of Hamburg by decision of 23 November 2017, and elected at the Extraordinary General Meeting on 30 November 2017.

At the Extraordinary General Meeting on 30 November 2017, it was decided that the company would be renamed Godewind Immobilien AG. Furthermore, the previously bearer shares were converted into registered shares. In addition, it was resolved that the share capital of the Company would be increased by up to €14,500,000, from €500,000 to up to €15,000,000, against cash contributions by issuing up to 14,500,000 new registered shares with a notional interest of € 1.00 each in the share capital.

In addition, in the Extraordinary General Meeting on 30 November 2017, the business objective of the Company was changed by amending the Articles of Association. Accordingly, the business objective is the acquisition and sale as well as the management of domestic and foreign interests in real estate and real estate companies, the acquisition and sale of real estate, including their development, letting and leasing.

Hamburg, 29 December 2017

(The Management Board)

The following auditor's report, prepared in accordance with § 322 HGB ("Handelsgesetzbuch": "German Commercial Code"), refers to the complete separate IFRS financial statements, comprising balance sheet, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes of the Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG) for the business year from January 1 to December 31, 2016. The above–mentioned auditor's report and financial statements are both translations of the respective German–language documents.

AUDITOR'S REPORT

We have audited the separate IFRS financial statements, comprising statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and the notes of the Godewind Immobilien AG, Hamburg, Germany for the business year from January 1 to December 31, 2016. The maintenance of the books and records and the preparation of the annual financial statements in accordance with IFRSs, as adopted by the EU are the responsibility of the company`s management. Our responsibility is to express an opinion on the separate IFRS financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the separate IFRS financial statements in accordance with § 317 HGB (Handelsgesetzbuch: German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the separate IFRS financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting–related internal control system and the evidence supporting the disclosures in the books and records, the separate IFRS financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the separate IFRS financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the separate IFRS financial statements comply with IFRSs, as adopted by the EU, and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these requirements.

Frankfurt am Main

February 1, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

Pürsün	Kunisch
Wirtschaftsprüfer German Public Auditor	Wirtschaftsprüfer German Public Auditor

2017 IFRS FINANCIAL STATEMENTS

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

IFRS statement of financial position as at 31 December 2017

	(Note)	31/12/2017	31/12/2016
		EUR	EUR
Assets			
Non-current assets			
Intangible assets	6.1	0.00	2,142.00
Other non-current receivables	2.2/6.2	95,346.67	107,042.92
		95,346.67	**109,184.92**
Current assets			
Current income tax receivables	2.11/6.3	0.00	951.61
Receivables from related parties	2.6/6.4	0.00	2,257,943.30
Securities held as current assets	2.5/6.6	0.00	6,068,474.75
Other current assets	2.6/6.5	344,072.29	0.00
Cash and cash equivalents	2.7/6.7	19,171,551.46	1,928,203.68
		19,515,623.75	**10,255,573.34**
		19,610,970.42	**10,364,758.26**
Equity and liabilities			
Equity			
Subscribed capital	6.8	15,000,000.00	500,000.00
Capital reserves	6.8	3.64	3.64
Accumulated other comprehensive income	6.8	0.00	615,511.08
Accumulated retained earnings attributable to shareholders	6.8	3,560,608.67	3,510,999.10
		18,560,612.31	**4,626,513.82**
Non-current liabilities			
Provisions for pensions and similar obligations	2.8/6.9	373,985.00	430,860.00
		373,985.00	**430,860.00**
Current liabilities			
Trade payables	2.10/6.10	667,798.00	12,566.48
Liabilities to related parties	2.10/6.11	0.00	5,253,078.75
Other current liabilities	2.10/6.12	8,575.11	41,739.21
		676,373.11	**5,307,384.44**
		19,610,970.42	**10,364,758.26**

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

IFRS income statement and other comprehensive income

for the 2017 financial year

	(Note)	2017	2016
		EUR	EUR
Other operating income	6.15	43,192.35	82.50
Personnel expenses	6.14	–8,209.59	–26,096.11
Other operating expenses	6.14	–481,189.84	–137,166.59
Net operating profit/loss		**–446,207.08**	**–163,180.20**
Interest income	6.4/6.6/6.16	704,022.53	64,352.15
Interest expenses	6.6/6.11/6.16	–208,205.88	–33,776.55
Net financial profit/loss		495,816.65	30,575.60
Earnings before income taxes		**49,609.57**	**–132,604.60**
Income taxes	6.17	0.00	4.13
Net profit/loss for the period		**49,609.57**	**–132,600.47**
Earnings per share (basic diluted)	6.18	0.03	–0.27
Net profit/loss for the period		**49,609.57**	**–132,600.47**
Unrealised gain from the fair value measurement of securities		0.00	611,676.73
Reclassification of unrealized gains from the fair value measurement of securities		–615,511.08	0.00
Other comprehensive income, net of taxes		**–615,511.08**	**611,676.73**
Total comprehensive income		**–565,901.51**	**479,076.26**

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

IFRS statement of cash flows

for the 2017 financial year

	(Note)	2017	2016
		EUR	EUR
Net loss for the period		49,609.57	–132,600.47
Net interest recognised in profit or loss	6.19	17,460.82	–30,575.60
Actual taxes recognised in profit or loss	6.19	0.00	–4.13
Elimination of gains / losses on sale of securities and asset disposals		–511,135.47	0.00
Interest received	6.19	29,692.52	61,533.24
Interest paid	6.19	–47,153.34	–22,737.72
Income tax payments		951.61	–2,017.48
Change in receivables and other assets		–332,376.04	6,028.45
Change in liabilities and other items under equity and liabilities		565,192.42	9,696.06
Net Cash flows from operating activities		**–227,757.91**	**–110,677.65**
Investments in intangible assets	6.1	0.00	–2,142.00
Investments in securities held as current assets	6.6	–5,591,361.37	–6,220,121.67
Cash proceeds from the disposal of securities held as current assets	6.6	11,557,602.51	770,000.00
Net Cash flows from investing activities		**5,966,241.14**	**–5,452,263.67**
Deposit from capital increase	6.8	14,500,000.00	0.00
Cash proceeds from the settlement of receivables from related parties	6.4	2,257,943.30	1,994,365.71
Cash proceeds in connection with the granting of liabilities to related parties		825,885.00	5,446,410.22
Payments made in connection with the repayment of liabilities to related parties	6.11	–6,078,963.75	0.00
Net Cash flows from financing activities		**11,504,864.55**	**7,440,775.93**
Net increase/decrease in cash and cash equivalents		**17,243,347.78**	**1,877,834.61**
Cash and cash equivalents at the beginning of period	6.7	1,928,203.68	50,369.07
Cash and cash equivalents at the end of period	6.7	**19,171,551.46**	**1,928,203.68**

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

IFRS statement of changes in equity

for the 2017 financial year

Equity to attributable to the shareholders of the Company

	(Note)	Subscribed capital	Capital reserves	Fair value reserve	Accumulated other comprehensive income	Accumulated retained earnings attributable to shareholders	Total equity
		€	€	€	€	€	€
As at 31 December 2015		**500,000.00**	**3.64**	**3,834.35**	**3,834.35**	**3,643,599.57**	**4,147,437.56**
Total comprehensive income	6.8	0.00	0.00	0.00	0.00	–132,600.47	–132,600.47
Addition to the fair value reserve	6.8	0.00	0.00	611,676.73	611,676.73	0.00	611,676.73
Overall result		0.00	0.00	611,676.73	611,676.73	–132,600.47	479,076.26
As at 31 December 2016		**500,000.00**	**3.64**	**615,511.08**	**615,511.08**	**3,510,999.10**	**4,626,513.82**
Capital increase December 2017		14,500,000.00	0.00	0.00	0.00	0.00	14,500,000.00
Total comprehensive income	6.8	0.00	0.00	0.00	0.00	49,609.57	49,609.57
Addition to the fair value reserve	6.8	0.00	0.00	–615,511.08	–615,511.08	0.00	–615,511.08
Overall result		0.00	0.00	–615,511.08	–615,511.08	49,609.57	–565,901.51
As at 31 December 2017		**15,000,000.00**	**3.64**	**0.00**	**0.00**	**3,560,608.67**	**18,560,612.31**

Table of contents

Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG)

Notes to the annual financial statements for the 2017 financial year

1 General information

Godewind Immobilien AG is a German stock corporation (*Aktiengesellschaft*) which is domiciled in Germany. The Company's registered office is located at Am Sandtorkai 77, Hamburg. The Company is entered into the commercial register of the Local Court (*Amtsgericht*) of Hamburg under no. HRB 139152. The business objective of the Company until 30 November 2017 included the acquisition, sale and management of its own assets, specifically equity interests in corporations and partnerships in Germany and abroad, as well as land and land rights. The business objective of the Company was changed in the Extraordinary General Meeting on 30 November 2017 by amendment of the Articles of Association. Accordingly, the business objective of the Company is the acquisition and sale as well as the management of domestic and foreign participations in real estate and real estate companies, the purchase and sale of real estate including their development, letting and leasing.

Pursuant to the shareholders' resolution dated 1 September 2015, KPE Holding GmbH was reorganised into Godewind AG by way of a change in its legal form. The change in the Company's legal form was entered in the commercial register on 26 November 2015. At the Extraordinary General Meeting on 30 November 2017, it was decided that the company would be renamed Godewind Immobilien AG. A capital increase of EUR 14,500k to EUR 15,000k was also resolved.

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

The Company prepares separate financial statements and not consolidated financial statements, as it does not have any subsidiaries.

The Company's financial year is the calendar year. In 2017, the Company had no employees, only two Management Board members.

Godewind Immobilien AG is not a capital market-oriented company within the meaning of German corporate or commercial law. These IFRS financial statements have thus been prepared on a voluntary basis.

The IFRS annual financial statements were prepared by the Management Board of the Company on 7 February 2018 and were released for publication.

2 Significant accounting policies

The following presents the significant accounting policies used to prepare these annual financial statements.

2.1 Basis of preparation

The Company's annual financial statements as at 31 December 2017 were prepared on a voluntary basis in accordance with the IFRS applicable as at 31 December 2017 (including the interpretations of the IFRS IC) as adopted by the EU.

The requirements of IFRS were complied with in full and resulted in a fair presentation of the Company's net assets, financial position and results of operation. The statement of comprehensive income was prepared in accordance with the nature of expense method.

The financial statements were generally prepared on the basis of the historical cost principle, with the exception made for receivables from reinsurance contracts as well as securities held as current assets, which were measured at fair value.

The estimates and assumptions on the basis of which the financial statements in accordance with IFRS were prepared affect the measurement of assets and liabilities, as well as the amounts recognised for contingent assets and liabilities as at the respective balance sheet dates and the amounts recognised for income and expenses during the reporting period. Although these estimates and assumptions were made in good faith by the management on the basis of current events and measures, actual results may ultimately deviate from these estimates.

2 Significant accounting policies (Continued)

The following new financial reporting standards and interpretations were applied in preparing the IFRS financial statements for the financial year:

Standard	Content
Amendments to IAS 7	Additional disclosure requirements to improve the information
Amendments to IAS 12	Recognition of deferred tax liabilities for unrealized losses
Improvements to IFRS 2014–2016	Clarifications and amendments to IFRS 12

First-time application had no material effect on the annual financial statements or the presentation of the Company's net assets, financial position and results of operation or earnings per share.

The following new or amended financial reporting standards issued by the IASB prior to the date of these financial statements will not become mandatory until after the balance sheet date—subject to adoption by the European Union—and the Company has not opted to voluntarily apply them early:

Standard	Content	First-time application mandatory for financial years beginning on or after
Endorsed by EU		
Amendments to IFRS 4	Financial Instruments and Insurance Contracts	01/01/2018
IFRS 9	Financial Instruments	01/01/2018
IFRS 15	Revenue from Contracts with Customers	01/01/2018
IFRS 16	Leases	01/01/2019
Clarifications to IFRS 15	Revenue from Contracts with Customers	01/01/2018
Improvements to IFRS 2014–2016	Amendments and clarifications to IFRS 1 and IAS 28	01/01/2018
Not yet endorsed by EU		
Amendments to IFRS 2	Share-Based Payment	01/01/2018
IFRIC 22	Foreign Currency Transactions	01/01/2018
Amendments to IAS 40	Transfers of investment property	01/01/2018
Improvements to IFRS 2015–2017	Amendments and clarifications to IFRS 3, IFRS 11, IAS 12 and IAS 23	01/01/2019
IFRIC 23	Uncertainty regarding income tax treatments	01/01/2019
Amendments to IFRS 9	Prepayment features with negative compensation	01/01/2019
Amendments to IAS 28	Long-term investments in associated companies and joint ventures	01/01/2019
IFRS 17	Insurance contracts	01/01/2021
Amendments to IFRS 10 and IAS 28	Sales or contributions of assets in associates or joint ventures	Postponed indefinitely

The application of IFRS 9 does not result in a transition effect from the classification and valuation of financial instruments. The bank balances consist entirely of bank balances due on demand. Due to immateriality, no value adjustment is taken into account for these bank balances. If investments in equity instruments are made from 1 January 2018, they would be recognized at fair value through profit or loss in the future. In addition, the application of IFRS 9 results in additional disclosure requirements.

The application of IFRS 15 does not result in a transition effect at the time of transition. Contracts that will be concluded in the future in connection with the new business activity of Godewind will be accounted for in accordance with the standards applicable at that time. In addition, the application of IFRS 15 results in additional disclosure requirements in the notes. The Company currently does not expect material effects on the annual financial statements from the application of the other future accounting standards, except for additional disclosures in the notes. The standards will be applied for the first time when they become mandatory.

2 Significant accounting policies (Continued)

The amounts in the notes and tables are primarily reported in thousands of euros (EUR k) unless otherwise indicated. Presentation of figures in EUR k may result in rounding differences, both in the individual tables in the notes and between the figures reported in the notes and the figures reported in the remaining components of the financial statements.

2.2 Other non-current receivables

Other non-current receivables includes assets from employee benefits in the form of reinsurance contracts. These are measured at fair value. Since the reinsurance receivable is not insolvency-protected, it is not offset against the existing pension obligations.

2.3 Financial assets (overview)

Financial assets are classified according to the following measurement categories:

- Financial assets measured at fair value through profit or loss (there were none during the reporting period or in the previous year)
- Loans and receivables
- Held-to-maturity assets (there were none during the reporting period or in the previous year)
- Available-for-sale financial assets

Financial assets are classified depending on the purpose for which they were acquired. Management determines how financial assets are to be classified upon initial recognition and reviews their classification at each balance sheet date. During the reporting period and the prior-year period, the Company only held financial assets classified as loans and receivables and available-for-sale financial assets.

2.4 Financial assets (individual measurement categories)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted on an active market. These are created when the Company offers money, goods or services directly to a debtor without having the intention of trading in these receivables.

These are recognised as current assets if they fall due no later than twelve months after the balance sheet date. Otherwise, they are reported as non-current assets. Loans and receivables are included in the balance sheet under trade and other receivables from related parties.

Loans and receivables are measured in accordance with the effective interest method and carried at amortised cost less any write-downs. With the exception of current receivables in which the interest rate effect would be immaterial, interest income is recognised in accordance with the effective interest method.

2.5 Securities

In accordance with IAS 39, securities are classified as available-for-sale financial assets for measurement purposes. Available-for-sale financial assets are reported as at the balance sheet date at their fair value or, if this cannot be (reliably) determined for investments for equity instruments, at their historical cost. Changes in fair value are recognised directly in equity. In instances where there has been a material or lasting decrease in fair value of the equity instruments, an impairment is recognised in profit or loss. Should the circumstances leading to the recognition of an impairment no longer be present in subsequent periods, impairment losses on financial assets with debt characteristics are reversed through profit or loss, as are any prior-period impairments. Reversals of impairments on equity instruments are recognised directly in equity.

Impairments on financial instruments recognised at cost are recognised through profit or loss. Impairments recognised in respect of such financial instruments are not reversed.

2 Significant accounting policies (Continued)

2.6 Trade receivables, receivables from related parties and other assets

Receivables are initially recognised at fair value taking into account transaction costs and subsequently measured at amortised cost less cumulative write-downs in accordance with the effective interest method. These receivables are classified as loans and receivables.

An impairment is recognised if there are objective indications that it will not be possible to collect the full amount of the receivables as they fall due.

The amount to be written down is calculated as the difference between the carrying amount of the receivable and the present value of estimated future cash flows from this receivable, discounted using the effective interest rate. The impairment is recognised in profit or loss.

Should any or all of the reasons for an impairment no longer apply, the impairment is reversed through profit or loss, with the carrying amount of the receivable written up to no more than the amortised cost.

2.7 Cash and cash equivalents

Cash and cash equivalents are recognised in the balance sheet at their historical cost. Cash and cash equivalents recognised in the statement of cash flows comprise cash on hand, demand deposits, and other short-term, highly liquid financial investments with an original term of no more than three months.

2.8 Pension obligation

Pension provisions are calculated in accordance with the projected unit credit method. In accordance with IAS 19, this method takes into account pensions and vested benefits reported as at the balance sheet date as well as expected future salary and pension increases. Any difference between the amount reported under pension provisions in the IFRS financial statements and the amount reported in the single-entity financial statements prepared in accordance with German commercial law was recognised in the opening balance sheet as at 1 January 2015 in accumulated retained earnings attributable to shareholders without affecting income.

The Company's retirement benefit plan consists of a defined benefit system. The Company's obligation is to fulfil commitments made to former employees.

2.9 Other provisions

Other provisions are recognised if the Company is subject to a current legal or constructive obligation arising from past events, if it is likely that an outflow of economic resources will be necessary to fulfil the obligation and it is possible to reliably estimate the amount of such resources. If the Company expects to receive a reimbursement for an amount recognised under other provisions (e.g., on the basis of an insurance policy), it recognises the reimbursement claim as a separate asset if reimbursement is all but certain in the event a claim is made in respect of the obligation. Provisions that do not lead to an outflow of resources in the following year are recognized at the settlement amount discounted to the balance sheet date. The discounting takes place at market interest rates.

The Company recognises a provision for loss-making transactions if the expected economic benefits arising from the contractual claim are less than the unavoidable costs of fulfilling the contractual obligation.

2.10 Financial liabilities, trade payables, liabilities to related parties and other current liabilities

Financial liabilities are initially recognised at fair value less transaction costs. They are subsequently measured at amortised cost; any difference between the amount paid out (less transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the term of the liability in accordance with the effective interest method.

Financial liabilities are classified as current if the Company does not have the absolute right to postpone settlement of the liability to a date at least twelve months after the balance sheet date. Trade payables and other current liabilities are measured at amortised cost using the effective interest method.

2 Significant accounting policies (Continued)

2.11 Deferred and current taxes

Deferred tax assets and liabilities are accounted for in accordance with the liability method for temporary differences between the tax accounts and the IFRS accounts and for unutilised tax loss carryforwards. Deferred taxes are calculated on the basis of the statutory tax rate applicable at the balance sheet date at the time the respective differences are expected to reverse. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be generated against which the temporary differences or a loss carryforward can be applied.

Current tax reimbursement claims and tax liabilities are recognised in the amount for which a reimbursement by or payment to the tax authorities is expected. The tax rates and tax laws applicable as at the balance sheet date are used to calculate this.

2.12 Revenue recognition

Income from the disposal of financial assets (securities) is recognized when the contractual rights to cash flows from an asset expire or the rights to receive the cash flows arise in a sale transaction, in which all material risks and opportunities associated with the ownership of the financial asset are transferred. A derecognition also occurs if the Company neither transfers nor retains all material risks and rewards of ownership and does not retain control over the transferred asset.

The Company recognises interest income *pro rata temporis*, taking into account the residual liability and the effective interest rate over the remaining term.

2.13 Leases

Leases under which the Company bears all material risks and benefits of ownership of the leased asset as the lessee are classified as finance leases. Assets under finance leases are recognised at the commencement of the lease term at the lower of fair value and the present value of the minimum lease payments. The same amount is recognised at that date as a lease liability under non-current financial liabilities. The portion of the lease liability falling due within twelve months after the balance sheet date is reported under current financial liabilities. As a consequence, each lease instalment is split into an interest and principal portion, taking into account a constant rate of interest for the respective residual lease liability. The interest portion of the lease instalment is recognised through profit or loss as an interest expense in the statement of comprehensive income.

The Company had no finance leases during the year under review.

In the case of leases in which the Company is a lessee, beneficial ownership of the leased assets is attributed to the lessor in accordance with IAS 17 if the latter bears substantially all the risks and rewards of ownership of the leased asset. The leased assets are accounted for by the lessor in this case. The leasing expenses incurred for this purpose are recognized in full as expenses by the lessee. Operating leases relate to motor vehicles, certain items of office equipment and business supplies as well as business premises. The leases do not contain any purchase options.

3 Additional disclosures on financial instruments

3.1 General principles of financial risk management

Financial risk management entails the management and limitation of financial risks arising from operating activities. It encompasses continual, rolling liquidity monitoring aimed specifically at avoiding material defaults and securing the financial means required to finance current business operations.

In principle, fixed interest on loan liabilities is agreed in the loan agreements. Since the loans are short-term, changes in interest rates can occur at any time.

The quantitative disclosures relating to the financial and liquidity risk are presented below in the sections entitled “Liquidity risk” and “Financing risk”.

3 Additional disclosures on financial instruments (Continued)

3.2 Capital management

The Company manages its capital—i.e., recognised equity in accordance with IFRS—with the aim of maintaining an equity ratio of approximately 40% to 45% and accordingly a debt ratio of approximately 55% to 60%.

The Company regularly reviews its capital structure when it prepares its annual financial statements. The equity ratio was as follows at the end of the year:

Equity ratio	31/12/2017	31/12/2016
	EUR k	EUR k
Equity	18,561	4,627
Total assets	19,611	10,365
Equity ratio (%)	94.6	44.6

The net indebtedness at the end of the year was as follows:

	31/12/2017	31/12/2016
	EUR k	EUR k
Liabilities (without pension liabilities)	676	5,306
Cash and cash equivalents	–19,172	–1,928
Net indebtedness (–balance)	–18,496	3,378
Equity	18,561	4,627
Ratio of net indebtedness to equity (in %)	n/a	73.0

3.3 Classification of financial instruments in accordance with IFRS 7

The tables below reconcile the carrying amounts of the financial instruments to the measurement categories in accordance with IAS 39 and the fair values of the financial instruments within each class:

31/12/2017	Carrying amount	Of which falling under the scope of IFRS 7	Measurement category[1]	Fair value under the scope of IFRS 7
	EUR k	EUR k		EUR k
Other assets	344	0	—	—
Cash and cash equivalents	19,172	19,172	LaR	19,172
Trade payables	668	668	AmC	668
Other current liabilities	8	8	AmC	8

31/12/2016	Carrying amount	Of which falling under the scope of IFRS 7	Measurement category[1]	Fair value under the scope of IFRS 7
	EUR k	EUR k		EUR k
Securities held as current assets (equity instruments)	6,068	6,068	AfS	6,068
Receivables from related parties	2,258	2,258	LaR	2,258
Cash and cash equivalents	1,928	1,928	LaR	1,928
Trade payables	13	13	AmC	13
Liabilities to related parties (loans)	5,253	5,253	AmC	5,253
Other current liabilities	42	40	AmC	40

(1) AfS: Available-for-sale financial assets;

LaR: Loans and receivables; AmC: Amortised cost (Financial liabilities carried at amortised cost)

Financial instruments measured at fair value are classified according to the significance of the factors and information influencing their valuation and their valuation levels.

3 Additional disclosures on financial instruments (Continued)

A financial instrument is classified to a level depending on the significance of the input factors used in its overall valuation, i.e., the lowest level which is significant or decisive for the valuation as a whole. The levels are organised in hierarchical order according to their input factors:

Level 1: (Unchanged) prices quoted on active markets for identical assets or liabilities

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

Level 3: Factors for measuring the asset or liability that are not based on observable market data (unobservable inputs)

The equity instruments recognised in the balance sheet at fair value are measured based on information and inputs from Level 1 as described above. The disclosures on the other financial instruments are based on a Level 3 valuation.

Cash and cash equivalents, receivables from related parties and other current receivables are largely short-term. Their carrying amounts as at the balance sheet date are therefore approximately the same as their fair values. The same applies for trade payables, liabilities to related parties and other current liabilities.

The other non-current financial assets have a book value which materially corresponds to the fair value as at the reporting date.

3.4 Net gains and losses from financial instruments

The net gain/loss broken down by the measurement categories set out in IAS 39 is as follows:

	AfS	LaR	AmC	Total
	EUR k	EUR k	EUR k	EUR k
Profits from the sale of securities	674 (previous year: 0)	0 (previous year: 0)	0 (previous year: 0)	674 (previous year: 0)
Losses from sales of securities	–161 (previous year: 0)	0 (previous year: 0)	0 (previous year: 0)	–161 (previous year: 0)
Interest income	0 (previous year: 0)	30 (previous year: 64)	0 (previous year: 0)	30 (previous year: 64)
Interest expenses	0 (previous year: 0)	0 (previous year: 0)	–41 (previous year: –27)	–41 (previous year: –27)
Increase in value (fair value reserve)	0 (previous year: 616)	0 (previous year: 0)	0 (previous year: 0)	0 (previous year: 616)
Net gain/loss	513 (previous year: 616)	30 (previous year: 64)	–41 (previous year: –27)	502 (previous year: 653)

3.5 Interest rate change risk

The interest income reported in the net profit/loss for the period comprises the following:

	31/12/2017	31/12/2016
	EUR k	EUR k
Other interest and similar income		
Interest income from interest-bearing assets	30	64

As in the previous year, the interest expenses reported in the net profit/loss for the period relate exclusively to interest from interest-bearing liabilities in the amount of EUR 41k (previous year: EUR 27k). The corresponding capitalisation rate in the financial year amounted to 1.5%.

The main risks to the Company associated with changes in interest rates relate to borrowing.

Fixed interest rates were agreed for the loan liabilities in the loan agreements. To date, no interest rate hedging transactions have been concluded to reduce the risk associated with changes in interest rates. Due to short-term loan agreements and fixed interest rates, there is no interest rate risk.

3.6 Other market price risks

The company is exposed to share price risks. The Management Board monitors the securities portfolio on the basis of market indices. All listed investments of the company are listed on German stock exchanges. For

3 Additional disclosures on financial instruments (Continued)

shares classified as "available for sale", a hypothetical increase in the market price of two percent would have led to no increase in equity (2016: increase/decrease of EUR 121k after taxes), as the shares were sold at the end of the reporting period.

3.7 Default risk management

Default risk refers to the risk of the Company incurring a loss if a contractual partner fails to fulfil its contractual obligations.

The Company only enters business relationships with contractual partners that have good credit ratings and, where appropriate, obtains collateral in order to reduce the risk of loss associated with a failure to fulfil obligations.

The Company uses the financial information available and its own trading records to evaluate its customers. The Company's risk exposure is monitored on an ongoing basis. Particular default risks that tend to arise in connection with material receivables from related parties are analysed separately.

As at the reporting date, the receivables from related parties that are not impaired and for which no collateral was furnished to the Company had the following age structures:

	31/12/2017	31/12/2016
	EUR k	EUR k
Age structure of receivables from related parties		
Receivables that are not past due	0	2,258
Receivables that are past due by up to 30 days	0	0
Receivables that are past due by up to 90 days	0	0
Receivables that are past due by up to 180 days	0	0
Receivables that are past due by up to 360 days	0	0
Receivables that are past due by more than 360 days	0	0
Total	0	2,258
Carrying amount of the impaired receivables	0	0
Total	0	2,258

The receivables that were not past due on the reporting date were receivables from related parties. All of the receivables were paid back in full during the course of the financial year. In the financial year under review, no impairment losses were recognised in connection with receivables losses relating to receivables from related parties due to poor customer credit ratings (previous year: EUR 0k).

There were no major default risks as at the reporting date. The carrying amount of the financial assets reported on the face of the financial statements constitutes the maximum default risk.

3.8 Liquidity risk

Responsibility for liquidity risk management lies with the Management Board, which has established an appropriate concept for managing short-term, medium-term and long-term financing and liquidity requirements.

The Company manages liquidity risks by keeping adequate reserves, via loans between related parties and by constantly monitoring the projected and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table shows the contractual residual maturity of those liabilities of the Company that fall under the scope of IFRS 7. The table is based on undiscounted cash flows and the earliest date on which the Company can be obliged to pay. The table includes both interest and principal payments.

3 Additional disclosures on financial instruments (Continued)

	31/12/2017	31/12/2016
	EUR k	EUR k
Residual maturity of the liabilities that fall under the scope of IFRS 7		
Payments within 12 months	676	5,305
Payments within between 12 and 24 months	0	0
Payments within between 24 and 60 months	0	0
Repayment after more than 30 months	0	0
Total	676	5,305

The Company expects to be able to satisfy its liabilities using its own operating cash flows and the available financial assets.

Overview of Interest-bearing Liabilities (Terms and Liabilities Schedule):

EUR k	Currency	Nominal interest rate (in %)	Due Year	31 December 2017 Nominal value	31 December 2017 Book Value	31 December 2016 Nominal value	31 December 2016 Book Value
Liabilities towards related parties and companies							
Unsecured Loans	EUR	1.5	2017	0	0	5,253	5,253
Unsecured Settlement Accounts	EUR	1.5	2017	0	0	12	12
Total				0	0	5,265	5,265

3.9 Financing risk

The Company is presently sufficiently equipped with financial resources for its current business activities and has fully repaid its loan liabilities to related parties and companies. In order to finance the aspired growth, the Company relies on further capital increases as well as possible debt financing.

As of the reporting date, no substantial financing risk exists as the Company has repaid its loan liabilities and is sufficiently equipped with cash and cash equivalents.

The financial management system aims to achieve a situation in which Godewind Immobilien AG generates the financial resources required for the Company's operating growth on its own in the future. The new strategic business objectives and the establishment of a real estate portfolio will, however, initially be dependent on some form of external funding.

4 Accounting estimates, judgements and assumptions

The Company makes accounting estimates and assumptions regarding expected future developments. All assumptions and estimates are based on the prevailing circumstances and assessments on the balance sheet date and have an impact on the presentation of the net assets, financial position and results of operation, as well as on the understanding of the underlying financial reporting risks. The estimates applied as part of this process may deviate from the circumstances which actually materialise later on. The following areas of accounting, in particular, involve critical estimates and assumptions:

- Regarding the securities held by the Company, the Management Board has to decide, on each reporting date, whether these securities are being held long term for investment purposes or are being held for sale. Depending on this decision, the securities are recognised, in line with the corresponding principles, as available-for-sale securities or available-for-sale non-current assets and are measured, in line with this classification, at (amortised) cost or at fair value.
- Estimates are required when recognising current and deferred tax items. The recoverability of deferred tax assets is dependent on future taxable income. There is uncertainty surrounding the interpretation of tax provisions, e.g. regarding the treatment of tax loss carryforwards in the event of shareholder changes. As a

4 Accounting estimates, judgements and assumptions (Continued)

result, differences between the actual results and our assumptions, or future changes to our estimates, may result in changes in the tax result in future periods.

- The measurement of provisions for pensions and similar obligations is based, among other things, on assumptions about discount rates, expected future pension increases and mortality tables. These assumptions may differ from actual data due to changes in economic conditions or changing market conditions.
- As of 31 December 2017, other assets include deferred pro rata costs as part of the planned IPO, which will be offset in equity when the IPO is realized to the extent that they relate to new shareholders. Assumptions were made for the ratio of old shareholders to new shareholders. These assumptions may differ from actual deferred costs due to the change in the actual share issue.

5 Segment reporting

There is no segment reporting in accordance with IFRS 8 for the financial year under review, as the Company exercises only one business activity and thus has only one segment.

6 Supplementary notes on the items in the annual financial statements

6.1 Intangible assets

Intangible assets changed as follows over the past two financial years:

	EUR k
As at 31 December 2015	0
Additions	2
Disposals	0
As at 31 December 2016	2
Disposals	–2
As at 31 December 2017	0

6.2 Reinsurance receivables

Reinsurance receivables (life insurance) changed as follows:

	EUR k
As at 31 December 2015	113
Change	–6
As at 31 December 2016	107
Change	–12
As at 31 December 2017	95

6.3 Current income tax receivables

Current income tax receivables comprise the following:

	2017 EUR k	2016 EUR k
2014 corporation tax	0	1
2014 solidarity surcharge	0	0
Total	0	1

6 Supplementary notes on the items in the annual financial statements (Continued)

6.4 Receivables from related parties

For details on related parties see note 6.21. These receivables changed as follows during the financial year:

	EUR k
As at 31 December 2015	5,621
Repayment	–2,050
Disposal due to offsetting	–1,377
Interest	64
As at 31 December 2016	2,258
Interest	30
Repayment	–2,288
As at 31 December 2017	0

The receivable at the end of the year is a receivable from the shareholder Karl Philipp Ehlerding. The receivable at the end of the previous year was a receivable from the shareholder John Frederik Ehlerding. With the agreement over non-discharging debt assumption of outstanding loans on 29 December 2016, various loans were offset against one another and the remaining claims of EUR 2,255k were settled by Karl Philipp Ehlerding.

The loan bears interest at a rate of 1.5%. In accordance with the agreement of 9 August 2011 and the declaration of accession of 19 December 2011, the loan is reported as current. Collateral was not provided. The loan was repaid in one single amount in November 2017.

6.5 Other current assets

Other current assets changed as follows:

	2017 EUR k	2016 EUR k
Reclaims of social contribution	1	0
Value added tax receivable	1	0
Deposit payments for office space	8	0
Deferred transaction costs for capital increase	332	0
Other	2	0
Total	344	0

Deferred transaction costs for capital increase relate to total costs incurred in 2017 and in connection with the planned initial public offering and issuance of new shares for the capital increase scheduled for spring 2018. After a successful capital increase, these costs are to be offset against the equity. The determination of the proportion of the costs attributable to the capital increase was estimated by a ratio of old to new shares the Godewind Immobilien AG plans to issue. The actual amount offset against equity with no effect on profit or loss is based on the issue volume that can be realized in the planned IPO. The deferred costs are to be expensed in 2018 in the amount of the unrealized issue volume.

6 Supplementary notes on the items in the annual financial statements (Continued)

6.6 Current Securities

Securities (shares) changed as follows:

	EUR k
As at 31 December 2015 / 1 January 2016	7
Additions through acquisitions of shares	6,220
Disposal through sale of shares	–770
Impairment due to changes in fair value	–1
Gain due to changes in fair value	612
As at 31 December 2016	6,068
Additions through acquisitions of shares	5,591
Disposal through sale of shares	–11,659
As at 31 December 2017	0

The reported securities (equity instruments) are traded on German stock exchanges. The securities were sold with an overall positive realised result of EUR 513k (net of gains and losses). The valuation for the previous year is based on the stock market price on the previous year's reporting date. The resulting changes in value (EUR 615k) were reported in the reserves of fair value. The reserves were amortised to profit or loss upon the sale of the securities in 2017 and recognized in the profit and loss statement under financial income/expenses (gains or losses on purchases of securities).

6.7 Cash and cash equivalents

The cash and cash equivalents include bank balances due on demand.

6.8 Equity

The share capital amounts to EUR 15,000,000.00 as at 31 December 2017 and is divided into 15,000,000 no-par value registered shares.

At the Annual General Meeting on 30 November 2017, a capital increase was approved by up to EUR 14,500,000.00. The capital increase was made through cash contribution. In addition, the bearer shares were converted into registered shares and the denominations changed.

The capital reserves recognised as at the reporting date result mainly from the premium in connection with an in-kind capital increase.

Accumulated other comprehensive income includes the reserve for fair valuation.

Securities held as current assets are measured at fair value as at the reporting date. This valuation is recognised in other income and transferred to the reserve. As part of the sale of the securities, the amount was written off in 2017 in profit or loss. The changes were as follows:

	EUR k
As at 31 December 2015	4
Valuation of securities in 2016	612
As at 31 December 2016	616
Reclassification of unrealized gains from the fair value measurement of securities 2017	–616
As at 31 December 2017	0

Godewind Immobilien AG did not pay out any dividends in the past financial year.

6 Supplementary notes on the items in the annual financial statements (Continued)

6.9 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations changed as follows in the 2017 reporting year:

	EUR k
As at 31 December 2015	452
Utilisation in 2016	–25
Change parameter	–2
Interest expense in 2016	6
As at 31 December 2016	431
Utilisation in 2017	–25
Change parameter	–38
Interest expense in 2017	6
As at 31 December 2017	374

The pension obligations were measured based on the provisions set out in IAS 19 and the generally recognised actuarial principles, applying the projected unit credit (PUC) method. The 2005 G mortality tables developed by Dr Klaus Heubeck were used as the basis for the calculation. The retirement age used for the purposes of the calculation is the contractual retirement age of 63 for women and men. The entitlements to widow(er)'s pensions were measured collectively.

The actuarial discount rate is 1.60% (previous year: 1.50%). The change in the discount rate by 10 basis points would lead to a change in the pension obligations of EUR 4k. The salary increase trend for current pensions is 1.50% (previous year: 1.50%) per year. The calculation is based on a duration of 10 years.

There are reinsurance receivables of EUR 95k (previous year: EUR 107k) for the pension obligations. Please refer to the disclosures under note 6.2. Pension payments in the amount of EUR 23k are expected for the 2018 financial year.

6.10 Trade payables

Trade payables relate mainly to the anticipated initial public offering at the beginning of 2018 and ongoing business operations. The liabilities include EUR 583k in legal and consulting fees, which are primarily related to the planned IPO, and EUR 81k for the preparation and audit of the financial statements.

6.11 Liabilities to related parties

The liabilities primarily included two loans received from shareholders and a current settlement account for, among others, general administrative expenses.

The loans bear interest at a fixed rate. The accrued interest amounted to EUR 41k during the financial year (previous year: EUR 27k). Securities were not provided. There were no delays in payments or contractual breaches relating to the liabilities during the reporting period.

There are no financial liabilities denominated in foreign currencies at present. There are no interest rate swaps or other derivative financial instruments as at the reporting date either.

6.12 Other current liabilities

Other current liabilities comprise the following as at the reporting date:

	31/12/2017	31/12/2016
	EUR k	EUR k
Supervisory Board remuneration	9	22
Legal, consultancy and auditing fees	0	18
Liabilities relating to payroll and church tax	0	2
	9	42

6 Supplementary notes on the items in the annual financial statements (Continued)

6.13 Deferred taxes

No deferred tax assets or liabilities are reported in the balance sheet on the reporting date.

There are active differences due to the differences in the measurement of securities held as current assets that would result in deferred tax liabilities. The differences are as follows:

	IFRS value	Tax balance sheet	Deviation	Thereof 5%
	EUR k	EUR k	EUR k	EUR k
31/12/2016	6,068	5,457	611	31
31/12/2017	0	0	0	0

Due to the tax exemption according to Section 8b KStG, only 5% thereof (non-deductible expenses) is taxable. Deferred tax liabilities have not been shown due to immateriality.

There are negative differences due to the differences in the measurement of pension provisions that would result in deferred tax assets. The differences are as follows:

	IFRS value	Tax balance sheet	Deviation
	EUR k	EUR k	EUR k
31/12/2016	431	253	178
31/12/2017	374	225	149

There are also the following loss carryforwards:

	Corporation tax	Trade tax
	EUR k	EUR k
31/12/2015	179,961	175,526
31/12/2016	180,752	176,317

Expenses which are directly attributable to equity procurements are recognized in equity with no effect on profit or loss. The costs incurred in the year under review for a planned capital increase in 2018 are thus included under other assets in accordance with IFRS. Deferred tax liabilities (EUR 107k) are recognized for the resulting temporary differences between the IFRS balance sheet and the tax value. Deferred tax assets on loss carryforwards are capitalized at the same amount and offset against each other.

In total, not included deferred tax assets are as follows:

	31/12/2017	31/12/2016
	EUR k	EUR k
Deferred tax assets from pension provisions	48	57
Deferred tax liabilities from securities	0	–5
Deferred tax assets from corporate income tax and trade tax losses carried forward	57,510	57,362

Deferred tax assets on tax loss carryforwards are stated at the amount in which it is likely that the associated tax advantages can be realised through future taxable profits. However, the Management Board assumes the recognition of loss carry forwards can only occur with the successful implementation of the new planned business model. As a result, all deferred tax assets were adjusted as of the reporting date.

6.14 Personnel expenses

The Company had no employees at the end of the reporting period, only two members of the management board. The personnel expenses incurred comprise the following:

	2017	2016
	EUR k	EUR k
Salaries	22	24
Social security contributions and pensions	–14	2
	8	26

6 Supplementary notes on the items in the annual financial statements (Continued)

Social security contributions and pensions include EUR –14k in pension expenses (previous year: EUR 1k).

6.15 Other operating income and expenses

Other operating income includes the following amounts:

	2017	2016
	EUR k	EUR k
Income from reinsurance	13	0
Income from the release of pension provisions	22	0
Other income	8	0
	43	0

Other operating expenses include the following amounts:

	2017	2016
	EUR k	EUR k
Cost of premises and rent	78	77
Legal, consultancy and auditing fees	354	27
Supervisory Board remuneration	12	22
Miscellaneous	37	11
	481	137

6.16 Interest income and interest expenses

Interest income includes the following amounts:

	2017	2016
	EUR k	EUR k
Interest income from receivables from related parties	30	64
Gains from the sale of securities	674	0
	704	**64**

Interest expenses includes the following amounts:

	2017	2016
	EUR k	EUR k
Interest expense from liabilities to related parties	41	27
Losses from the sale of securities	161	0
Interest expense from pension obligations	6	7
	208	**34**

6.17 Income taxes

The tax income (previous year: tax income) reported in the statement of comprehensive income relates, both in the current financial year and in the previous year, mainly to corporation tax and the solidarity surcharge for 2014.

The actual taxes are calculated on the basis of the applicable tax provisions.

6 Supplementary notes on the items in the annual financial statements (Continued)

The reconciliation of the theoretical to the actual tax result is presented below:

	2017 EUR k	2016 EUR k
Earnings before income taxes	50	–133
Expected tax income	16	–43
Tax effects on		
tax-exempt gains/losses	–164	0
tax deductibility of deferred costs for the capital increase	–107	0
tax-exempt income/non-deductible expenses	0	9
the non-recognition of deferred taxes on current losses	255	34
Actual tax expense (+)/tax income (–)	0	0

Based on the actual tax expense, the effective tax rate for the financial year amounts to 0.0%. The theoretical tax rate is calculated as follows:

	2017 (%)	2016 (%)
Corporation tax	15.00	15.00
Solidarity surcharge	0.83	0.83
Trade tax rate	16.45	16.45
Tax rate	32.28	32.28

6.18 Earnings per share

As in the previous year, there are no equity instruments with a potential dilutive effect, such as stock options, as at the reporting date. Basic earnings per share are calculated as the ratio of the earnings due to the Company's shareholders to the average number of shares outstanding during the financial year as follows:

	2017 EUR k	2016 EUR k
Net result for the period	49,609.57	–132,600.47
Average number of shares	1,731,507	500,000
Basic earnings per share	0.03	–0.27
Diluted earnings per share	0.03	–0.27

At the Annual General Meeting on 30 November 2017, the bearer shares were converted into registered shares and a change in the number of shares was made. The calculated share of the no-par-value shares in the capital stock is now EUR 1.00 instead of EUR 10.00.

Weighted average number of ordinary shares (undiluted):

in k shares	2017	2016
Ordinary shares as of 1 January	500,000	500,000
Impact of 14.5 million newly issued shares on 1 December 2017	1,231,507	—
Weighted average number of ordinary shares as of 31 December	1,731,507	500,000

6.19 Statement of cash flows

The statement of cash flows was prepared in view of ongoing business operations using the indirect method. A distinction was made between current operating, investing and financing activities. The cash and cash equivalents as at the reporting date comprise bank balances.

6 Supplementary notes on the items in the annual financial statements (Continued)

The following cash flows are included in the statement of cash flows:

	2017	2016
	EUR k	EUR k
Interest paid	–47	–22
Interest received	30	62
Taxes paid	0	–2
Taxes received	1	0

6.20 Contingent liabilities and Leasing

There are no other financial obligations that are relevant for the purposes of assessing the Company's financial position.

The company rents office space as part of an operating lease. The tenancy does not have a fixed term. Expenses in the amount of EUR 74k were incurred in the financial year (previous year: EUR 76k) under the lease. The lease agreement was terminated in December 2017 and replaced by an office service agreement with no fixed lease term and a two-month cancellation notice.

6.21 Transactions with related parties

In addition to the corporate bodies of the Company, the shareholders as well as Mr. Karl Ehlerding and companies affiliated with him are related parties.

Material transactions with related parties in the financial year ended and in the previous financial year are presented below:

- As of 31 December 2016, the Company had loan receivables of EUR 2,258k with the shareholder Karl Philipp Ehlerding. The loan bears interest at a rate of 1.5%. The interest income for the financial year amounted to EUR 30k. The loan was fully repaid in December 2017.
- Godewind Immobilien AG received a loan of EUR 2,230k in 2016 with a coupon of 1.5% from Mr. Karl Ehlerding. The loan including interest payments amounted to EUR 2,238k as at 31 December 2016. In the reported financial year, EUR 2k interest expenses incurred. The loan was largely repaid in January and February 2017. A smaller balance was settled in November 2017.
- Godewind Immobilien AG received a loan of EUR 3,000k in 2016 with a coupon of 1.5% from Ehlerding Beteiligungs GmbH. The loan including interest payments amounted to EUR 3,003k as at 31 December 2016. In the reported financial year, EUR 43k interest expenses incurred. The loan was fully repaid in September and November 2017.
- The Company entered into a contribution agreement with Elbstein AG on 17 December 2014. Elbstein AG signed an office lease contract on 31 March 2006. The Company agreed to cover 50% of the costs of the office lease and the associated costs to the lease. The lease agreement was terminated on 15 December 2017.
- As at 31 December 2016, liabilities from deferred rent payments, pro rata ancillary costs and interest payments in the amount of EUR 12k were owed to Elbstein AG, Hamburg. In addition, the clearing account bears interest at a rate of 1.5%. The clearing account was settled as of 31 December 2017
- In the year under review, Godewind Immobilien AG acquired or sold securities from related companies at standard market conditions, as follows:

	Acquired	Sold
	EUR k	EUR k
Elbstein AG	1,981	–743
Ehlerding-Stiftung	0	–612
Ehlerding Beteiligungs GmbH	226	0

6 Supplementary notes on the items in the annual financial statements (Continued)

6.22 Executive bodies

The Company's Supervisory Board comprised the following members during the financial year:

- Dr Lukas Lenz, lawyer, Hamburg (Chairman until 20 November 2017),
- Claus Algner, businessman, Hamburg (Deputy Chairman until 20 November 2017),
- Jan Heinrich Meyer, bank director, Hamburg (ordinary member until 20 November 2017),
- Dr. Bertrand Malmendier, lawyer, Berlin (Chairman since 20 November 2017),
- Dr. Roland Folz, CEO of solarisBank AG, Berlin (Deputy Chairman since 20 November 2017),
- Karl Ehlerding, managing director, Hamburg (member since 20 November 2017).

The following individuals were appointed as members of the Management Board in the financial year ended:

- Nikolai Dumbsky, Hamburg (until 31 December 2017),
- Volker Lemke, Schenefeld (until 12 December 2017),
- Stavros Efremidis, Berlin (Chairman since 12 December 2017),
- Ralf Struckmeyer, Frankfurt am Main (since 12 December 2017).

In the financial year ended, the Supervisory Board received remuneration of EUR 12k (previous year: EUR 22k). The total remuneration paid to the Management Board for the financial year, including taxable benefits, amounted to EUR 22k (previous year: EUR 24k).

6.23 Significant events after the balance sheet date

There are no such events.

Hamburg, 22 January 2018

(The Management Board)

The following auditor's report, prepared in accordance with § 322 HGB ("Handelsgesetzbuch": "German Commercial Code"), refers to the complete separate IFRS financial statements, comprising balance sheet, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes of Godewind Immobilien AG, Hamburg (until 12 December 2017 Godewind AG) for the business year from January 1 to December 31, 2017. The above-mentioned auditor's report and financial statements are both translations of the respective German-language documents.

AUDITOR'S REPORT

We have audited the separate IFRS financial statements, comprising statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and the notes of the Godewind Immobilien AG, Hamburg, Germany for the business year from January 1 to December 31, 2017. The maintenance of the books and records and the preparation of the annual financial statements in accordance with IFRSs, as adopted by the EU are the responsibility of the company`s management. Our responsibility is to express an opinion on the separate IFRS financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the separate IFRS financial statements in accordance with § 317 HGB (Handelsgesetzbuch: German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the separate IFRS financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the separate IFRS financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the separate IFRS financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the separate IFRS financial statements comply with IFRSs, as adopted by the EU, and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these requirements.

Frankfurt am Main

February 8, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

Pürsün	Kunisch
Wirtschaftsprüfer German Public Auditor	Wirtschaftsprüfer German Public Auditor

2015 HGB FINANCIAL STATEMENTS

Godewind AG, Hamburg

(formerly KPE Holding GmbH, Hamburg)

Balance Sheet as at 31 December 2015

		as at 31.12.2015 EUR	as at 31.12.2014 EUR '000
	Assets		
	Current assets		
I.	**Receivables and other assets**		
	Other assets	5,733,667.68	5,749
II.	**Securities**		
	Other securities	6,676.35	3
III •	**Cash-in-hand, bank balances**	50,369.07	4
		5,790,713.10	5,756
		5,790,713.10	5,756
	Equity and liabilities		
A.	**Equity**		
I.	**Subscribed capital**	500,000.00	500
II.	**Capital reserves**	3.64	0
III •	**Net retained profits**	3,783,672.92	3,845
		4,283,676.56	4,345
B.	**Provisions**		
1.	Provisions for pensions and similar obligations	316,239.00	312
2.	Tax provisions	1,070.00	2
3.	Other provisions	7,800.00	6
		325,109.00	320
C.	**Liabilities**		
1.	Trade payables	12,829.50	13
2.	Other liabilities	1,169,098.04	1,078
	—of which taxes: EUR 2,169.72 (previous year: EUR 0 thousand)—		
	—of which social security: EUR 192.41 (previous year: EUR 0 thousand)—		
		1,181,927.54	1,091
		5,790,713.10	5,756

Godewind AG, Hamburg

(formerly KPE Holding GmbH, Hamburg)

Income Statement

for the period from 1 January to 31 December 2015

		EUR	EUR	2014 EUR '000
1.	Other operating income		45,788.86	4,098
2.	Personnel expenses			
	a) Wages and salaries	–8,000.00		0
	b) Social security, post-employment and other employee benefit costs	–12,572.67	–20,572.67	–28
	—of which post-employment benefits: EUR 12,572.67 (previous year: EUR 28 thousand)—			
3.	Other operating expenses		–133,554.74	–58
4.	Income from long-term equity investments		0.00	66
	—of which from affiliated companies: EUR 0.00 (previous year: EUR 66 thousand)—			
5.	Other interest and similar income		84,167.31	39
6.	Write-downs of long-term financial assets and securities classified as current assets		0.00	0
7.	Interest and similar expenses		–31,350.69	–84
	—of which to affiliated companies EUR 0.00 (previous year: EUR 31 thousand)—			
	—of which interest cost: EUR 14,446.00 (previous year: EUR 0 thousand)—			
8.	**Earnings from ordinary activities**		–55,521.93	4,033
9.	Extraordinary expense/income		–6,275.00	–6
	—of which expenses in accordance with Article 67 (1) EGHGB: EUR 6,275.00 (previous year: EUR 6 thousand)—			
10.	Taxes on income		950.98	–2
11.	**Net loss for the year (previous year: net income for the year)**		**–60,845.95**	**4,025**
12.	Retained profits (previous year: loss carried forward)		3,844,518.87	–180
13.	**Net retained profits**		**3,783,672.92**	**3,845**

Godewind AG
Hamburg

Annual financial statements as at 31 December 2015

NOTES

General disclosures

The Company is a small corporation in accordance with the size classes set out in section 267 of the German Commercial Code (*Handelsgesetzbuch*, "HGB"). The Company satisfies the criteria set out in section 267a HGB.

The annual financial statements were prepared on the basis of the financial reporting standards set out in the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (*Aktiengesetz*, "AktG"). The Company made use of the size-related exemptions for small corporations.

The income statement was prepared in accordance with the nature of expense method.

Accounting policies

Receivables and other assets are measured at their nominal amount, taking into account all identifiable risks.

Bank balances were recognised at their nominal amounts.

The pension provision was calculated in accordance with section 253 HGB. In accordance with section 253 (1) sentence 2 HGB, pension provisions are recognised at the settlement amount dictated by prudent business judgement. Pursuant to the explanatory memorandum to the HGB, future price and cost increases must be taken into account.

The provisions were recognised in respect of uncertain liabilities. They are recognised at the settlement amount dictated by prudent business judgement.

Liabilities are recognised at their settlement amount.

Disclosures and explanations relating to individual balance sheet items

Receivables and other assets

Receivables and other assets with a remaining term longer than one year amount to EUR 5,733,667.68 (previous year: EUR 5,749,636.91).

At the balance sheet date of the previous year, there were receivables from shareholders in accordance with section 42 (3) GmbHG in the amount of EUR 5,636,429.00.

Equity

The share capital of Godewind AG as at 31 December 2015 amounted to EUR 500,000.00, comprising 50,000 no-par value bearer shares.

The Company's net retained profits as at 31 December 2015 included retained profits brought forward from the previous year amounting to EUR 3,844,518.87.

Pension provisions

The pension provision was calculated in accordance with the projected unit credit method.

The calculation was based on the following assumptions:

Interest rate	3.89%
Mortality table used	Richttafeln 2005 G by Klaus Heubeck

The difference in accordance with Article 67 (1) sentence 1 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, "EGHGB") resulting from the transition to accounting in accordance with the German Accounting Law Modernisation Act (*Bilanzierungsmodernisierungsgesetz*, "BilMoG") is reversed over 15 years.

Expert opinions on the asset values of reinsurance contracts relating to pension obligations have been prepared by Condor Lebensversicherungs-Aktiengesellschaft as at 8 March 2016 and by Nürnberger Lebensversicherung AG as at 19 March 2016.

Provisions have been recognised for uncertain liabilities relating to pension obligations. In accordance with section 253 (1) sentence 2 HGB, the provisions were recognised at the settlement amount dictated by prudent business judgement.

Pension provisions amounted to EUR 316,239.00 (previous year: EUR 311,853.00).

Liabilities

Liabilities due within one year amount to EUR 21,332.60 (previous year: EUR 146,959.53).

At the balance sheet date of the previous year, there were liabilities to shareholders in accordance with section 42 (3) GmbHG in the amount of EUR 944,200.68.

Other mandatory disclosures

At the balance sheet date, the difference (shortfall) resulting from the adjustment to pension provisions in accordance with BilMoG, which has not yet been recognised, amounted to EUR 56,475.00 (previous year: EUR 62,750.00).

Management Board

Nikolai Dumbsky, Hamburg

Volker Lemke, Schenefeld (appointed on 1 September 2015)

Members of the Supervisory Board

Dr Lukas Lenz, lawyer (Chairman, Deputy Chairman from 1 September 2015 to 2 February 2016) Claus Algner, merchant (Deputy Chairman, Chairman from 1 September 2015 to 2 February 2016) Jan Heinrich Meyer, bank director (ordinary member since 1 September 2015)

Signatures of the management

Hamburg, 30 November 2017	Hamburg, 30 November 2017
Management Board: Mr Nikolai Dumbsky, Hamburg	Management Board: Mr Volker Lemke, Schenefeld

Cash Flow Statement

		2015
		EUR '000
	Net profit/loss for the period	–61
+/–	Increase/decrease in provisions	7
–/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	28
+/–	Increase/decrease in inventories, trade payables and other liabilities not attributable to investing or financing activities	–125
+/–	Interest expense/income	–53
+/–	Income tax expense/income	–1
–/+	Income taxes paid	–2
=	**Cash flows from operating activities**	–207
+	Cash receipts from the investment of cash funds for short-term cash management	0
–	Cash payments for the investment of cash funds for short-term cash management	0
+	Interest received	84
=	**Cash flows from investing activities**	84
+	Proceeds from (financial) borrowings	200
–	Interest paid	–31
=	**Cash flows from financing activities**	169
	Net change in cash funds	46
+	Cash funds at the beginning of period	4
=	**Cash funds at the end of period**	50

Statement of Changes in Equity for the 2015 and 2014 financial years

	Subscribed capital	Capital reserves	Accumulated retained earnings attributable to shareholders	Equity
	EUR	EUR	EUR	EUR
As at 1 Jan. 2015	**500,000.00**	**3.64**	**3,844,518.87**	**4,344,522.51**
Net loss for the year	0.00	0.00	–60,845.95	–60,845.95
As at 31 Dec. 2015	**500,000.00**	**3.64**	**3,783,672.92**	**4,283,676.56**

	Subscribed capital	Capital reserves	Accumulated retained earnings attributable to shareholders	Equity
	EUR	EUR	EUR	EUR
As at 1 Jan. 2014	**500,000.00**	**3.64**	**–179,996.72**	**320,006.92**
Net income for the year	0.00	0.00	4,024,515.59	4,024,515.59
As at 31 Dec. 2014	**500,000.00**	**3.64**	**3,844,518.87**	**4,344,522.51**

In accordance with the result of our audit, we issue the following audit opinion on the financial statements for the year ended 31 December 2015 of Godewind AG, Hamburg (formerly KPE Holding GmbH, Hamburg):

Audit opinion:

We have audited the annual financial statements, comprising the balance sheet, the income statement, statement of changes in equity, statement of cash flows and the notes to the financial statements, together with the bookkeeping system of the Godewind AG, Hamburg (formerly KPE Holding GmbH, Hamburg), for the business year from January 1, 2015 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer, IDW*). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with principles of proper accounting.

Hamburg, 4 December 2017

Roser GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
(German certified audit firm)

Original German version signed by:

Dr. Roser	Bischoff
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

2016 HGB FINANCIAL STATEMENTS

Godewind AG, Hamburg

(in the future: Godewind Immobilien AG, Hamburg)

Balance Sheet as at 31 December 2016

		as at 31.12.2016 EUR	as at 31.12.2015 EUR '000
	Assets		
A.	**Fixed assets**		
I.	**Intangible fixed assets**		
	Prepayments	2,142.00	0
		2,142.00	0
B.	**Current assets**		
I.	**Receivables and other assets**		
	Other assets	2,365,937.83	5,734
	—of which due after more than 1 year: EUR 107,042.92 (previous year: EUR 5,734 thousand)—		
II.	**Securities**		
	Other securities	5,457,465.42	7
III.	**Cash-in-hand, bank balances**	1,928,203.68	50
		9,751,606.93	5,791
		9,753,748.93	5,791
	Equity and liabilities		
A.	**Equity**		
I.	**Subscribed capital**	500,000.00	500
II.	**Capital reserves**	3.64	0
III •	**Net retained profits**	3,662,578.85	3,784
		4,162,582.49	4,284
B.	**Provisions**		
1.	Provisions for pensions and similarobligations	283,782.00	316
2.	Tax provisions	0.00	1
3.	Other provisions	17,600.00	8
		301,382.00	325
C.	**Liabilities**		
1.	Trade payables	12,566.48	13
	—of which due within 1 year: EUR 12,566.48 (previous year: EUR 13 thousand)—		
2.	Other liabilities	5,277,217.96	1,169
	—of which due within 1 year: EUR 5,277,217.96 (previous year: EUR 8 thousand)—		
	—of which due after more than 1 year: EUR 0.00 (previous year: EUR 1,161 thousand)—		
	—of which taxes: EUR 1,638.21 (previous year: EUR 2 thousand)—		
	—of which social security: EUR 0.00 (previous year: EUR 0 thousand)—		
		5,289,784.44	1,182
		9,753,748.93	5,791

Godewind AG, Hamburg
(in the future: Godewind Immobilien AG, Hamburg)

Income Statement

for the period from 1 January to 31 December 2016

		EUR	EUR	2015 EUR '000
1.	Other operating income		1,091.90	46
2.	Personnel expenses			
	a) Wages and salaries	–24,000.00		–8
	b) Social security, post-employment and other employee benefit costs	22,150.89	–1,849.11	–13
	—of which post-employment benefits: EUR –22,943.69 (previous year: EUR 13 thousand)—			
3.	Other operating expenses		–143,441.59	–140
	—of which expenses in accordance with Article 67 (1) EGHGB: EUR 6,275.00 (previous year: EUR 6 thousand)—			
4.	Other interest and similar income		64,352.15	84
5.	Write-downs of long-term financial assets and securities classified as current assets		–342.00	0
6.	Interest and similar expenses		–40,909.55	–31
	—of which interest cost: EUR 13,383.00 (previous year: EUR 14 thousand)—			
7.	Taxes on income		4.13	1
8.	**Earnings after taxes / Net loss for the year**		**–121,094.07**	**–61**
9.	Retained profits		3,783,672.92	3,845
10.	**Net retained profits**		**3,662,578.85**	**3,784**

Godewind AG
Hamburg

Annual financial statements as at 31 December 2016

NOTES

Disclosures on identity of the Company according to registry court

Company name according to registry court:	Godewind AG
Company domicile according to registry court:	Hamburg
Entry:	commercial register
Registry court:	Hamburg
Register no.:	HRB 139152

Disclosure and explanation of lack of comparability with prior-year figures

Due to the first-time application of the German Accounting Directive Implementation Act (*Bilanzrichtlinie-Umsetzungsgesetz*, "BilRUG"), prior-year figures have also been adjusted, thus precluding any comparison with the prior-year annual financial statements.

The format of the 2015 income statement was modified as follows due to the BilRUG:

The previous year's extraordinary expenses amounting to EUR 6,275.00 were reclassified as other operating expenses.

General disclosures

The Company is a small corporation in accordance with the size classes set out in section 267 of the German Commercial Code (*Handelsgesetzbuch*, "HGB").

The annual financial statements of Godewind AG were prepared on the basis of the financial reporting standards set out in the HGB and the supplementary provisions of the German Stock Corporation Act (*Aktiengesetz*, "AktG"). The Company made use of the size-related exemptions.

The income statement was prepared in accordance with the nature of expense method.

Accounting policies

Purchased intangible fixed assets were recognised at cost and reduced by amortisation, where applicable.

Receivables and other assets are measured at their nominal amount, taking into account all identifiable risks.

The securities held as non-current assets were stated at the lower of cost or fair value.

Bank balances were recognised at their nominal amounts.

The provisions were recognised in respect of uncertain liabilities. They are recognised at the settlement amount dictated by prudent business judgement.

Provisions have been recognised for uncertain liabilities relating to pension obligations. In accordance with section 253 (1) sentence 2 HGB, the provisions were recognised at the settlement amount dictated by prudent business judgement. Pursuant to the explanatory memorandum to the HGB, future price and cost increases must be taken into account.

The other provisions were recognised in respect of all other uncertain liabilities. They are recognised at the settlement amount dictated by prudent business judgement.

Liabilities are recognised at their settlement amount.

Accounting policies which differed as compared to the previous year

There has been no fundamental change in accounting policies since the previous year.

Balance sheet disclosures

Equity

The share capital of Godewind AG as at 31 December 2016 amounted to EUR 500,000.00, comprising 50,000 no-par value bearer shares.

The Company's net retained profits as at 31 December 2016 included retained profits brought forward from the previous year amounting to EUR 3,783,672.92.

Pension provisions

The pension provision was calculated in accordance with the projected unit credit method.

The calculation was based on the following assumptions:

Interest rate	4.01%
Mortality table used	Richttafeln 2005 G by Klaus Heubeck

The recognition of the provisions for pension commitments at the average market rate of interest over the past ten financial years and the recognition at the average market rate of interest over the past seven financial years resulted in a difference in accordance with section 253 (6) HGB, which amounted to EUR 24,949.00 in the past financial year.

The difference in accordance with Article 67 (1) sentence 1 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, "EGHGB") resulting from the transition to accounting in accordance with the German Accounting Law Modernisation Act (*Bilanzierungsmodernisierungsgesetz*, "BilMoG") is reversed over 15 years. At the balance sheet date, the difference (shortfall) resulting from the adjustment to pension provisions in accordance with BilMoG, which has not yet been recognised, amounted to EUR 50,200.00 (previous year: EUR 56,475.00). The amount added annually amounted to EUR 6,275.00.

Pension provisions amounted to EUR 283,782.00 (previous year: EUR 316,239.00).

Other disclosures

Management Board

Nikolai Dumbsky, Hamburg

Volker Lemke, Schenefeld

Members of the Supervisory Board

Dr Lukas Lenz, lawyer (until 31 August 2016; Deputy Chairman until 2 February 2016, Chairman from 2 February 2016 until 31 August 2016)

Claus Algner, merchant (until 31 August 2016; Chairman until 2 February 2016, Deputy Chairman from 2 February 2016 to 31 August 2016)

Jan Heinrich Meyer, bank director (until 31 August 2016)

Signatures of the management

Hamburg, 30 November 2017	Hamburg, 30 November 2017
Management Board: Mr Nikolai Dumbsky	Management Board: Mr Volker Lemke

Cash Flow Statement

	2016 EUR '000	2015 EUR '000	Change EUR '000
Net profit/loss for the period	–121	–61	–60
Increase/decrease in provisions	–24	7	–31
Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	1,991	28	1,963
Increase/decrease in inventories, trade payables and other liabilities not attributable to investing or financing activities	38	–125	163
Interest expense/income	–23	–53	30
Income tax expense/income	0	–1	1
Income taxes paid	0	–2	2
Cash flows from operating activities	**1,861**	**–207**	**2,068**
Payments for acquisition of intangible fixed assets	–2	0	–2
Cash receipts from the investment of cash funds for short-term cash management	770	0	770
Cash payments for the investment of cash funds for short-term cash management	–6,220	0	–6,220
Interest received	64	84	–20
Cash flows from investing activities	**–5,388**	**84**	**–5,472**
Proceeds from (financial) borrowings	5,446	200	5,246
Interest paid	–41	–31	–10
Cash flows from financing activities	**5,405**	**169**	**5,236**
Net change in cash funds	1,878	46	1,832
Cash funds at the beginning of period	50	4	46
Cash funds at the end of period	**1,928**	**50**	**1,878**

Statement of Changes in Equity for the 2016 and 2015 financial years

	Subscribed capital	Capital reserves	Accumulated retained earnings attributable to shareholders	Equity
	EUR	EUR	EUR	EUR
As at 1 Jan. 2016	**500,000.00**	**3.64**	**3,783,672.92**	**4,283,676.56**
Net loss for the year	0.00	0.00	–121,094.07	–121,094.07
As at 31 Dec. 2016	**500,000.00**	**3.64**	**3,662,578.85**	**4,162,582.49**

	Subscribed capital	Capital reserves	Accumulated retained earnings attributable to shareholders	Equity
	EUR	EUR	EUR	EUR
As at 1 Jan. 2015	**500,000.00**	**3.64**	**3,844,518.87**	**4,344,522.51**
Net loss for the year	0.00	0.00		–60,845.95
As at 31 Dec. 2015	**500,000.00**	**3.64**	**3,783,672.92**	**4,283,676.56**

In accordance with the result of our audit, we issue the following audit opinion on the financial statements for the year ended 31 December 2016 of Godewind AG, Hamburg, subject to the condition precedent that the annual financial statements for the year ended December 31, 2015 in their present form will be adopted by the supervisory board:

Audit opinion:

To Godewind AG, Hamburg

We have audited the annual financial statements, comprising the balance sheet, the income statement, statement of changes in equity, statement of cash flows and the notes to the financial statements, together with the bookkeeping system of the Godewind AG, Hamburg, for the business year from January 1, 2016 to December 31, 2016. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer, IDW*). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with principles of proper accounting.

Hamburg, 4 December 2017

Roser GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
(German certified audit firm)

Original German version signed by:

Dr. Roser	Bischoff
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

2017 HGB FINANCIAL STATEMENTS

Godewind Immobilien AG, Hamburg

(formerly: Godewind AG, Hamburg)

Balance Sheet as at 31 December 2017

		as at 31.12.2017 EUR	as at 31.12.2016 EUR '000
	Assets		
A.	**Fixed assets**		
I.	**Intangible fixed assets**		
	Prepayments	2,142.00	2
		2,142.00	2
B.	**Current assets**		
I.	**Receivables and other assets**		
	Other assets	105,213.09	2,366
	—of which due after more than 1 year: EUR 95,346.67 (previous year: EUR 107 thousand)—		
II.	**Securities**		
	Other securities	0.00	5,458
III.	**Cash-in-hand, bank balances**	19,171,551.46	1,928
		19,276,764.55	9,752
C.	**Prepayments**	2,205.87	0
		19,281,112.42	9,754
	Equity and liabilities		
A.	**Equity**		
I.	**Subscribed capital**	15,000,000.00	500
II.	**Capital reserves**	3.64	0
III.	**Net retained profits**	3,344,835.67	3,663
		18,344,839.31	4,163
B.	**Provisions**		
1.	Provisions for pensions and similar obligations	259,900.00	284
2.	Other provisions	663,990.00	17
		923,890.00	301
C.	**Liabilities**		
1.	Trade payables	3,808.00	13
	—of which due within 1 year: EUR 3,808.00 (previous year: EUR 13 thousand)—		
2.	Other liabilities	8,575.11	5,277
	—of which due within 1 year: EUR 8,575.11 (previous year: EUR 5.277 thousand)—		
	—of which taxes: EUR 6.62 (previous year: EUR 2 thousand)—		
	—of which social security: EUR 0.00 (previous year: EUR 0 thousand)—		
		12,383.11	5,290
		19,281,112.42	9,754

Godewind Immobilien AG, Hamburg

(formerly: Godewind AG, Hamburg)

Income Statement

for the period from 1 January to 31 December 2017

		EUR	EUR	2016 EUR '000
1.	Other operating income		530,687.07	1
2.	Personnel expenses			
	a) Wages and salaries	–22,000.00		–24
	b) Social security, post-employment and other employee benefit costs	13,790.41	–8,209.59	22
	• of which post-employment benefits: EUR –13,790.41 (previous year: EUR –23 thousand)—			
3.	Other operating expenses		–817,322.84	–143
	• of which expenses in accordance with Article 67 (1) EGHGB: EUR 6,275.00 (previous year: EUR 6 thousand)—			
4.	Other interest and similar income		29,692.52	64
5.	Write-downs of long-term financial assets and securities classified as current assets		0.00	0
6.	Interest and similar expenses		–52,590.34	–41
	• of which interest cost: EUR 11,226.00 (previous year: EUR 13 thousand)—			
7.	Taxes on income		0.00	0
8.	**Earnings after taxes / Net loss for the year**		**–317,743.18**	**–121**
9.	Retained profits		3,662,578.85	3,784
10.	**Net retained profits**		**3,344,835.67**	**3,663**

Godewind Immobilien AG
Hamburg

Annual financial statements as at 31 December 2017

NOTES

Disclosures on identity of the Company according to registry court

Company name according to registry court:	Godewind Immobilien AG (formerly: Godewind AG)
Company domicile according to registry court:	Hamburg
Entry:	commercial register
Registry court:	Hamburg
Register no.:	HRB 139152

General disclosures

The Company is a small corporation in accordance with the size classes set out in section 267 of the German Commercial Code (*Handelsgesetzbuch*, "HGB").

The annual financial statements of Godewind Immobilien AG were prepared on the basis of the financial reporting standards set out in the HGB and the supplementary provisions of the German Stock Corporation Act (*Aktiengesetz*, "AktG"). The Company made use of the size-related exemptions.

The income statement was prepared in accordance with the nature of expense method.

Accounting policies

Purchased intangible fixed assets were recognised at cost and reduced by amortisation, where applicable.

Receivables and other assets are measured at their nominal amount, taking into account all identifiable risks.

The securities held as non-current assets were stated at the lower of cost or fair value.

Bank balances were recognised at their nominal amounts.

The provisions were recognised in respect of uncertain liabilities. They are recognised at the settlement amount dictated by prudent business judgement.

Provisions have been recognised for uncertain liabilities relating to pension obligations. In accordance with section 253 (1) sentence 2 HGB, the provisions were recognised at the settlement amount dictated by prudent business judgement. Pursuant to the explanatory memorandum to the HGB, future price and cost increases must be taken into account.

The other provisions were recognised in respect of all other uncertain liabilities. They are recognised at the settlement amount dictated by prudent business judgement.

Liabilities are recognised at their settlement amount.

Accounting policies which differed as compared to the previous year

There has been no fundamental change in accounting policies since the previous year.

Balance sheet disclosures

Equity

At the Annual General Meeting on November 30, 2017, a capital increase was approved by up to EUR 14,500,000.00. The capital increase was made through cash contribution. In addition, the bearer shares were converted into registered shares and the denominations changed.

The share capital amounts to EUR 15,000,000.00 as at 31 December 2017 and is divided into 15,000,000 no-par value registered shares.

The Company's net retained profits as at 31 December 2017 included retained profits brought forward from the previous year amounting to EUR 3,662,578.85.

Pension provisions

The projected-unit-credit method (PUC method) was used to determine the pension provision.

For the calculation, the following assumptions were used:

Interest rate:	3.68%
Mortality table used:	Richttafeln 2005 G by Klaus Heubeck

The recognition of the provisions for pension commitments at the average market rate of interest over the past ten financial years and the recognition at the average market rate of interest over the past seven financial years resulted in a difference in accordance with section 253 (6) HGB, which amounted to EUR 26,060.00 in the past financial year.

The difference in accordance with Article 67 (1) sentence 1 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, "EGHGB") resulting from the transition to accounting in accordance with the German Accounting Law Modernisation Act (*Bilanzierungsmodernisierungsgesetz*, "BilMoG") is reversed proportionally over 15 years. At the balance sheet date, the difference (shortfall) resulting from the adjustment to pension provisions in accordance with BilMoG amounted to EUR 43,925.00 (previous year: EUR 50,200.00). The amount added annually amounted to EUR 6,275.00.

Pension provisions amounted to EUR 259,900.00 (previous year: EUR 283,782.00).

Other provisions

The other provisions consist essentially of provisions for consulting fees of EUR 547,000.00 as well as fees for establishing the financial statements of the Company and fees relating to the auditing of these amounting to EUR 80,500.00.

Other disclosures

Management

Nikolai Dumbsky, Hamburg (until 31 December 2017)

Volker Lemke, Schenefeld (until 12 December 2017)

Stavros Efremidis, Berlin (appointed 12 December 2017)

Ralf Struckmeyer, Frankfurt am Main (appointed 12 December 2017)

Members of the Supervisory Board

Dr Bertrand Malmendier, Lawyer, Berlin (appointed 23 November 2017, Chairman appointed 25 November 2017)

Dr Roland Folz, CEO solarisBank AG, Berlin (appointed 23 November 2017, Deputy Chairman appointed 25 November 2017)

Karl Ehlerding, Managing Director, Hamburg (Member appointed 23 November 2017)

Signatures of the management

Hamburg, 26 January 2018	Hamburg, 26 January 2018
CEO: Mr Stavros Efremidis	Member of Management Board: Mr Ralf Struckmeyer

Cash Flow Statement

	2017 EUR '000	2016 EUR '000	Change EUR '000
Net profit/loss for the period	–318	–121	–197
Increase/decrease in provisions	623	–24	647
Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	–507	1,991	–2,498
Increase/decrease in inventories, trade payables and other liabilities not attributable to investing or financing activities	–25	38	–63
Interest expense/income	23	–23	46
Cash flows from operating activities	**–204**	**1,861**	**–2,065**
Payments for acquisition of intangible fixed assets	0	–2	2
Cash receipts from the investment of cash funds for short-term cash management	11,557	770	10,787
Cash payments for the investment of cash funds for short-term cash management	–5,591	–6,220	629
Interest received	30	64	–34
Cash flows from investing activities	**5,996**	**–5,388**	**11,384**
Deposit from capital increase	14,500	0	14,500
Proceeds from (financial) borrowings	2,258	5,446	–3,188
Payments from (financial) borrowings	–5,253	0	–5,253
Interest paid	–53	–41	–12
Cash flows from financing activities	**11,452**	**5,405**	**6,047**
Net change in cash funds	17,244	1,878	15,366
Cash funds at the beginning of period	1,928	50	1,878
Cash funds at the end of period	**19,172**	**1,928**	**17,244**

Statement of Changes in Equity for the 2017 and 2016 financial years

	Subscribed capital	Capital reserves	Accumulated retained earnings attributable to shareholders	Equity
	EUR	EUR	EUR	EUR
As at 1 Jan. 2017	**500,000.00**	**3.64**	**3,662,578.85**	**4,162,582.49**
Net loss for the year	0.00	0.00	–317,743.18	–317,743.18
Capital increase	14,500,000.00	0.00	0.00	14,500,000.00
As at 31 Dec. 2017	**15,000,000.00**	**3.64**	**3,344,835.67**	**18,344,839.31**

	Subscribed capital	Capital reserves	Accumulated retained earnings attributable to shareholders	Equity
	EUR	EUR	EUR	EUR
As at 1 Jan. 2016	**500,000.00**	**3.64**	**3,783,672.92**	**4,283,676.56**
Net loss for the year	0.00	0.00	–121,094.07	–121,094.07
As at 31 Dec. 2016	**500,000.00**	**3.64**	**3,662,578.85**	**4,162,582.49**

In accordance with the result of our audit, we issue the following audit opinion on the financial statements for the year ended 31 December 2017 of Godewind Immobilien AG, Hamburg (formerly: Godewind AG, Hamburg):

Audit opinion:

To Godewind Immobilien AG, Hamburg (formerly: Godewind AG, Hamburg)

We have audited the annual financial statements, comprising the balance sheet, the income statement, and the notes to the financial statements, together with the bookkeeping system of the Godewind Immobilien AG, Hamburg (formerly Godewind AG, Hamburg), for the business year from January 1, 2017 to December 31, 2017. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer, IDW*). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with principles of proper accounting.

Hamburg, 29 January 2018

Roser GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
(German certified audit firm)

Original German version signed by:

Dr. Roser	Bischoff
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Merrill Corporation Ltd, London
18-5771-1