CONSUS

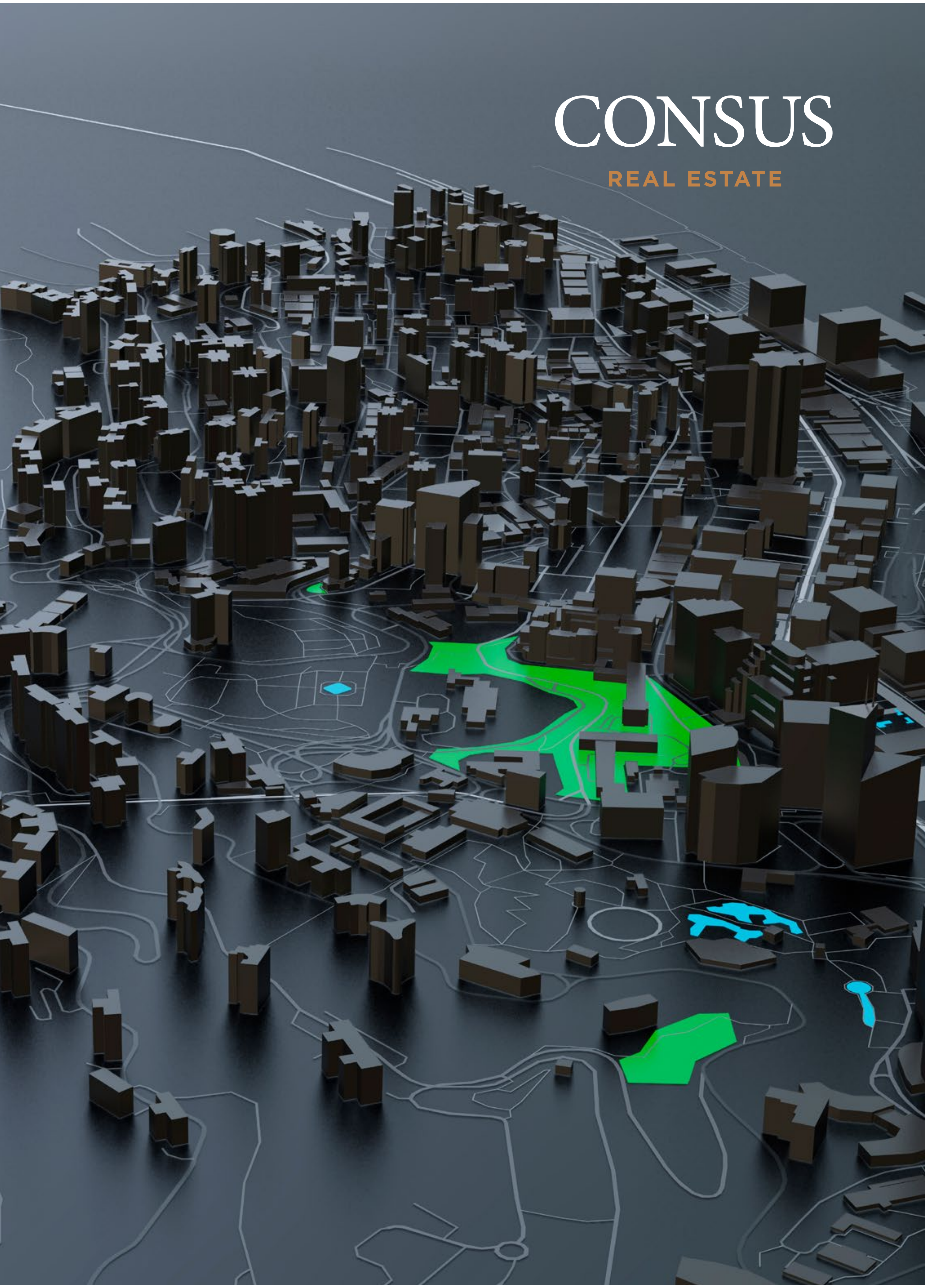
REAL ESTATE

CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT

CONSUS
GROUP ACCOUNTS
2019

Our Mission

SHAPING THE PRESENT BUILDING THE FUTURE


CONSUS
REAL ESTATE

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LETTER FROM THE CHIEF EXECUTIVE OFFICER

ANDREAS STEYER

»FROM THE END OF 2018 TO THE END OF 2019 WE WERE ABLE TO INCREASE OUR GDV FROM € 9.6BN TO € 12.3BN. CONSUS REMAINS GERMANY'S LEADING DEVELOPER IN THE TOP 9 CITIES.«

DEAR SHAREHOLDERS,
DEAR BUSINESS PARTNERS,
DEAR LADIES AND GENTLEMEN,

2019 was a year of organic growth and development for Consus, and another successful year for the real estate sector. The company continued to grow and optimise its portfolio, and developed its forward sales in a strong residential market environment. The de-risked business model of forward sales remains at the core of our strategy, and was a key driver of our performance. The business made strong operational progress following the major acquisition at the end of 2018, and took a major step in raising debt finance from the capital markets at group level. Finally, at the end of 2019, Consus entered into a strategic partnership with ADO Properties, with whom Consus expects to work together with on mutually beneficial projects. The newly established ADLER Real Estate Group combining ADO and ADLER is a 25% shareholder in Consus.

PORTFOLIO DEVELOPMENT TO GDV OF OVER € 12BN

The Consus group portfolio has grown strongly in 2019, with further acquisitions complemented by upfront sales and a rebalancing towards the top 7 cities in Germany. The balance of the portfolio is now 86% in and around the top 9 cities. The company has made 6 project acquisitions with a GDV of € 2.7bn, including projects in Dusseldorf, Erfurt, Karlsruhe and the Cologne area. In order to further optimise the portfolio, the company undertook a successful upfront sale of the Delitzscher Strasse project in Leipzig at a significant premium to the market value. Other GDV reductions came through the company completing two projects and handing them over to institutional investors. Importantly, as part of the Company's ongoing development efforts through further optimisation of the development plans, the company was able to further increase its GDV in existing projects.

The combined impact of these achievements was for Consus to grow its GDV from € 9.6bn at the end of 2018 to € 12.3bn at the end of 2019. Consus remains Germany's leading developer in the top 9 cities.

FORWARD SALES CONTINUED TO EXPAND

The volume of contracted forward sales plus Letter of Intents signed and in negotiation stood at approx. € 2.8bn as of

December 2019, resulting in early cash flows and a significantly reduced risk profile for development projects. In 2019, Consus signed forward and upfront sale agreements with a total Gross Development Value (GDV) of around € 510mio. Consus broadened its forward sale investor base in 2019, with the last eight forward sales being placed with seven different investors, including BNP Paribas REIM, Commerz Real, Talanx, Hannover Leasing and Swiss Life.

The following projects were successfully placed with institutional investors in 2019: developments at Ostplatz, Dessauer-/ Hamburger Str., and Kreuzstrasse in Leipzig, the Königshöfe development in Dresden and the Franklinhaus development in Berlin with a combined GDV of approx. € 310mio were notarised. Upfront sale agreements were signed for projects at Delitzscher Straße and Katharinenstraße in Leipzig and the UpperNord Hotel in Duesseldorf with a combined sales volume of around € 200mio.

The combined volume of sales demonstrates the attractiveness of the company's projects across the top 9 cities, and demand for those projects from real estate investors.

GERMANY'S RESIDENTIAL MARKET REMAINS STRONG

The residential market in Germany experienced another strong year. The lack of supply of apartments combined with continuing strong demand resulted in further growth in rents and sales prices, and a continued shortfall of supply.

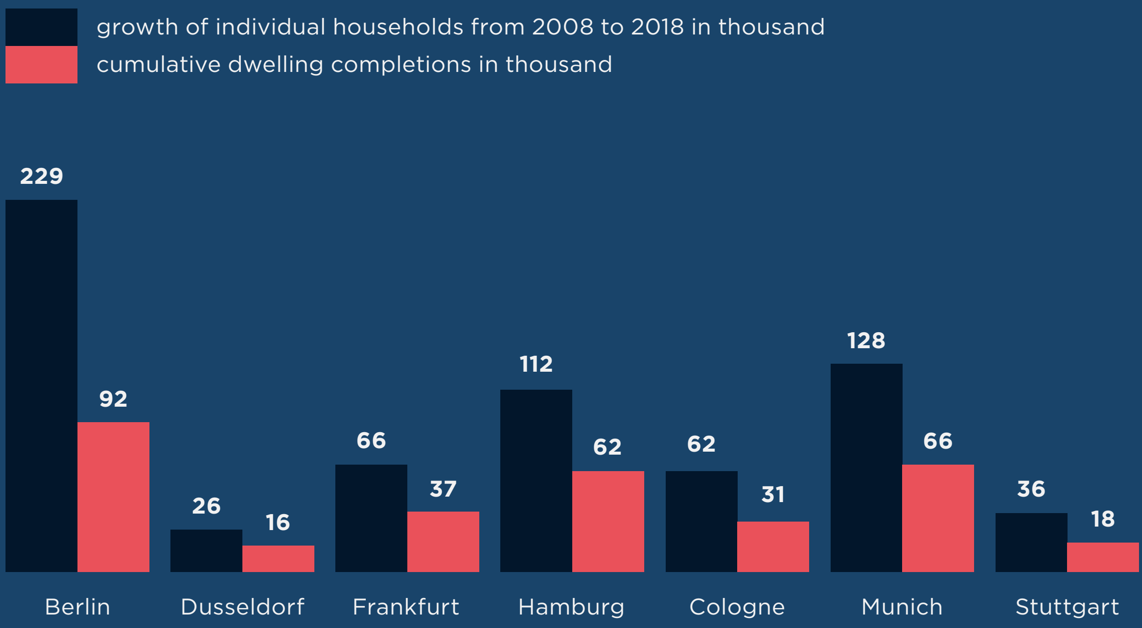
This strength was demonstrated across Germany's top 9 cities. In Berlin, in part in response to this strength, the state government passed legislation to freeze and cap rents. However, the law is believed by most experts to be unconstitutional, is not supported by the federal government and its legality is currently being evaluated. All new-build development projects, including those of Consus, will be exempt from any new laws proposed by the Berlin government, and for this reason Consus expects any overall impact on the group to be positive.

The outlook for 2020 for the residential market started very strongly. However, the outbreak of the Coronavirus and its rapid spread across many countries and continents has led to a significant increase in uncertainty in the macroeconomic environment. Although there is a risk to asset prices, Consus continues to believe that German residential real estate will prove to be one of the most robust asset classes despite the Coronavirus pandemic.

PROGRESS IN PERFORMANCE AND INTEGRATION IN 2019

The results of the Consus group reflected the progress that the business has made on its growth path. Development revenue of € 402mio, total sales revenue

Big gap between supply and demand has opened up in last ten years in housing market



Source: Scope

of € 671mio and an overall performance of € 864mio, demonstrated growth of 44%, 38%, and 85% respectively. The majority of this performance was attributable to the property development sector, as the business continued to develop its portfolio. Our key reporting metric, Adjusted EBITDA (EBITDA pre-PPA pre-one-off costs), increased to € 344mio, an increase of 36% year on year compared to the 2018 pro forma, and resulting in an Adjusted EBITDA margin of 51%. Net income was € (5)mio, and net debt increased to € 2,700mio, largely to fund the growth in GDV.

The underlying business benefitted from our ongoing integration of the SSN business, now fully renamed under the Consus brand, and reporting directly in to Consus. In the first quarter of 2020, CG Gruppe was also fully integrated in to Consus, so that the whole group now has one integrated management team across all operations. As part of the brand strategy the CG Group was renamed Consus RE AG. The integration of the development platforms will create further synergies and cost savings in the medium term due to improved and more efficient refinancing, central planning, risk management, purchasing and digitalisation as well as lower administrative costs.

STRONG PROGRESS IN FINANCING

In May, Consus successfully placed a € 400m senior secured corporate bond with institutional investors. The rating agencies Fitch and Standard & Poor's rated the notes B and B-, respectively. This was an important first milestone in optimising the financing structure. In the future, Consus is aiming for a significant reduction in junior and mezzanine financing at the project level which will be replaced by more efficient financing instruments at the corporate level of Consus. The placement of the bond underlined the confidence investors had both in the Consus Group and in the potential of the business. The company placed a further € 50m of senior secured corporate bonds in October.

Separately, throughout the year the Company refinanced a large number of project financings, contributing to the target of reducing the average cost of debt in the medium term.

STRATEGIC CO-OPERATION WITH ADO PROPERTIES

In December, Consus signed a strategic partnership agreement with ADO Properties. The strategic partnership agreement provided ADO with the right to match any offer from a third party on residential development projects worked on together. Consus believes that this will provide significant advantages through optimised project outcomes and reduced cost of funding.

The strategic co-operation agreement was signed simultaneously with ADO announcing that it would acquire a 22.18% stake in Consus Real Estate, and that it had signed an option to acquire an additional 51% stake in Consus. On being exercised, this would result in ADO, including ADLER Real Estate, having a stake of over 75% in Consus. ADO has stated its intention to make a voluntary offer to the Consus minorities on the same terms as the call option once it has exercised the call option.

Consus sees the purchase of the stake and the option agreement as a significant endorsement of our strategy and as recognition of our strong in-house construction competence, the quality of our development projects at the top 9 locations and our expertise in the digitalisation of construction processes.

2020 OBJECTIVES AND OUTLOOK

In 2020, Consus has reached key objectives for financial performance, capital markets profile and business development.

The key focus is on continuing to deliver strong growth in Adjusted EBITDA while also continuing our successful reduction in the average interest rate of the group through continued optimised refinancings of project debt, and of course forward sales and upfront sales to reduce total debt. In parallel, the company will be working to reduce its cost base as the benefits of the full integration of our businesses are realised.

The key driver of Consus' future strategic positioning will be the potential exercise of the 51% option held by the company's strategic shareholder. The exercise by ADO of its option would take its combined holding to above 75%, and the company would then be a subsidiary of a larger group responsible for delivering a build-to-hold strategy.

Finally, 2020 for everyone will be defined by the Coronavirus pandemic. Consus has to date maintained all its construction operations, with the initial disruption of reduced availability of labour and certain materials now resolved. Existing forward sales contracts are continuing largely unaffected; however, certain upfront sales and new forward sales are currently delayed and Consus plans, including the ability for these transactions to be completed as originally assumed, are dependent on the scale of negative impacts caused by the Coronavirus pandemic and the success of any counter measures. As of the reporting date, Consus does not assume that the Coronavirus pandemic will have a material impact on the Group's business.

We sincerely thank you, our shareholders, for your confidence in us and hope that you will continue to support Consus as an independent entity.

To our business partners: You deserve our genuine thanks for your positive and collaborative work this past year, and going forward in the current difficult environment.

We would like to thank the members of the Supervisory Board for their constructive and solution-oriented approach, which was of particular value as the group matured over the last year. Last but not least, we would also like to thank our employees for their commitment in these very challenging times, and who are of decisive importance for the sustainable success of the Consus Group.

ANDREAS STEYER
Chief Executive Officer

WE ARE CONSUS

Consus Real Estate AG, headquartered in Berlin, is the leading real estate developer in the top 9 cities in Germany with a gross development volume of around € 12.3bn. Consus focuses on the development of residential quarters and standardised multi-storey residential construction, which are sold to institutional investors through forward sales.

Due to its own construction competence and the digitalisation of construction processes, Consus operates along the entire value chain of real estate development. Consus delivers the realisation of projects from planning and execution to handover, property management and related services through its subsidiaries Consus RE AG and Consus Swiss Finance AG.

As the largest developer on the German real estate market, Consus Real Estate is shaping the present and is already building for the future.

PROJECT DEVELOPMENT WITH A GDV OF 12.3 *billion Euros*

CURRENT REAL ESTATE PORTFOLIO
65 *projects*

NET FLOOR AREA TOTAL
2.25 *million* m^2

FORWARD SALES TOTAL[1]
2.8 *billion Euros*

MARKET GAV
3.6 *billion Euros*

CONDOMINIUM STRATEGY
2.8 *billion Euros*

[1] including LOIs signed and Forward Sales in negotiation

BEST OF 2019

Q1

JANUARY
FEBRUARY
MARCH

Photo: CYCLE ZERO VISUAL GMBH / Rights: Consus RE AG

JANUARY

A SUCCESSFUL START IN LEIPZIG

In January, Consus signed a forward sale agreement for c. € 67mio for the Ostforum project development in Leipzig with around 18,000 m² net floor area.

FEBRUARY

FRANKLIN-HAUS: FORWARD DEAL WITH BNP PARIBAS

In February, Consus closed the successful forward sale deal of its "Franklin-Haus" project in Berlin with around 11,000 m² of office space on six storeys and one mezzanine, selling the exclusive business address – which is to be ranked LEED Gold – to BNP Paribas REIM.

MARCH

BULWIENGESA NAMES CONSUS "MARKET LEADER"

On the 21st of March, a study conducted by the European analysis company bulwiengesa named Consus the leader in real estate development in Germany's top nine cities. The Consus development portfolio considered in the study by bulwiengesa includes projects in Hamburg, Leipzig, Berlin and Cologne, followed by Stuttgart, Dresden, Düsseldorf and Frankfurt am Main as well as Munich.

MARCH

ANOTHER FORWARD SALE IN LEIPZIG

In March, Consus signed a forward sale agreement for c. € 39mio for the Magnolia project development in Leipzig, with around 10.500 m² of residential net floor area. In the quarter to the north of the city centre, the six-storey new building consisting of two blocks of buildings will contain 51 high-quality classic 2- to 4-room apartments and 136 space-optimised and senior-friendly 2-room apartments.

Photo: CYCLE ZERO VISUAL GMBH / Rights: Consus RE AG

Q2

APRIL
MAY
JUNE

MAY

SUCCESSFUL PLACEMENT OF SENIOR SECURED BOND

Consus successfully placed a € 400mio Senior Secured Bond with institutional investors. The notes were issued at 98.5% with a duration of five years (until 2024), and a non-call period of two years and a coupon rate of 9.625% p.a. over the term. The rating agencies Fitch and Standard & Poor's rated the notes B and B-, respectively. The two rating agencies' issuer ratings for the Consus Group were B and B, respectively, with a stable outlook in each case.

MAY

CONSUS PROJECT BECOMES OFFICIAL IBA 2027 QUARTER

In May, the VAI CAMPUS in Stuttgart Vaihingen, Consus' ambitious residential project on the site the Egon-Eiermann-designed former IBM Campus was nominated as an official quarter for the IBA 2027. The VAI CAMPUS will become a home for more than 3,000 people.

MAY

A STRONG ADDITION TO THE EXECUTIVE BOARD

In May, Theo Gorens took up the responsibilities of Chief Risk Officer (CRO) as well as Deputy CFO. Since 2012, Theo Gorens has been a member of the Executive Board at Consus' subsidiary SSN Group AG where he is responsible for risk management, financing and business development.

JUNE

FORWARD SALE IN DRESDEN

In June, Consus signed a forward sale agreement for c. € 70mio for the Königshöfe im Barockviertel project development in Dresden, with around 15.500m² of residential floor area.

Q3

JULY
AUGUST
SEPTEMBER

JULY

ANOTHER SUCCESSFUL DEAL AND AN IMPORTANT STEP IN DELEVERAGING

In July, Consus successfully closed the sale of its Leipzig 416 project, which secured the future development of this key development quarter in Leipzig. The proceeds were used to repay high-cost mezzanine and junior debt.

JULY

PURCHASE RECOMMENDATION FOR CONSUS SHARES

In July, SRC Research made an emphatic purchase recommendation for Consus shares, praising the company's key figures regarding its development to date in 2019.

In their recommendation SRC Research particularly appreciated Consus' focus on forward sales.

SEPTEMBER

PROGRESS ON ONE OF HAMBURG'S LARGEST RESIDENTIAL PROJECTS

In September, Hamburg-Mitte council passed the development plan for the "Neue Korallusviertel" project, one of the largest residential projects to the south of the city of Hamburg, with construction scheduled to begin in 2020.

SEPTEMBER

SSN GROUP BECOMES CONSUS SWISS FINANCE

In September, Consus changed the SSN Group AG name to Consus Swiss Finance AG as part of the integration. Consus realised synergies through the consolidation of administrative control functions at Consus level and related actions. In the future, SSN Group AG and its subsidiaries will operate uniformly under the Consus brand.

Q4

OCTOBER
NOVEMBER
DECEMBER

OCTOBER

CONSUS' FIRST TIME AT EXPO REAL

In October, Consus Real Estate took part in the Expo Real for the first time. At the biggest European trade fair for real estate and investment in Munich, Consus presented its portfolio to thousands of visitors.

OCTOBER

SUCCESSFUL SENIOR SECURED BOND INCREASE

In October, Consus successfully increased its € 400mio Senior Secured Bond in the aggregate principal amount of € 50mio. Andreas Steyer, CEO of Consus, commented: "The placement of this tap is part of our stated strategy of reducing the average interest rate of group debt and reducing the amount of expensive mezzanine outstanding."

OCTOBER

ALL FLATS SOLD IN QUARTIER BUNDESALLEE

Also in October, Consus sold the last available condominium of the new construction project "Momente Berlin" on Bundesallee in the Berlin district of Wilmersdorf. This means that all apartments created in the "Quartier Bundesallee" have found new owners.

DECEMBER

ANOTHER SUCCESSFUL FORWARD SALE IN LEIPZIG

In December, Consus signed a forward sale agreement for c. € 53mio for the Kreuzstraße project development in Leipzig, with around 12.500m² of net floor area.

DECEMBER

BUILDING THE FUTURE

In December, Consus signed a strategic cooperation agreement with ADO Properties, a leading German letting company. Under this agreement, ADO and Consus will work together on existing and new projects in the future. Andreas Steyer, CEO of Consus, said: "We see the agreement as a significant confirmation of Consus' strategy and as a recognition of our strong construction expertise combined with the digitalisation of construction processes. The cooperation will bring significant benefits to Consus including reduced financing costs".

OUR MANAGEMENT

ANDREAS STEYER
CHIEF EXECUTIVE OFFICER

Andreas Steyer has more than 30 years of experience in the real estate industry. Before Consus, he built one of the leading listed commercial real estate companies in the world and in the process increased its market capitalization from € 5 million to over € 200 million. He was previously Managing Director of Deka Immobilien and Partner at Ernst & Young Real Estate and Arthur Andersen.

JENS JÄPEL
CHIEF DEVELOPMENT OFFICER

Jens Jäpel has over 20 years of experience in project development. For more than 15 years he held various management positions at ECE Projektmanagement GmbH & Co. KG in Hamburg, where he was, inter alia, Managing Director of ECE Projektmanagement International. He is a member of the Royal Institution of Chartered Surveyors.

BENJAMIN LEE CHIEF FINANCIAL OFFICER

Benjamin Lee has over 25 years of experience in the financial industry, 14 years of which he worked in the investment banking sector at UBS in London. Benjamin Lee has 5 years' experience as CFO at a listed company and worked for the Consus major share-holder Aggregate Holding.

THEO GORENS CHIEF RISK OFFICER AND DEPUTY CFO

Theo Gorens started his career with KPMG in Amsterdam and later in Frankfurt. Afterwards, he became CFO of the Fortis ABN AMRO Group, and later a member of the extended management board of Bethmann Bank AG. From 2012 he was a member of the Executive Board of the SSN Group AG and was instrumental in the company's development.

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1 FUNDAMENTALS OF THE GROUP

1.1 BUSINESS MODEL

Consus Real Estate AG (Consus) is a fully integrated real estate developer and the residential market leader in Germany's top 9 cities (Consus' definition: Top-7-Cities plus Leipzig and Dresden). Consus' core business is the development of middle-income urban housing in the 9 largest German cities. The focus is on the development of large-volume projects with an increasing proportion being large urban quarters, each comprising more than 100 residential units with sizes mainly between 50 and 70 sqm. Approximately 20% of all developments, in particular in prime locations, are being offered as condominium developments to private buyers.

Forward sales to institutional investors

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

Strong operational capabilities

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

The acquisitions of larger development projects based on the group's experience, combined with forward selling and construction execution lie at the heart of our business model as a project developer with our own construction capabilities.

Consus covers the entire value chain: Early forward sales prior to the start of construction work lead to early cash flows and a significantly reduced-risk profile for development projects. This provides a highly efficient project execution and long-term shareholder value creation for Consus. As of December 31, 2019, the diversified development portfolio comprised of 65 projects with a Gross Development Value (GDV) of around € 12.3bn and net floor area currently under construction or in the planning phase of 2.3mio sqm. The Group's business activities focus on selected locations in Duesseldorf, Hamburg, Frankfurt, Stuttgart, Cologne, Berlin, Munich as well as Leipzig and Dresden.

Consus is headquartered in Berlin with key functions including corporate strategy, capital market activities, corporate and real estate financing, legal, finance and controlling, compliance, investor relations and risk management. Financing is coordinated across the Group in order to achieve an optimal financial structure. The operational business is handled through Consus Development. Nearly 1,000 employees ensure high quality standards and professional execution through acquisition, planning and construction. The regional offices in Dusseldorf, Frankfurt am Main, Hamburg, Cologne, Leipzig, Dresden, Munich and Stuttgart are responsible for managing the fully integrated process of project development in their locations.

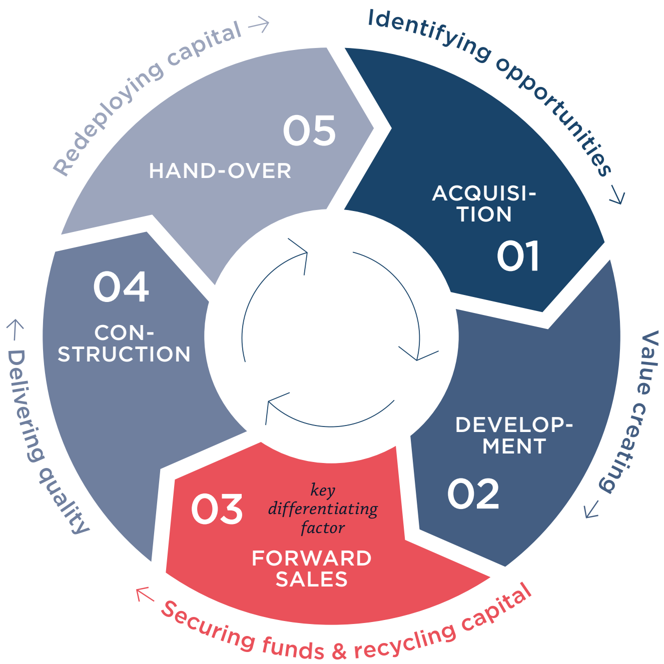
The Group including its subsidiaries has been designing and marketing residential and commercial properties for more than 20 years. Since 2000, Consus subsidiaries have implemented numerous projects in Germany with a total sales value of approx. € 2.3bn.

Competitive cost advantages through digitalisation and prefabrication

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

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

Acting along the property development cycle...



...with a risk-reduced strategy for each phase

01 | Securing development projects in top 9 cities in Germany's top economic regions

02 | Initiating overall project plan and obtaining (enhanced) building permits

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

04 | Constructing digitally with construction processes and industrial fabrication of building parts

05 | Finalising transaction and completing capital re-cycling into new projects

1.2 OBJECTIVES AND STRATEGY

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

Real estate project development for institutional clients

Consus' core business is the turnkey production of residential apartment buildings on attractive plots in the top 9 German cities with forward sales to institutional investors, i.e. pension funds and insurance companies. In this field, the Group is the market leader in Germany. One of the core competencies is the development of large projects or quartiers, including redeveloping and renovating former office and commercial real estate into residential properties. Approximately 33.000 sqm net floor area were completed and handed over to institutional purchasers in 2019.

Long-term neighbourhood development projects in sustainable locations and innovative largescale projects at key urban development sites represent a significant focus of the company. Upon reaching certain planning stages, the sites are divided into more manageable sections/construction phases and placed in full or in part to institutional investors. This happens typically via forward sales contracts, but can also result in upfront sales. Projects of this kind are currently being developed in cities including Stuttgart, Duesseldorf, Hamburg and Cologne. Quartier developments account for a significant portion of Consus' GDV, with the three largest projects with a total GDV of € 3.1bn being the larger quartier development projects of the Benrather Gärten in Duesseldorf, the VAI Campus in Stuttgart and the Holsten Quartier in Hamburg.

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

Real estate development for retail clients

The development of condominiums is targeted at the owner-occupier and retail investor segments of the market. These projects are either part of larger projects where there are significant buildings for which the sale direct to retail clients has significant benefits, or are individual projects where the company had an opportunity to develop an attractive project focussed on direct to retail sales. Typically, the direct to retail sales are at a higher price point than forward sales, reflecting the characteristics of particular projects or buildings. This naturally leads to retail sales, as forward sales are more focussed on the middle-income living segment.

Construction work has begun on the “Grand Ouest” project in Frankfurt’s Westend, “Miner’s” in Cologne’s Neustadt area and “ÜBerlin” in the capital’s Steglitzer Kreisel building in 2018 and on the “Palatium” condominium development in Dresden and the “dreizeit” condominium development in Stuttgart in 2019. These are part of the premium-quality real estate developments, which also includes the Wilhelm project in Berlin also currently under construction.

Development of yielding assets

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

Market positioning

Consus is the leading real estate developer of residential properties in Germany’s top 9 cities

Consus is the leading real estate developer in Germany’s top 9 cities, according to a report of the European research house bulwiengesa from March 2019. As of December 2019, Consus holds an overall real estate development portfolio with a GDV of € 12.3bn, comprising 2.2mio sqm of which over 85% are located in and around the top 9 German cities. The bulwiengesa study covered Consus’ projects in Germany’s top 9 cities with significant volumes in Hamburg, Frankfurt am Main, Berlin, Stuttgart and Cologne, followed by Leipzig, Dresden, Dusseldorf as well as Munich. Consus’ portfolio is spread widely among the above mentioned cities.

The bulwiengesa study looked forward to 2023 but only incorporated 1.4mio sqm of the Consus portfolio. Large projects dating beyond 2023 such as Hamburg Holsten and Stuttgart Vaihingen were only partially considered, independently of their planned type of realization.

Consus balances benefits for investors and tenants

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

The group’s projects are focussed on residential with elements of mixed use. The ground floor is frequently retail units, with kindergartens, hotels and offices also part of larger developments. These elements are important for the urban development plan, and come together to produce successful neighbourhoods. These non-residential portions are supported by our instituational investors due to their importance in delivering a long-term successsful development, and our forwrd sale structure allows for a single contract to cover both residential and non-residential, a key competitive advantage.

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

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

Track record for real estate sales to institutional clients

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

The volume of contracted forward sales and forward with a letter of intent signed or in negotiation and condominiums sold is c. € 2.8bn as of December 2019, providing for the potential for early cash flows and a significantly reduced-risk profile for development projects. In 2019, Consus signed forward and upfront sale agreements with a total Gross Development Value (GDV) of € 510mio.

The following projects were successfully placed with institutional investors in 2019:

The Ostforum development was forward sold to a well-known institutional investor for an expected € 67mio. Forward sale agreements with institutional investors were also signed for the Franklinhaus development in Berlin for an expected GDV of € 83mio, for the project development at Dessauer/Hamburger Straße in Leipzig for an expected GDV of € 38.5mio and for the Königshöfe project development in a prime

Dresden location for an expected GDV of € 71mio as well as for the project development at Kreuzstraße in Leipzig for an expected GDV of € 53mio. Upfront sale agreements were signed for projects at Delitzscher Straße, Ritterstraße and Katharinenstraße in Leipzig and the UpperNord Hotel in Duesseldorf with a combined sales volume of around € 200mio.

Forward sale agreements in 2019 have been signed with, among others, the following institutional investors: BNP Paribas REIM, Hannover Leasing, Commerz Real and Talanx.

Experienced management team and committed shareholders

The leadership team of Consus is made up of the Management Board of Consus, which has decades of collective relevant experience with strong knowledge and experience of project acquisitions, project development for residential and commercial real estate and corresponding sales, and all areas of capital markets, both for equity and debt products.

The members of the Management Board are Andreas Steyer, Benjamin Lee and Theo Gorens. Following the acquisition of SSN Group (now: Consus Swiss Finance) at the end of 2018, Theo Gorens joined the Managment Board in April 2019 as the Chief Risk Officer (CRO) as well as the Deputy-CFO.

Theo Gorens was the CFO at SSN Group, and prior to that held management positions at Fortis ABN AMRO Group where he was, among other responsibilities, CFO of Fortis ABN AMRO Germany. Theo Gorens started his career at KPMG in Amsterdam and Frankfurt, where he was, among other things, in the auditing business and advisor for German banks.

Jens Jäpel was appointed Chief Development Officer ("CDO") by the Supervisory Board of Consus Real Estate AG (Consus) as of March 20, 2020. The Management Board of Consus now consists of the four members Andreas Steyer (CEO), Benjamin Lee (CFO), Theo Gorens (CRO and Deputy CFO) and Jens Jäpel (CDO).

Jens Jäpel has many years of experience in the property development sector, including more than ten years in various management positions for the national and international development business of ECE Projektmanagement GmbH & Co. KG with overall responsibility for the national and international development business.

This combination of knowledge and experience, on the one hand, and the long-term commitment of our strategic shareholders ADO/ADLER on one side and Aggregate Holdings SA on the other which creates the environment for further development and growth of Consus in the medium and long term.

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

1.3 GROUP MANAGEMENT SYSTEM

Management Model

The development of residential real estate is at the heart of the Group strategy. Consus has only one segment, development and related activities, that it reports through three different units, Consus RE (previously CG Gruppe) and Consus Swiss Finance (previously SSN) as the operating unit and Consus as the listed company in the over-the-counter exchange (Deutsche Börse Scale und Börse München m:access).

The core of the development and related activities is the forward sale of real estate, the key strategy of the group. This is the largest source of income for the group, and is recorded as Income from Property Development. Second to this is income from real estate inventory disposed of, which reflects disposals of properties prior to construction when significant value has already been added from development activities. The other income is income from letting activities and income from services, which are both minor elements.

The performance indicators reflect the contribution from all of these elements, with property development contributing the great majority.

The business is managed based on these performance indicators. Plans that are prepared are reviewed in the context of achieving the targets set, and adjustments are made to the strategy and operations based on the achievements of the Company's targets.

The following performance indicators are split between performance indicators based on accounting metrics, and those performance indicators not based on accounting metrics.

Performance Indicators – based on Accounting Metrics

Total performance is the IFRS designation for the Group's revenue and reflects the business activities of the year. The total performance consists of the different types of revenue as well as the changes in project related inventories. Project related inventories increase in the course of the construction progress until the time of sale, when the reduction in inventories leads to an increase in sales.

Adjusted EBITDA is the measure of Earnings before Interest, Tax, Depreciation and Amortisation. The metric is adjusted to i) reverse the impact of the Purchase Price Allocation undertaken at the time of the acquisitions of CG Gruppe (now: Consus RE) and SSN Group (now: Consus Swiss Finance), and ii) to reverse the impact of one-off non-recurring items. The effect of the purchase price allocation is to increase the book value of the assets depending on the value at the time of the acquisition. In order to provide a clear performance metric, Consus removes that non-cash step-up and calculates the adjusted EBITDA based on costs booked related to the project. For calculation please see chapter 2.5.2 of the notes.

Adjusted EBITDA margin is the measure of the Adjusted EBITDA (as described above) divided by total revenue. The achieved margin of a project is a key determinant of its success.

Net debt / Adjusted EBITDA is the measure of leverage of the group. This metric is used as it reflects Consus as an operating business, buying, developing and selling projects on an ongoing basis. Adjusted EBITDA is used as it is based on the costs of the business, and therefore is more closely related to cash generated.

Performance Indicators – not based on Accounting Metrics

Gross Development Volume (GDV) is the measure of the total sales revenue that is expected to be generated from a project when it is fully developed. It reflects expected sale value of the fully constructed and let development. The metric provides investors with the sense of scale of the business and of the total income possible from the portfolio.

Forward Sales Volume is the measure of the total volume of forwards sales signed, under Letter of Intent or in negotiation. The calculation includes forward sales to institutions, and also forward sales of condominiums to individuals. The metric provides investors with a sense which areas of the company's portfolio are partly de-risked through signed forward sales, or are in the process of being de-risked through ongoing negotiations and letters of intent.

Average run-rate interest rate is the going forward weighted average interest rate across all of the group's debt. A measure at a point in time, it can be used by investors to judge at each quarter end the progress that Consus is making in reducing the average costs of debt through refinancing and deleveraging.

Market GAV is the market value of all of the Group's assets on a 100% basis. This is compared to the total value of the company's debt, to provide an approximate indication to investors of the market value of the asset coverage for the company's debt. On an annual basis, the Market GAV is externally appraised at year end. On a quarterly basis, the value is updated based on management estimates linked to the amount invested in projects in that quarter.

2 BUSINESS REPORT

2.1 MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT IN 2019

According to the Federal Statistical Office, economic growth in 2019 noticeably slowed down. The German economy grew inflation-corrected by 0.6% (2018: +1.5%). An improvement in the economic environment was forecast for 2020. The building industry is still in a phase of economic boom. Disposable incomes of private households have increased. The indicators for private consumption in the fourth quarter of 2019 are sending out mixed signals. Unemployment continues to be on the decline.[1] There may be further impacts from the trade war between the U.S. and the People's Republic of China, and from Brexit.

The industrial economy lost considerable momentum compared to the previous year. In December 2019, industrial production fell by 7.2% as compared to December 2018.[2] Incoming orders in the manufacturing sector rose by 5.5% in real terms in January 2020 compared with the previous month. However, compared to the same month last year, this constitutes a decrease by 1.4%.[3]

According to a first estimate by the EU Statistical Office, the gross domestic product (GDP) in the euro zone has risen by 1.2% in 2019.[4] In the U.S., it amounted to 2.3% and in Japan to 0.7%.[5] The IMF recorded negative surprises for some emerging markets, such as India. At the same time, the IMF sees signs of an increase in global economic dynamism.[6] The German government had expected the economy to develop moderately in 2020, anticipating a growth of 1.1% and seeing risks particularly in the foreign trade environment.[7]

The effects of the spread of the coronavirus on the economy are on current information difficult to assess, but expected to be negative. The managing director of the IMF, Kristalina Georgieva, has already reduced the IMF's growth expectations at a press conference held in Washington on March 4, 2020. The IMF now expects the global growth rate to be below the level seen in the previous year.

Overall economic situation in 2019

Posting positive economic growth for the tenth year in a row, Germany is considered one of the strongest economies in Europe as well as globally. Germany is Europe's largest

[1] BMWi; *Pressemitteilung zur wirtschaftlichen Lage in Deutschland im Januar 2020* [Press Release on the Economic Situation in Germany] (January 15, 2020) [2] ESTAT; *Produktion – Industrie insgesamt (ohne Baugewerbe)* [Production – Total Industry (without the building industry)] (March 03, 2020) [3] Destatis; *Pressemitteilung Nr. 077* [Press Release No. 077] (March 06, 2020) [4] ESTAT, *Pressemittteilung Euroindikatoren* [Press Release Euro Indicators] (January 31, 2020) [5] Statista GmbH; *Wachstumsprognose des BIP ausgewählter Länder von 2019–2021* [2019–2021 GDP Growth Prognosis For Some Selected Countries] (March 2020) [6] IWF, World Economic Outlook Update (January 20, 2020) [7] BMWi; *Jahreswirtschaftsbericht 2020* [2020 Annual Economic Report] (January 2020)

economy with a GDP of EUR 3,344.4 billion in 2018 and EUR 3,436.0 billion in 2019. Compared to the previous year, the GDP grew by a nominal 2.7%. Measured by GDP per capita, Germany is with an average of EUR 40,833 also one of the leading economies in Europe.[8] For example, Germany's GDP per capita in 2018 was EUR 40,800, while the euro area average was EUR 30,900. France accounts for a value of EUR 35,100, while the values in Spain reached EUR 25,900 and EUR 36,000 in the UK.[9]

Inflation and interest rates

Low interest rates in recent years have led to attractive financing conditions. The expectation is that interest rates will continue to remain on a low level throughout 2020. Over the full 2019 period, consumer prices increased by only 1.4%.[10] Deutsche Bundesbank does not expect inflation rates to rise and assumes an inflation rate of 1.5% in 2020 and forecasts an increase in the harmonized consumer price index (HICP) of 1.7% in 2021.[11]

Unemployment and employment figures in 2019

In 2019, Germany's unemployment rate amounted on an annual average to 5.0% – the lowest rate since Germany's reunification in 1990[12] and was thus only just under half as high as the average for the EU member states.[13] The positive development on the job market has been largely driven by Germany's top 9 cities where the workforce grew faster than the national rate. For the years 2020 and 2021, the Institute for World Economy (IfW) forecasts an unemployment rate of 4.9% at a constant level – subject to any impact from the coronavirus.[14]

Consumer spending and purchasing power

In 2019, the trend of dependent employees' gross earnings growing faster than consumer prices continued. Low household debt combined with growing gross wages that consistently outpaced the growth rate of inflation, have resulted in a rising level of purchasing power in Germany over the recent past. Average incomes rose in 2019 by 2.6% as compared to the previous year, while consumer prices increased moderately by 1.4%.[15]

Urban population and immigration trends

The ongoing increase in the German population over recent years has been driven by a rising birth rate, immigration, both labor market oriented and as a result of an influx of refugees, and has resulted in an accelerated increase of population density in Germany's key metropolitan regions, leading to an "urbanization trend".[16]

Households and household sizes

The number of households in Germany has increased from 37.7 million in 2000 to 41.3 million in 2018 (the figures for 2019 are not yet available). In the reporting period, the number of households has thus increased by 9.7%. Over the same period, the number of single households increased by 28.2% and the number of two-person households by 10.0%.[17] By 2035, the overall number of households in Germany is expected to have grown to 43.2 million. This increase is dominated by the growth in single and two-person households.[18]

Macroeconomic developments with regard to residential real estate

Due to the European Central Bank's low interest rate policy, real estate remains highly attractive as an investment property for institutional investors. Given its economic and political stability, Germany continues to appeal to international and domestic investors.[19]

Consus is convinced that Germany is one of the most attractive European markets for new residential real estate development and can strongly benefit from favorable real estate market conditions. Even in times of potential economic downturns, the Company expects a largely recession-resistant demand for affordable housing in the top 9 German cities.

Stability of the German real estate market

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

Consus believes that this situation is not going to change in the foreseeable future even if there would be a modest rise in interest rates or an expanded supply of development space. Investors' faith in the German property market remains intact and leads to continued increasing demand and ensuing real estate investments.

Housing affordability

The rise in prices for German real estate has continued again in 2019. The vdp Index for the overall market rose, compared to the previous year, by 6.4%.[20] Housing prices as measured by average annual gross incomes are still quite affordable in Germany and are in the middle range of the EU. In 2018, the prices for the purchase of standard

[8] Destatis; WISTA (January 2020) [9] Statista GmbH; *EU & Euro-Zone: BIP pro Kopf in jeweiligen Preisen von 2008–2018* [EU & euro area: GDP per capita in current prices 2008–2018] (June 2019) [10] Destatis; *Pressemitteilung Nr. 003* [Press Release No. 003] (January 03, 2020) [11] Deutsche Bundesbank; Monthly Report, June 2019 [12] Statista GmbH; *Arbeitslosenquote in Deutschland im Jahresdurchschnitt von 2004 bis 2020* [Annual Average Unemployment Rate in Germany from 2004 to 2020] (February 2020) [13] Destatis; WISTA (January 2020) [14] IfW; *IfW-Konjunkturprognose* [IfW Economic Forecast] (December 12, 2019) [15] Destatis; *Pressemitteilung Nr. 003* [Press Release No. 003] (January 03, 2020) [16] CBRE REASEARCH, Real Estate Market Outlook 2019 (2018) [17] UBA; *Bevölkerungsentwicklung und Struktur privater Haushalte* [Population growth and structure of private households] (July 24, 2019) [18] Destatis; *Entwicklung der Privathaushalte bis 2035* [Private Households Development until 2035] (February 28, 2017) [19] JLL *Investmentmarktübersicht* [Investment Market Overview] (January 2020) [20] *Der Immobilienpreisindex des vdp* [vdp Property Price Index] (Q4. 2019)

residential accommodation were equivalent to 5.1 times the average annual gross income. By comparison, in the UK this requires 9.4 average annual incomes.[21] In Germany, rent in 2018 took up 21.1% of disposable income and thus less than on EU average, which is 23.7%.[22]

Steady growth in rental prices

Rental prices in Germany have risen continuously over the last 20 years. The rental price index, which reflects the development of rental prices in Germany, has risen from 76.7 points in 1995 to 105.5 points in 2019. In 2018, the index showed 104.0 points.[23]

In the German housing market, a trend towards restrictive measures can be observed. Regulatory measures are used to attempt to influence market-based price mechanisms. These measures include the tightened rent brake, the cap on modernization and the rent cap. This trend towards regulatory measures is presumably going to last.[24]

A legislative draft proposed by the Federal government on July 29, 2019 is relevant to the real estate sector. The draft aims to curb the tax avoidance practiced to date by structuring tax facts in relation to the real estate transfer tax and proposes a number of measures that will make "share deals" less attractive.[25]

Market for residential real estate

The transaction volume on the residential real estate market remained high in 2019 at EUR 16.5 billion, of which one third has been invested in development and new building works. At a volume of EUR 5.5 billion, this is an increase by 3 percentage points. This increase is driven by a rising shortage of existing properties and the regulatory conditions in some large cities.[26]

According to the experts at Landesbank Hessen-Thüringen (Helaba) in 2019, there is no end in sight for the upturn on the real estate market.[27] Helaba regards the favorable financing opportunities and a continuing influx into conurbations as the main drivers of this development. Favored by a robust income growth and a good situation on the labor market, this development is expected to continue into 2020, subject to any impact from the coronavirus. This contrasts with low completion rates. The additional new supply may possibly exceed the additional annual demand for housing for the first time in 2022.[28]

Prices for residential real estate continued to rise last year. The empirica price index for condominiums (all years of construction) rose in the fourth quarter of 2019 by 11.0% as compared to the same quarter of the previous year. In the same period, the empirica price index for new construction rose by 7.6%. Supply prices for condominiums grew again faster than rents, which rose by an average of 3.8% during this period. Analyses by empirica AG conclude that the increase in rents is shifting from metropolitan regions to surrounding and less attractive cities.[29] Impact channels are very complex. Divergences between regions are likely to increase.[30]

2.2 BUSINESS PERFORMANCE

2019 was a successful year for Consus as the Company grew its business, continued its unique forward sale focused business model, demonstrated the value of its portfolio and made strong progress on integrating all of its operations. The comparative figures for the previous year take into account the adjustment in accordance with IAS8.41.

Adjusted EBITDA

The 2019 Adjusted EBITDA achieved was € 344mio, compared to the 2018 Adjusted EBITDA of € purchase price allocation amounted to € 66mio, primarily from the sale of a project in Leipzig, and the adjustments due to one-off charges amounted to € 42mio including, among other things, exceptional charges to projects and contracts relating to the departure of Christoph Gröner as CEO of CG Gruppe, costs for the implementation of new IT systems and costs to obtain a contract. In the 2019 annual report, the Company forecast that the adjusted EBITDA was expected to increase significantly in comparison to 2018.

Adjusted EBITDA margin

In 2019, the Company's Adjusted EBITDA margin was 51%, which compared to the Adjusted EBITDA margin in 2018 of 41%. The key driver of this change was the impact of the treatment of capitalised interest. Additionally, the margin was positively impacted by the significant upfront sales in 2019. This impact will decline as interest costs decline and a greater proportion of projects are under construction. The medium-term target Adjusted EBITDA margin of approximately 20% is unchanged from 2018.

Net debt/Adjusted EBITDA

In 2019, the Company's Net debt/Adjusted EBITDA was 7.8x, compared to a Net debt/Adjusted EBITDA of 8.7x at the end of 2018, pro forma for the € 400mio senior secured bond issued in May, which increased net debt by € 77mio. The key driver of the leverage reduction was the increase

[21] Deloitte Property Index (July 8, 2019) [22] ESTAT; *Anteil der Miete für selbstgenutzten Wohnraum am verfügbaren Haushaltseinkommen* [Rent for owner-occupied housing as a percentage of disposable household income] (March 03, 2020) [23] Statista GmbH; *Entwicklung des Wohnungsmietindex für Dt. von Oktober 2017 bis Oktober 2019* [Development of the residential rental index for Germany from October 2017 to October 2019] (2019) [24] Helaba, *Immobilienreport* [Real Estate Report] (January 15, 2020) [25] BMF; *Gesetzesentwurf* [Draft Legislation] (July 29, 2019) [26] CBRE Research (Q4. 2019) [27] Helaba, *Immobilienreport* [Real Estate Report] (December 12, 2019) [28] DB Research, *Ausblick auf den deutschen Immobilienmarkt 2019* [Outlook for the German Real Estate Market 2019] (March 12, 2019) [29] empirica AG; *Immobilienpreisindex 4/2019* [Property Price Index 4/2019] (January 2020) [30] DB Research, *Ausblick auf den deutschen Immobilienmarkt 2019* [Outlook for the German Real Estate Market 2019] (March 12, 2019)

in Adjusted EBITDA, while net debt increased primarily due to investment in the growth of the business.

Gross Development Volume (GDV)

In 2019, GDV increased from to € 9.6bn to € 12.3bn due to a combination of greater project acquisition activity, greater increases in GDV than expected of our existing development projects (due to both expected increases in sqm as well as expected increases in sales values achieved), as well as the impact of a delayed material upfront sale. In the 2018 annual report, the Company forecast that the GDV would increase slightly.

Forward Sales Volume

In 2019, Forward sales volume increased to € 2.8bn from € 2.5bn as reported at the time of the 2018 annual results, as further projects were signed and in negotiation, offsetting the completion of 2 projects in 2019 which resulted in their removal from the Forward Sales volume. It was forecasted in the 2018 consolidated financial statements that further forward sales would be generated in 2019.

Average run-rate interest rate

At the end of 2018, the average run-rate interest rate was 8.1%, which rose to 8.5% at the half year results, primarily driven by the issuance of € 400m senior secured bonds in May. The rate then declined to 7.8% by year end, primarily reflecting the successful refinancing and repayment of expensive mezzanine debt. No statements were made in the 2018 consolidated financial statements regarding the development of the average run-rate interest.

Market GAV

In 2019, Market GAV increased from € 2.95bn to € 3.62bn due to a combination of increase in the amount of work completed, project acquisition activity, and to a lesser extent increase in market valuations. It was forecasted in the 2018 consolidated financial statements that the GAV will decrease.

2.3 FINANCIAL POSITION OF THE GROUP

The figures of the results of operations and the cash flow of fiscal year 2019 are only limited comparable with prior year, because in the prior year Consus Swiss Finance Group was only included with one month, while in 2019 with 12 months.

The correction of the accounting policies for the application of IFRS 15, for the put option and for the finalization of the purchase price allocation of Consus Swiss Finance AG also led to amended figures in Consus' year end 2018 consolidated statement of comprehensive income and consolidated statement of financial position, which are now comparable.

2.3.1 RESULTS OF OPERATIONS

Consus' total income in fiscal year 2019 amounted to € 671.1mio, considerably above last year's level of € 485.5mio. The main increase resulted from income from property development, which increased compared to 2018 by € 122.6mio or 44.0% to the amount of € 401.6mio (2018 € 279.0mio). This growth was caused besides the inclusion of Consus Swiss Finance Group for full 12 months by more forward sales projects in 2019 compared to 2018 as well as development progress at existing projects. Income from property development includes both forward sales of development projects to institutional investors and forward sales of apartments primarily to individuals. This revenue was generated by 33 projects in its development phase. During 2019 Consus corrected its accounting policy for forward sales of development projects to institutional investors by separating into two material performance obligations, sale of land and work performed on the development of property. This led to changes in prior year figures by reducing income from property development and increasing change in project related inventory.

Income from real estate inventory disposed of increased compared to prior year by 25.1% to a total level of € 204.5mio (2018 € 163.5mio). The 2019 revenues included an upfront-sale of a real estate project in Leipzig with an impact of € 184.1mio. The prior year figure was influenced by € 144.9mio from the sale of a real estate project in Berlin. Income from letting activities decrease by 34.9% to € 21.3mio in 2019 from € 32.8mio in the prior year which is related to the termination of a material rental contract and to the disposal of Consus commercial investment properties business unit in 2018 on the level of the Holding entities. Income from service, maintenance and management activities improved materially from € 10.2mio in 2018 to € 43.6mio in 2019, which more than a quadruple. This is mainly caused by the fact that Consus Swiss Finance group is in 2019 included for 12 months instead of one month in 2018.

Consus RE Group, the former CG Group, contributed € 600.1mio (89.4%) and Consus Swiss Finance Group € 71.0mio (10.6%) to the 2019 total income of € 671.0mio. The 2018 ratios are not comparable to the 2019 figures, because in 2018 the Consus Swiss Finance Group was included in the Consus consolidated statements only for one month. Also, in 2018 Consus Real Estate AG had significant external revenues from the GxP and CCP entities which were divested in 2018 whilst in 2019 only minor turnover was generated.

Overall performance, the sum of total income and change in project related inventory, improved by € 397.3mio or 85.2% from € 466.5mio in 2018 to € 863.8mio in 2019. In addition to the total income change in projected related inventory contributed significantly to this improvement by growing with the amount of € 211.7mio. The growth reflects mainly the development activities on projects projects including capitalization of interest expenses which are not sold yet under forward sales agreements.

In 2019 Consus achieved a gain of € 31.9mio (2018 € 25.6mio) from the re-evaluation of the investment properties, with the gain reflecting the positive development of the German real estate market and the progress of real estate developments held as investment property.

In the same way that the income from letting activities decreased also expenses from letting activities were significantly reduced by 44.7% from € 16.1mio in 2018 to € 8.9mio in 2019.

Cost of material increased by € 239.6mio broadly in line with the increase in change in project related inventory and income from property development, considering that the income from property development includes a profit mark-up on respective costs.

The increase in personnel expenses of € 30.1mio is caused by the fact that Consus Swiss Finance Group was in 2018 included in in the consolidated statement of comprehensive income only for one month, while in 2019 personnel expenses were considered for 12 months and by an increase in headcount caused by the growth of the group from 782 to 975 at year end 2018 and 2019 respectively.

Other operating income and other operating expense each increased in 2019 compared to 2018 reflecting the growth in our business and the increased head count. In addition, 2018 included only one month of Consus Swiss Finance Group. The increase in other operating income is partially driven by the reversal of allowances of € 3.3mio. The other operating expenses are mainly influenced by reduced consulting and audit fees (€ (3.5)mio), less marketing expenses (€ (-90)mio) and increased other taxes, mainly non-deductible VAT, of € 13.0mio.

All these effects together resulted in improved earnings before interest, tax, depreciation and amortization (EBITDA) of € 236.4mio in 2019 compared to € 101.4mio in 2018, which lead to an EBITDA margin in % of total income of 35.2% and 20.9% in 2019 and 2018 respectively.

Scheduled depreciation of € 8.4mio (2018 € 2.2mio) led to earnings before interest and tax (EBIT) of € 228.0mio (2018 € 99.3mio).

In 2019 Consus incurred financial income of € 28.2mio and financial expense of € 244.7mio. In 2018 financial income of € 9.0mio compared to financial expenses of € 123.1mio. Because in 2018 Consus Swiss Finance Group was only included for one month in the statement of comprehensive income, the prior year is not comparable to 2019. Consus Swiss Finance AG contributed to each, the change in financial income and financial expense disproportionately by € 13.8mio and € 84.5mio. Nevertheless, the increased financial result reflects the increased scale of the group and also has to be seen in relation to the build-up of the Gross Development Value (GDV) of € 12.3bn (2018 € 9.6bn), which also increased significantly.

After considering income taxes of € (16.5)mio (2018 tax income of € 12.2mio) Consus incurred a net loss from continued operations of (5.0)mio (2018 € (2.6)mio) because the tax result overcompensated the earnings before taxes (EBT) due to the partial non-deductibility of interest expenses and other effects.

2.3.2 CASH FLOW

Cash Flow from operations

The net cash flow from operating activities before working capital adjustments improved strongly in 2019 by € 137.4mio from € 77.2mio in 2018 to € 214.6mio in 2019. The main driver for that was the operating performance of the Company in relation to the growth of the business adjusted by the financial result.

This net cash flow from operating activities before working capital adjustments was mainly invested in the net working capital, which had an impact of € –279,7mio (2018 € 63,7mio) on the net cash flow from operating activities. The increase in inventories and contract assets of € 577.2mio (2018 € 355,1mio) as cash outflow and, as cash inflow, the increase in prepayments on development projects of € 249.9mio (2018 € 356.3mio) mainly contributed to the change in working capital. As a result of the business growth trade and other payables and accruals increased by € 77.5mio (2018 € 39.0mio). Paid income taxes resulted in a cash outflow of € 9.1mio (2018 € 7.5mio).

Caused by the investing in the net working capital and in particularly of € –577.2mio (2018 € –335mio) in inventory, the net cash flow from operating activities decreased from € 133.4mio in 2018 to € –74.1mio in 2019.

Cash Flow from investing activities

The net cash flow from investing activities reversed from € 23.6mio in 2018 to € –205.7mio in 2019. While the prior year figure was mainly impacted by the cash inflow caused by the sale of subsidiaries, i. e. the GxP renting business on the level of Consus Real Estate AG and the operative CCP projects, amounting to € 94.9mio (2019 € 0mio), in 2019 the acquisition of consolidated entities with their respective projects, mainly GEM and the acquisition of further minority shares of Consus RE AG, amounting to € –70.0mio (2018 € –18.7mio), capital expenditure on investment property with € –89.7mio, inter alia the H-Portfolio (2018 € –13.1mio) and change in financial assets of € –38.3mio (2018 € –20.1mio) influenced the cash flow. Also, these outflows have to be seen in relation to the growth of the business.

Cash Flow from financing activities

The cash needs caused by the growth of the business were mainly financed by new debt capital. Until the end of the third quarter of 2019 a senior secured bond with an issuing volume of € 450mio (€ 400mio in the second quarter and € 50mio in the fourth quarter) was successfully placed to institutional investors, with the use of proceeds among other things to finance the acquisition debt from the SSN acquisition and to refinance high interest mezzanine debt.

In total a net cash flow from financing activities of € 338.8mio (2018 € –136.8mio) was generated, composed mainly of proceeds from bank loans of around € 1.3bn, proceeds from the issuance of a senior secured bond with a volume of € 450mio and the repayment of mainly bank loans of around € 1.1bn. Through these activities the average interest rate of the Group could be reduced further. In the prior year in addition to the proceeds from the issuance of share capital of € 128.7mio further proceeds from borrowings of € 535.9mio, which were used for the repayment of borrowings amounting to € –724.4mio were generated.

The increase of interest payments by € 211.9mio from € 77.1mio in 2018 to € 289.0mio in 2019 is the result of the higher debt financing and reflects the expanded business activities of the Group, amongst other things resulting from the incorporation of Consus Swiss Finance Group for 12 months.

2.3.3 NET ASSET POSITION

The total assets amounted to € 4,755,3mio (2018 € 4,045,2mio) as of the balance sheet date and relate mainly to investments which have been generated by CG Group and Consus Swiss Finance Group and are still being under development. Property under development is mainly reflected in the balance sheet position inventories amounting to € 2,472.6mio (2018 € 2,139.8mio) and contract assets of € 335.2mio (2018 € 221.6mio) and represents 59.0% (2018 58.4%) of the total assets. Contract assets are shown on a net basis, where gross contract assets of € 633.3mio (2018 € 407.3mio) are netted with prepayments received of € 298.1mio (2018 € 185.7mio). The balance sheet position Assets held for sale includes one further project in the amount of € 26.1mio for which change of benefit and load is expected to take place in the first half of 2020.

Investment properties have a fair value of € 384.0mio (2018 € 328.0mio) as of the balance sheet date, and related mainly to CG group and only to a minor extent to Consus Swiss Finance group. These investments properties are partially still under development.

Goodwill amounts to € 1,036.5mio (2018 € 1,036.9mio). The slight decrease in goodwill relates to the finalization of the purchase price allocation of Consus Swiss Finance AG. Goodwill represents 21.8% (2018 25.6%) of the total assets and shrank in proportion to the balance sheet compared to prior year. Purchase price allocation impacts are mainly reflected in development property. Other tangible and intangible assets account for a small proportion share of total net assets.

Cash and cash equivalents amount to € 150.6mio in 2019 (2018 € 91.6mio) providing short-term liquidity reserves. Of this cash € 139.5mio (2018 € 54.2mio) is restricted, mainly for future development activities. In addition, other non-current financial assets include € 42.1mio (2018 € 0mio) of restricted cash with a maturity of more than 12 months.

Total equity amounted to € 1,064,4mio and is mainly composed of subscribed capital and capital reserve. The equity ratio amounts to 22.4%. Prior year total equity was € 1,126.1mio (equity ratio of 27.8%).

Non-current and current financing liabilities 2019 amount to € 2,850.5mio (2018 € 2,195.5mio) representing 59.9% (2018 54.3%) of total equity and liabilities. Net Loan to Value (Net-LTV), defined as net debt divided by total real estate assets, amounts to 84% and 78% in 2019 and 2018 respectively. That shows that total real estate assets are higher than the respective project financing.

In addition the liability side of the balance sheet shows for 2019 prepayments received for land and other equipment, which are not netted with gross contract assets, of € 305.8mio (2018 € 324.0) and contract liabilities of € 53.2mio (2018 € 32.2mio) in total presenting 7.5% (2019) and 8.8% (2018) of total equity and liabilities. These positions reflect cash received for development projects, primarily for land, from customers. Total received advances from customers including the amounts netted with contract assets were € 788.9mio at year end 2019 and € 557.2mio at year end 2018. The total of all received advances in relation to total equity and liabilities is 16.6% (2019) and 13.8% (2018).

Other net working capital without development projects, composed of the current balance sheet positions trade and other receivables, financial assets, other assets, provisions, trade payables and other liabilities amounts to € (99.5)mio and € (8.8)mio in 2019 and 2018 respectively.

2.4 FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

The management of the Consus Group uses a variety of performance indicators to assess and direct the business. In line with standard practice there are key performance indicators derived from the financial statements of the group. Those are complimented by a number of key indicators relevant for the development of residential real estate.

Gross Development Volume (GDV)

GDV reflects the expected sales value of the fully constructed and let property development. As of December, 31st 2019 the GDV had increased to € 12.3bn compared to € 9.6bn on December, 31st 2018. The 2019 GDV was distributed over 65 projects (2018: 65 projects), with the increase reflecting higher expectations of sqm sellable that could be achieved from our projects, increase sales price forecasts and an increase in large projects.

Forward Sales Volume

Forward Sales Volume is the total of forwards sales signed, under Letter of Intent or in negotiation and includes forward sales to institutions as well as forward sales of condominiums to individuals. The volume as of December 31st, 2019 amounted to € 2.8bn, which is 22.8% of the GDV. At year-end 2018, Consus reported forward sales of € 2.5bn. The increase through 2019 reflects the signing of 5 contracts and a further 6 projects being under negotiation, and also 2 projects with a GDV of € 110mio being completed and handed over.

Average run-rate interest rate

The average run-rate interest rate is the going forward weighted average interest rate across all of the group's debt. The average run-rate interest rate improved by 0.3 percentage points from 8.1% in 2018 to 7.8% in 2019. This was due to the significant refinancings undertaken which significantly reduced high costs mezzanine debt.

Market GAV

Market GAV is a KPI showing the total value of your projects at fair market value. At each year end the Market GAV is externally appraised. Market GAV at year end 2019 was € 3.6bn compared to € 2.95bn at prior year end, reflecting the increase both in project values due to both development activities as well as general market values, but also the construction work undertaken.

Total Performance

The total performance is the IFRS term for the revenue of the group and reflects the business activities for the year. Total performance 2019 amounted to € 863,815k – an increase of 85.2% in comparison to the performance 2018 of € 466,498k. This reflects 12-months' inclusion of the Consus division in the 2019 performance in comparison to one month in 2018 as well as the expansion of our development activities as reflected in the gross development volume (GDV) stated above.

Operating Cash-flow

The operating Cash-flow provides an indication of the capacity of the group to assure real estate developments independent from the impacts of financing.

The operating cash-flow 2019 amounted to –74,102k in comparison to € 133,403k in 2018. The reason for the decrease is due to the substantial increase of contract assets and work-in progress of the development projects which increased to € 577,194k.

Adjusted EBITDA

The adjusted EBITDA is based on the EBITDA calculated on a costs basis and removing the impact of the inventory revaluations (PPA) due to previous acquisitions as well as one-off non-recurring expenses.

The adjusted EBITDA 2019 amounts to € 344,392k in comparison to € 197,195k in 2018. The increase is due to the EBITDA base which exceeds the prior year figure by 133% year-on-year, as well as the increased adjustments from one-off expenditure as part of the realignment of Consus RE.

Adjusted EBITDA margin

In 2019, the Company's Adjusted EBITDA margin was 51%, which compared to the Adjusted EBITDA margin in 2018 of 41%. The key driver of this change was the impact of the treatment of capitalised interest. Additionally, the margin was positively impacted by the significant upfront sales in 2019.

Net debt/adjusted EBITDA

Net debt/Adjusted EBITDA is the measure of leverage that Consus targets, which reflects the ongoing nature of development business. The business is based on the regular purchase, development and sale of projects to produce profits, and it is not a static collection of assets.

In 2019, the Company's Net debt/Adjusted EBITDA was 7.8x, compared to a Net debt/Adjusted EBITDA of 8.7x at the end of 2018, pro forma for the € 400mio senior secured bond issued in May, which increased net debt by € 77mio. The key driver of the leverage reduction was the increase in Adjusted EBITDA, while net debt increased primarily due to investment in the growth of the business.

2.5 OVERALL SUMMARY OF BUSINESS PERFORMANCE AND POSITION OF GROUP

Following a year of acquisitions in 2018, Consus focused in 2019 above all on an increase of activities in the real estate project market as planned. The strong growth is reflected in the increased performance as well as the forward-looking increases in gross development volume (GDV) as well as the market GAV whilst the business target of reported adjusted EBITDA Margin of 20% was achieved as well.

Consus has maintained its position as one of the leading residential real estate groups in Germany. The management board is satisfied with the business performance 2019 as the targets set for the year were achieved quantitatively through the increased GDV as well as through the significantly increased EBITDA.

3 EVENTS AFTER THE BALANCE SHEET DATE

On 21 February 2020 Consus Group entered in to a Letter of Intent with ADO Properties regarding the sale of the Hamburg Holsten project for € 320mio.

On 19 March 2020, Jens Jäpel was appointed to the Consus Management Board as Chief Development Officer ("CDO").

On 19 March 2020, CG Gruppe AG changed its name to Consus RE AG.

On 20 March 2020, the founder and CEO of CG Gruppe, Christoph Gröner, left the Executive Board of Consus RE AG and moved to the Supervisory Board. Jens Jäpel was appointed as the new CEO of Consus RE AG. The management board of Consus RE AG also includes Jürgen Kutz as Chief Operation Officer (COO) and Deputy CEO and Theodorus Gorens as Chief Financial Officer (CFO).

The outbreak of the Corona virus and its rapid spread across many countries and continents increased financial, financing and liquidity risks as well as risks in the project development phases, e.g. in the area of financing, completion and sale of the Consus' projects. For details we refer to the comments made in the management report in section 5.2.1.5.

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

4 OUTLOOK

As the leading developer of residential projects in Germany's top 9 cities, Consus has projects throughout Germany. The group plans to continue focussing on project developments in the top 9 city-locations in Germany, and does not currently plan to make any other long-term asset investments.

The forward-looking statements in the forecast report relate to future expectations. The development also depends on factors that the Consus Group cannot influence. The actual development of Consus Group may deviate from expectations both positively and negatively. The economic success of Consus depends also on the development of the German residential real estate market. These developments are influenced in particular by the macroeconomic environment as well as by valuation parameters and the performance of real estate in Germany. These metrics are dependent on numerous factors which partially influence each other and over which the Group has no influence. In addition, the outbreak of the Coronavirus and its rapid spread across many countries and continents has led to a significant increase in uncertainty in the macroeconomic environment. A negative change in one or more of these factors influencing the real estate market could have a negative impact on the activities of Consus.

As of the reporting date, Consus does not assume at this point in time that the Coronavirus pandemic will have a material impact on the Group's business. Existing forward sales contracts are continuing largely unaffected; however, certain upfront sales and new forward sales are currently delayed and our plans, including the ability for these transactions to be completed as originally assumed, are dependent on the scale of negative impacts caused by the Coronavirus pandemic and the success of any counter measures. Although there is a risk to asset prices, Consus continues to believe that German residential real estate will prove to be one of the most robust asset classes despite the Coronavirus pandemic, and that the advantages of Consus position as the largest German residential real estate developer in Germany's top 9 cities will ultimately be demonstrated. Consus will continue to analyse and assess permanently any potential macro-economic and industry-related impacts as well as any impact on the Group's business.

Because the Adler Real Estate option to acquire a further controlling 51% controlling stake in Consus has not been exercised as of the reporting date, the outlook does not assume its exercise.

4.1 MACROECONOMIC ENVIRONMENT AND REAL ESTATE MARKETS

In January 2020, the German Institute for Economic Research *(Deutsches Institut für Wirtschaftsforschung)* forecast the growth of the German economy in 2020 to be around 1.2%, which would have been double that achieved in 2019. Since that forecast, the Coronavirus pandemic has unfolded. In their Spring analysis *("Frühjahrsgutachen")*, the German Institute for Economic Research in conjunction with other leading German institutes has made a preliminary evaluation of the impact, and came to the conclusion that Germany is going to experience a significant recession in 2020. A contraction of the economy of 4.2% and an increase in the unemployment rate to 5.5% (2019: 5%) is now their expectation. Their current view is that the Coronavirus will be a short-term impact on the robust German economy and they expect a growth rate for 2021 of 5.8% as the economy rebounds. However, there remains significant uncertainty on the impact of the Coronavirus on the macroeconomic environment and the corresponding impact on real estate markets.

Consus believes that residential real estate will demonstrate that it is one of the most robust asset classes due to its stable income stream.

4.2 ANTICIPATED COURSE OF BUSINESS

The Management Board of Consus Real Estate AG assumes that the good conditions on the German real estate market will continue. It expects strong demand for housing, especially in the middle-income bracket in the 9 largest German cities, in large part based on the lack of supply. The Consus Group will continue to focus on larger project developments in the residential real estate sector. The Management Board intends to reduce existing debt through forward sales or upfront sales with the aim of reducing leverage overall and enhancing strategic flexibility.

The Management Board also assumes that the financial markets will continue to support residential development as one of the most robust asset classes.

Adjusted EBITDA

Consus will continue to focus on the increase of activities in the real estate project market in 2020. The increase in revenues and profits from income from project development as recognised under the percentage of completion approach, combined with the revenues and profits from upfront sales will lead to a corresponding impact on Adjusted EBITDA. It is expected that Adjusted EBITDA will develop positively and will increase significantly in comparison to 2019 to approximately EUR 450m from a combination of increased forward sales income and in particular increased up front sales.

Adjusted EBITDA margin

The EBITDA margin at Consus is a combination of the EBITDA margins for all of its sources of income, and it is impacted by the treatment of capitalised interest. In particular, of the two major income sources, income from upfront sales, reported as income from real estate inventory disposed of, has a materially higher adjusted EBITDA margin than income from property development. Consus expects its Adjusted EBITDA margin to decline in 2020 towards its long-term target of 20%, as income from property development increases and the impact of capitalised interest reduces.

Net debt/Adjusted EBITDA

Net debt/Adjusted EBITDA is the measure of leverage that Consus targets, which reflects the ongoing nature of development business. The business is based on the regular purchase, development and sale of projects to produce profits, and it is not a static collection of assets. The Group is targeting a reduction of leverage to approximately 3x Net Debt/Adjusted EBITDA in the medium term, and expects Net Debt/Adjusted EBITDA to reduce materially in 2020 based on a forecast Adjusted EBITDA for 2020 of approximately € 450mio and an expected material reduction in net debt from significant upfront sales.

Gross Development Volume (GDV)

The focus for Consus in 2020 is the optimisation of the portfolio as Consus completes certain projects and undertakes the upfront sale of other projects to reduce the leverage. Consus expects to reduce GDV to below € 10bn through this process.

Forward Sales Volume

Consus has a project portfolio which is more focussed on development than on production, reflecting the growth the Group has experienced. Due to this, the proportion of the company that is Forward Sold, either signed, under LOI or in negotiation, is lower than would be expected at steady state. Consus expects that the Forward Sales as a proportion of total GDV will grow materially in 2020, and absolute forward sales signed, under LOI or in negotiation will grow to some extent, as new forward sales increases are offset against development projects that are completed. In 2019, the Company did not provide a forecast for forward sales volume.

Average run-rate interest rate

The average run-rate interest rate is the going forward weighted average interest rate across all of the group's debt, and is used to track the Group's progress on reducing the average cost of debt. The key drivers for its progress in 2019 have been the refinancing of expensive mezzanine debt and the issuance of the senior secured debt.

The Group has a medium-term target of 6%, which will require the refinancing of the existing € 450m senior secured bonds as well as the expensive mezzanine debt. In 2020, the company expects to reduce the average cost of debt to around 7.5% following significant upfront sales which will reduce expensive mezzanine debt.

Market GAV

Consus Market GAV movements are driven by increases or decreases in market valuations (which can be a function of both increases in expected sqm achievable and price increase), increases in the amount of work completed on projects, and the value of projects that have been acquired or sold. Consus expects the Market GAV to fall significantly in 2020, as the reduction from upfront sales and completed projects is expected to be greater than the increase from work completed on projects.

5 OPPORTUNITIES AND RISK REPORT

Consus faces a variety of risks and opportunities in the course of its business activities. Solid, transparent and accountable governance shall safeguard the successful development of Consus in the long term. An appropriate management system for identifying, assessing and controlling risks is a central instrument for supporting this objective, in which the opportunities arising from the business activities are considered separately.

5.1 RISK MANAGEMENT SYSTEM

Section 91 (2) of the German Stock Corporation Act *(Aktiengesetz)* requires the Management Board to take suitable measures, and in particular to institute a monitoring system, in order to allow developments jeopardizing the company's continued existence (risks) to be identified at an early point in time.

Risk management at Consus is understood to mean all organizational regulations and measures in order to identify business risks at an early stage and to address them in good time, if necessary, with suitable countermeasures and to implement the risk strategy at Consus. Undetected risks, which are thus uncontrolled or not addressed, may pose a considerable potential risk but are reduced by systematic risk management and its integrated early warning system.

The risk management system has been adapted to the Consus Group's size and requirements. The acquisition of both the CG Group (now: Consus RE) and the SSN Group (now: Consus Swiss Finance) in recent years has changed Consus' opportunities and risks profile. Together with independent consultants, Consus worked in 2019 on further developing, standardizing and optimizing the Group-wide risk management system, revising risk categories and risk classes as well as further examining the probability of occurrence.

The key elements of risk management include a defined risk-strategy, structured risk organization, regular risk identification and assessment, and derived reporting as the basis for taking effective action. The latter includes regularly held as well as fixed date meetings, controlling reports, internal approval processes for major decisions and check mechanisms such as the four eyes principle. Risk management effectiveness is likewise continuously reviewed, e.g. by the internal audit department.

The further perfected risk management system is documented in the Group-wide risk management manual, which the Management Board of Consus Real Estate AG approved in mid-December 2019. As a guideline, the risk management manual assumes a steering function for the Management Board and, in addition to its information function, documents the obligation to implement risk management on an ongoing basis; it is thus an integral part of Group-wide corporate governance. Together with the extended risk catalogue and the established risk organization, the manual forms the basis for the current risk assessment as of December 31, 2019.

The risk management manual includes description on risk organization and responsibilities, risk management process including identification and assessment, monitoring of the risk management system and risk reporting as follows.

Risk organization and responsibilities

The management board bears overall responsibility for the risk management and decides on the structural and procedural organization of risk management, and on its resources. The Management Board defines the Consus Group's risk strategy and principles and risk management procedures. Guidelines for operational risk management are defined within the scope of the risk strategy and include such guidelines as the specification of maximum loss limits, above which risk management measures must be taken, or tolerance limits up to which a risk can be accepted. The results of the risk management system documented in the reports are approved by the Management Board and taken into account in corporate management. The Supervisory Board regularly monitors risks and reviews the effectiveness of current risk management and internal control procedures.

The risk officers assume responsibility for identifying, assessing, documenting, managing and communicating all material risks in their area of responsibility. Every Consus employee is required to behave in a risk-conscious manner, to provide clarity about the risk situation and to deal responsibly with identified risks. Unreasonably high risks have to be avoided.

Risk management processes

Central Risk Management coordinates the risk management process, checks the plausibility and consolidates the results of risk identification and assessment by the risk officers and prepares the regular report to the Management Board and the Supervisory Board of Consus Real Estate AG. There will also be internal ad-hoc reporting on material risks and on risks that may threaten the company.

The Management Board shall therefore be able to systematically identify and assess material risks in or to the company at an early stage, and to take appropriate action. Potential risks to corporate value or development shall thereby be detected early. An early warning system will be established as yet another component part of risk identification within the risk management system. Its purpose is to identify risks through early warning indicators to enable risk averting measures to be taken in advance. Sector and company specific early warning indicators are taken into account as well as the knowledge of our risk-conscious employees.

The operational risk management processes comprise the appraisal of new sites when acquiring new projects, the planning and development of the properties with a focus on the construction phase, and the sale at the end. Risk monitoring includes the frequent analysis of interest rate and price developments on the real estate markets, rent and vacancy modelling, and the continuous monitoring of construction cost and liquidity.

Quarterly assessment and documentation in 2019 were, for all risks up until September 30, 2019 carried out exclusively by the Management Board. For the assessment as of December 31, 2019, risk officers who regularly identify or update the risks in their respective areas of responsibility as part of a systematic process were assigned to the risks throughout the Group within the scope of further advancing the risk management system.

For each risk, the possible effects of damage and the probability of occurrence are classified within defined ranges and documented in a risk register. The risk register is structured by risk categories and contains all information relevant for risk assessment and risk management through appropriate action. The risk register gives a quick overview of the probability of a risk occurring and the impact it has on the group. The probability is assessed as a percentage of likelihood of the event occurring. Risks are recorded as net risks; the assessment takes the effects of already implemented and effective measures into account. In principle, at least a period of two years should be considered, unless there are other periods to be observed, e.g. based on contracts or earlier or later completion of the projects.

The four levels of probability have been defined as follows:
- Low: Probability of 0%–20%
- Medium: Probability of 11%–50%
- High: Probability of 51%–90%
- Almost certain: Probability of > 90%

Impact is rated as follows:
- Minor impact, easily handled by normal day-to-day processes
- Some disruption possible
- Significant time/resources required, operations severely impaired
- Company survival is at risk

The combination of probability and impact led, for the end of the year 2018 and the quarters of 2019, to the following risk rating:
- Low (green)
- Medium (green/yellow, depending on impact)
- High (yellow)
- Severe (red)

At the end of 2019, risks were newly categorized and a scoring model with six categories of loss exposure and six levels of probability of occurrence were introduced. Risk assessment is thus carried out by targeted measurement and by an assessment of the risks identified. On the basis of the scoring model, the effects on Consus' costs and revenues, liquidity, assets and image can be measured directly. They are also used to assess the relevance of the measured risks in order to identify significant risks, focusing on compliance with risk limits or thresholds.

Risks are assigned to the following five categories:
- Macroeconomic and industry-related conditions
- Strategic risks
- Financial and financing risks
- Operating risks of project development
- Risks specific to the company

Potential loss is as a matter of principle rated along the following classification table:

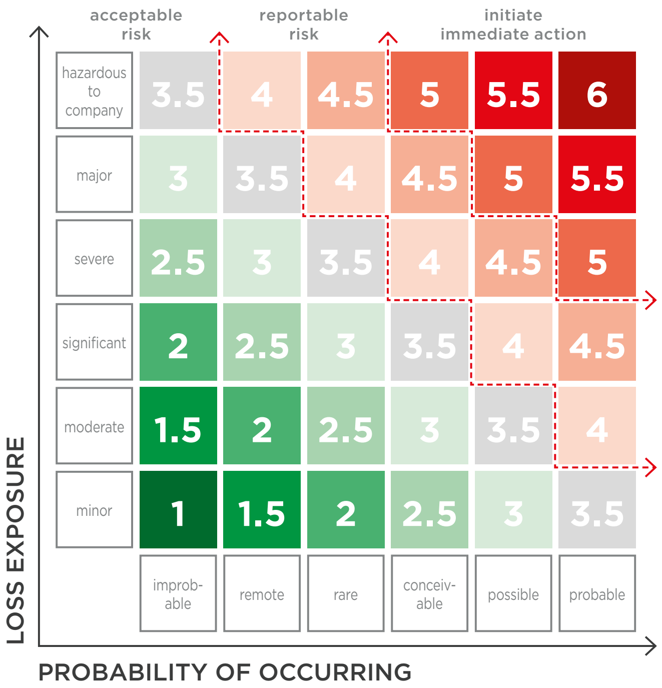
Class	Score	Description
Minor	1	No notable impact
Moderate	2	Slight impact on one or several business process(es)
Significant	3	Discernible impact on one or several business process(es)
Severe	4	Clearly discernible impact on one or several business process(es)
Major	5	Considerable impact on one or several business process(es)
Hazardous to company/ project	6	Existential impact on company as a whole or the whole or part of the project

The following rating is generally used to classify the expected probability of occurrence:

Class	Score	Description
Improbable	1	Up to now, risk has never occurred but cannot be ruled out or may occur with a probability of less than 10%.
Remote	2	Occurrence within 5 years is to be expected or repeated occurrence in the past 7 years or may occur with a probability between 10.01 and 25%.
Rare	3	Occurrence within 3 years is to be expected or repeated occurrence in the past 5 years or may occur with a probability between 25.01 and 40%.
Conceivable	4	Occurrence within 2 years is to be expected or repeated occurrence in the past 3 years or may occur with a probability between 40.01 and 50%.
Possible	5	Occurrence within one year is to be expected or repeated occurrence in the past 2 years or may occur with a probability between 50.01 and 75%.
Probable	6	Occurrence within the next 3 months is to be expected or repeated occurrence in the last year or may occur with a probability of more than 75%.

In collusion with the single risk owner, a different basis or description of the probability of occurrence in the risk classification may be possible.

By the assessment, risks are given a score as an average value made up of loss exposure class and probability of occurrence.



Monitoring the risk management system

The risk management system is frequently monitored, adapted and advanced to reflect changes in the company and its environment. Risk monitoring is used to check whether the measures taken as part of risk management resulted in the desired effect and whether the risk positions under consideration are in line with the specified target values following the implementation of management measures. All necessary adjustments in the risk management system's central elements will be included in the risk management manual on a continuous basis.

Risk reporting

Material risks are documented at least every six months in the risk report to the Management Board. The Supervisory Board is regularly and intensively informed about the course of business and the risk management system's status and its further development. The most important objective of risk reporting is to ensure that decision-makers are provided with complete, correct and timely information on risk-relevant developments in terms of significance. On this basis, risks can be detected in good time and countermeasures can be initiated early. New risks with a significant impact on the company or strongly negative changes are subject to ad-hoc reporting to the Management as well as to the Supervisory Board.

Internal control

The internal control system (ICS) is a sub-sector of the risk management system. Control measures may avoid or reduce risks. The Management Board is responsible for setting up, monitoring, checking the effectiveness of, and for further developing the ICS.

The key objectives of the accounting-related ICS, as defined by the relevant regulations, are

- to ensure the profitability of business activities and to protect the company's assets;
- to ensure the reliability of internal and external accounting;
- to comply with the relevant legal regulations, in particular to ensure conformity of the consolidated financial statements and the group management report with the standards.

The Accounting and Reporting Division of Consus Real Estate AG is responsible for the guideline competence for a uniform and standardized application of the accounting regulations according to the German Commercial Code *(Handelsgesetzbuch, HGB)* and the International Financial and Reporting Standards (IFRS) as to be applied in the EU, and is also responsible for the content in the financial statement preparation process. The data required for the notes to the consolidated financial statements and the management report are aggregated and prepared at Group level.

For organizational purposes, the preparation of the consolidated financial statements in accordance with IFRS is carried out at Consus Real Estate AG.

In cooperation with the Deputy CFO and Chief Risk Officer, the external auditors draw up a risk-oriented audit plan and check whether the legal framework and guidelines for control and risk management have been applied. The functionality and effectiveness of the defined controls is thus monitored. The audit report's addressee is the Management Board, enabling the board to eliminate possible errors and improve the ICS. The Chief Risk Officer informs the Supervisory Board about important findings.

5.2 RISK ASSESSMENT ON THE BALANCE SHEET DATE AS OF DECEMBER 31, 2019

For the risk assessment as of December 31, 2019, the the risk management concept was largely implemented. When assessing the risks from the project development phases, deviating from the concept a combination of individual and general assessments of the individual projects was used exceptionally.

The following section presents the risks and control measures for avoiding, reducing and passing on risks that are particularly relevant from the Group's perspective. A risk is considered as relevant if it has a score of more than 3.0, and as very relevant if it has a score of equal or more than 4.5. In the present risk assessment, risk categories and sub-categories are summarized where appropriate, but individual risks are also addressed.

5.2.1 MACROECONOMIC AND INDUSTRY-RELATED CONDITIONS

5.2.1.1 ECONOMIC DEVELOPMENT IN GERMANY

Global risks can slow down the national and international economy. The Consus Group is planning to deleverage over time to increase financial stability and to be well-prepared against negative external impact. Economic risks could result from too fast inflation, which could push central banks towards a much more aggressive exit from the zero interest policy. This could have a correspondingly negative impact on economic development worldwide. A rise in interest rates can have a negative impact on the real estate market and subsequently on the valuation of Consus' real estate projects. Raising equity or debt could also become considerably more difficult, which would have a negative impact on Consus' growth. Asset and financial bubbles could also have a negative impact on general economic growth. Global financial and economic crises and the sovereign debt crisis, particularly in the Euro zone, have previously caused strong negative economic effects. The development of the real estate market depends to a large extent on macroeconomic development and the demand for living space. Economic instability and limited access to debt and equity financing can lead to possible defaults by business partners.

Factors that could lead to adverse developments are outside of Consus' sphere of influence. They include, for instance

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

Consus is planning to deleverage over time to increase financial stability and to be well-prepared against negative external impact.

The Management Board regards the risk from deterioration of the overall economic environment and its effects on the asset, financial and earnings position as not relevant.

5.2.1.2 REAL ESTATE MARKET

Consus' real estate projects are focused on the top 9 cities of Germany (Berlin, Cologne, Dusseldorf, Frankfurt am Main, Hamburg, Leipzig, Munich, Stuttgart and Dresden). In recent years, positive population and income trends have led to an increased demand for housing – especially for affordable housing – in conurbations. There is a risk that demand in conurbations will slacken in favor of medium-sized or smaller cities and their suburbs. The fiscal year saw a further positive development of the entire housing market, meaning that Consus believes that the demand for residential properties and quarters will remain at a high level.

An increase of the currently low interest rates may reduce demand for real estate as alternative investment in the medium or long term and may therefore affect the possibility to sell real estate in forward sales, especially to institutional investors.

The real estate sector is subject to various legal framework conditions. It is a regulated sector, requiring the company to continually monitor compliance with the changing legal environment. Another aspect of political risk is the dependence on building rights and permissions required for the development of acquired sites. To address this, Consus maintains relationships at local and federal government level to ensure our objectives are aligned. Consus is aware of its public responsibility particularly as it generates affordable housing in cities, and values honesty and trust when dealing with political decision makers.

The Management Board regards the risk from changes in the real estate market and their effect on the asset, financial and earnings position due to the high demand for housing – especially for affordable housing – in conurbations as not relevant.

5.2.1.3 CAPITAL MARKET

The capital market risk describes the risk of a market access by Consus to medium to long-term equity and/or debt in terms of amount and/or price (e.g. interest conditions or share price). Both are significantly influenced by the risk assessment and return expectations of the market participants as well as the expected interest rate on investment alternatives.

Poor communication with the capital market creates a risk to fail the capital market's expectations and thus to damage Consus' reputation. Consus is therefore in frequent communication with investors and analysts through calls on quarterly, half year and annual results, participation in equity forums and direct communications at roadshows.

The Management Board regards the risk from misinterpretations by the capital market and their effects on the asset, financial and earnings position as relevant.

5.2.1.4 PANDEMIC DESEASE

Since March 11, 2020, the corona virus has been classified as a pandemic. A pandemic is an epidemic that spans multiple countries and continents. The World Health Organization (WHO) anticipates a further increase in the number of cases and possible deaths, as well as the number of countries affected, and expresses concern about the spread and severity of the diseases. The situation is considered being serious. If the Corona virus is suspected or occurs among Consus employees, service providers or suppliers, there may be delays on the construction sites of our projects.

The Management Board assesses the risk from the further spread of the pandemic and the effects on the asset, financial and earnings situation as relevant. A crisis team has been established to decide on all necessary measures to be taken and to be managed. The managers and employees of the Consus Group have been informed and instructed about precautionary measures and specific measures to be taken in the event of suspected or occurring illness.

5.2.1.5 NEW EVALUATION OF THE MACROECONOMIC AND INDUSTRY-RELATED CONDITIONS AFTER THE BALANCE SHEET DATE

The outbreak of the Corona virus and its rapid spread across many countries and continents has led to a change in the estimates made by the Management Board as of December 31, 2019. At the moment, Consus cannot conclusively assess the effects on Consus from the impairment of the overall economic and industry-related developments by the Corona virus, but assume that the risks in this risk category have generally increased.

This also entails increased financial, financing and liquidity risks as well as risks in the project development phases, e.g. in the area of financing, completion and sale of the Consus' projects. The completion can be due to the lack of availability of materials or of our own as well as employees of subcontractors, e.g. because the entry to Germany is prevented by closing the borders. Accompanying increasing building costs may. Delayed completions can lead to later cash flows under forward sales contracts or those from condominium sales. Upfront sales can be delayed due to economic uncertainty and sales prices achieved may decline. Fundamentally, willingness to invest can also diminish in the economic environment shaped by the corona virus.

These potential impacts should be taken in to account when reading the risk report.

5.2.2 STRATEGIC RISKS

Strategic risks arise primarily from management decisions related to the company's business policy orientation, which can lead to unexpected losses, and from risks due to unanticipated changes in the macroeconomic environment. The integration of the business activities of acquired companies might also be more challenging than anticipated. The corporate structure of the subsidiary may aggravate these difficulties. The assumption of executive, management and supervisory functions in the subsidiaries by the Management Board or senior management of Consus Real Estate AG shall ensure the operational implementation of the strategic goals throughout the Group.

The Management Board regards the risk from strategic decisions made and from failure to implement the strategy throughout the Group and the respective effects on the asset, financial and earnings position as not relevant.

5.2.3 FINANCIAL AND FINANCING RISKS

5.2.3.1 FINANCING AND LIQUIDITY RISKS

Consus requires debt primarily to refinance existing loans and to fund project development and acquisitions. The market conditions for real estate financing are subject to continuous changes. Financing and refinancing on the banking and capital markets is one of the most important measures for real estate companies. The financing options available depend on a number of factors that cannot all be influenced by Consus, such as market interest rates, the amount of financing required, tax aspects and collateral required. This may significantly impair the Group's ability to increase the level of completion in its development portfolio, to invest in appropriate acquisition projects or to meet its obligations from financing agreements. Financing risks are closely linked with the risks relating to interest and liquidity. Financing risks are managed by using diversified funding sources for projects. The Group is additionally committed to reducing its leverage and the volume of mezzanine loans.

Default risks exist for all types of financial instruments including but not limited to trade receivables. These risks are regarded as low. The Consus Group is not exposed to significant default risks with regard to any individual company. The majority of trade receivables concerns low-risk institutional investors. Deposits in banks or financial institutions were made exclusively with well-known financial institutions with very high solvency.

The Consus Group monitors and assesses liquidity on a regular basis. Developments in liquidity are analyzed and evaluated regularly both at Consus Group level as well at subsidiary and project level. Liquidity plans are scrutinized along various stress scenarios, which enables us to identify and counteract potentially arising liquidity risks in good time.

The Management Board regards the financing and liquidity risks and their effects on the asset, financial and earnings position as very relevant.

5.2.3.2 INTEREST RATE RISK

Interest rate risks are relevant because of the company's financial liabilities. In order to minimize interest rate risk, Consus Real Estate AG follows a policy of mixing loans with fixed interest rates and variable rate loans. The company also seeks to over time further increase the share of long term financing through fixed interest rates at Group level. However, increases in the refinancing interest rates of the central banks may make property financing more expensive and could thus lead to a reduction in the demand for real estate. All real estate transactions generally also carry a risk in relation to their timely refinancing. Forward sales reduce this risk considerably. The Consus Group additionally has however holding financing that needs to be refinanced in the short term.

In the case of loans with variable interest rates, an upward change in the interest rate level leads to a detrimental effect on the consolidated earnings. At balance sheet date, € 357mio related to loans with variable interest rates and € 2,493mio to fixed rate instruments. Interest payable on variable interest rate loans is on average significantly lower due to its prevailing senior loan characteristic.

The Consus Management Board regards the risk of interest rate changes and their effects on the asset, financial and earnings position given the current and medium-term expected interest rate level as not relevant.

5.2.3.3 RISKS FROM FINANCIAL COVENANTS

Some debt financing agreements contain financial and non-financial covenants. Non-compliance with these covenants may entail the risk of extraordinary termination by the creditor and may thus mean that the refinancing of the corresponding amounts might come at less favorable conditions.

The covenant requirements are monitored in order to prevent breach of covenant (default). Any non-compliance during the reporting period was resolved with the lender and did not lead to any loans becoming due prematurely. As of December 31, 2019 (balance sheet date), no further defaults were known.

Even if very unlikely to occur, the Consus management board regards this risk and its effects on the asset, financial and earnings position due to the potential loss exposure as relevant.

5.2.3.4 RISKS RELATING TO ACCOUNTING AND FINANCIAL STATEMENTS

Non-compliance with legal and internal regulations can result in incorrect quarterly, consolidated and annual financial statements. If the (consolidated) financial statements plus management report or the annual report do not reflect the actual circumstances of the company with regard to completeness and accuracy, there is a risk of loss of reputation of the company and there may thus, if applicable, be claims by investors who have invested in the company on the basis of the published information.

As a rule, the risk is countered by specifications (accounting manual), the recruitment or continued employment of expert personnel, training, plausibility checks and 4-eyes-principle.

The risk of not publishing the consolidated financial statements on time and thus possibly defaulting on financing as well as losing reputation is countered by early, realistic planning of the preparation and publication process and monitoring compliance with milestones/information by the relevant responsible parties, sufficient resources and appropriate escalation in the event of delays.

The Consus Management Board regards the risks relating to accounting and the financial statements and their effects on the asset, financial and earnings position as relevant.

5.2.3.5 RISKS FROM SIGNIFICANT GOODWILL

In the past, Consus has acquired two major companies resulting in significant goodwill recognition at Group level. There is as a matter of principle always a future risk that the respective goodwill must be impaired if the expected cash surpluses cannot be achieved. External factors, such as the increase of capital costs, for instance, may also lead to a goodwill write-off.

The Consus management board regards the risk from goodwill write-offs and their effects on the asset, financial and earnings position as not relevant.

5.2.4 RISKS IN THE PROJECT DEVELOPMENT PHASES

The progress of Consus projects is frequently monitored and documented. Based on this documentation by the project managers, monthly meetings with heads of branches and managing directors are held, as are meetings with the Consus Executive Board for discussing results and forecasts. In their operational activities, Consus differentiates between four project development phases:

- Buy
- Plan
- Sell
- Build & Deliver

The following risks may sometimes occur in various forms in several project development phases.

5.2.4.1 RISKS RELATING TO LAND AND BUILDINGS

Consus erects new buildings and renovates already existing ones, some of them protected as historic monuments. The risk of the condition of land and buildings is the risk that construction delays or that cost increases due to the characteristics of the land or building at the chosen location, e.g. due to increased foundation costs or strengthening measures.

The risk of later complications in project development is reduced by detailed due diligence during the acquisition of land or buildings and thorough soil analyses/expert reports.

The Consus management board regards the risks relating to land and buildings and their effects on the asset, financial and earnings position as not relevant.

5.2.4.2 RISKS RELATING TO LEGAL UNCERTAINTY AND PERMITS

Legal uncertainty and delays in obtaining building permits may lead to delays in project implementation or to necessary changes in the original plans and decision taking by the Company. In order to reduce this risk, possible construction projects are analyzed in detail by experts who know the area. Open questions are discussed with the authorities and city representatives at an early stage.

The Consus Management Board regards the risk relating to permits and its effects on the asset, financial and earnings position for all projects as relevant.

5.2.4.3 REVENUE RISKS

Market prices, rents and occupancy rates may be adversely affected, which has a negative impact on the value of a property and the income it generates. With our development projects, Consus focuses on Germany's top 9 cities and good locations, focusing our projects on multi-story buildings for households with a medium income. Economic and political developments can reduce market prices, rents and occupancy rates. This may have an adverse effect on a property's value. As part of our risk analysis, the factors relevant to residential and commercial real estate are watched and analyzed. Consus minimizes the market risk by concentrating on defined core regions, in particular through our presence at the relevant locations and risk analysis within these core markets. It is especially this precise knowledge of the market as obtained through our branches and the ongoing evaluation of the strategy, the continuous monitoring of the portfolio and the targeted portfolio management (e.g. determination of exit strategies, medium-term planning for acquisition and sales) that allow a timely reaction to economic and political events.

Given the market environment, Consus regards the revenue risk and its effects on the asset, financial and earnings position for all projects as relevant.

5.2.4.4 RISK RELATING TO BUSINESS PARTNERS

In the implementation of its development projects, Consus has to rely on the provision of planning and construction services by external business partners, e.g. architects, engineering and construction services. If no qualified and reliable business partners can be found, there is a risk that the projects will not be completed on time and in the required quality. When selecting business partners, their suitability must be taken into account and proven, e.g. by certifications and references.

Given the market environment, Consus regards the risk relating to business partners and its effects on the asset, financial and earnings position for all projects as not relevant.

5.2.4.5 TRANSFER RISK (PURCHASE TO SALE)

Consus mitigates the marketing risk through so-called forward sales to institutional buyers, i.e. professional clients. This way, entire buildings, development projects or parts thereof are sold prior to starting actual construction. The advantage is an early recycling of capital resulting in the return of the capital invested until sale. Until completion and handover, a price risk for the rental income as stated in the forward sales contract remains. The purchase price instalments during construction, which are defined in the forward sale, are also reducing financing risks.

In addition to marketing to institutional investors, condominiums for individual buyers are also being built to a lesser extent (23% of the total development volume as per December 31, 2019). In this case, the purchase price is paid in installments as set out in the German MaBV regulations regarding condominium sales, which in cash in escrow accounts against which a pre-financing of the land, planning and construction costs can be made.

Based on completed projects and the current market situation, for all projects this risk and its effects on the asset, financial and earnings position can be regarded as not relevant.

5.2.4.6 RISKS RELATING TO CONSTRUCTION COSTS OR DELAYED CONSTRUCTION

Given the current economic environment, construction activities face risks of availability of contractors at the proper time as required by the progress of construction; they also face a risk of rising construction costs. Consus addresses these risks in a number of ways. Firstly, by shaping up its workforce in order to be capable of performing the work ourselves, thus reducing dependency on external contractors. Secondly, BIM and digitization enable reduced costs and to raised efficiency. Finally, the company also works where possible with fixed-price contracts to reduce risks of future price rises. Due to the high demand, 2019 saw a significant increase by 3.8% in construction costs. According to the Federal Statistical Office, prices for the construction of, for example, new conventionally constructed residential buildings in Germany rose in 2019 by 4.9% as compared to the previous year (based on the 2015 Index as 100%). Since construction volume in Germany is expected to remain high, further increases in construction costs and thus risks to budget compliance and the overall success of the projects cannot be ruled out. In addition to the risk of an increase in the price of the construction work to be purchased, there is also a fundamental risk regarding the timely availability of high-quality preliminary construction work.

Given the current market situation, this risk and its effects on the asset, financial and earnings position is for all projects to be regarded as relevant.

5.2.4.7 CONTRACT RISKS/PRE-LETTING RISKS

There are risks from contractual agreements, in particular in the case of forward sales, that concern a project's developing phase and potential guarantees of certain rental payments. To obviate these risks, the Group negotiates realistic targets and manages the process closely. The Group also maintains a close relationship with institutional buyers and advises them early on potential problems. Contractual risks exist in the case of agreements under which the agreed or collected purchase price could be subsequently reduced if achievable rents are below the expected level. If necessary, appropriate provisions for known liquidity risks from sales would be made in the balance sheet and a possible liquidity risk taken into account in liquidity planning.

There is a risk that the new letting of development properties will not generate the rental income that was expected when the contract was signed. This may occur in the event of falling rental income and negative rental trends on the market. It may also be exacerbated by not predictable political developments, such as the so-called rent brake or discussion about expropriation. Due to the limited rental income from properties held for investment purposes, there is a letting risk to the extent that new or subsequent leases cannot be concluded at reasonable prices or that rental payments under existing contracts are not received. This risk is countered by a professional sales and receivables management. Loss of payment or insolvency of tenants can also lead to high losses. However, the probability of both risks occurring is to be considered low in the current environment. Due to the Group's strategic focus on development with minimized letting activities, the impact is low.

Given the current market situation, these risks and their effects on the asset, financial and earnings position is for all projects to be regarded as relevant.

5.2.5 RISKS SPECIFIC TO THE COMPANY

5.2.5.1 ORGANIZATIONAL RISKS

Weaknesses in Consus' structural or process organization can cause losses or additional expenses. These include lack of understanding of Group strategy, inadequate internal risk controls, or excessive decision-making powers at individual level – which can lead to unsupervised actions – or too many decision-making bodies that prevent a flexible response to market changes.

The integration of acquisitions into the existing organization is, in most cases, also a challenge. Risks always arise when structural and process organization as well as management and culture of the companies do not match. The standardization of different business processes can take longer than planned and may lead to additional costs.

The Consus Management Board regards the organizational risks and their effects on the asset, financial and earnings position as not relevant.

5.2.5.2 HUMAN RESOURCE RISKS

Competent, committed and motivated employees are an essential prerequisite for the Group's success. Consus could find itself exposed to the risk that executives or other top staff leave the company and that it is not in a position to replace them promptly with sufficiently qualified staff. Due to the lean corporate structure in the holding functions, a high fluctuation rate of employees could lead to an outflow of intragroup knowledge. Consus counteracts this risk by hiring new staff, making substitution arrangements and sharing specialist and factual knowledge, as well as by involving external service providers.

The Consus Management Board regards the human resource risks and their effects on the asset, financial and earnings position as not relevant.

5.2.5.3 LEGAL AND LIABILITY RISKS

Legal risks can arise from disputes with service providers, business partners, tenants and employees, authorities and shareholders.

No major legal disputes that could pose a significant risk are currently pending or foreseeable. Adequate provisions for ongoing legal disputes have been made.

Consus is insured against material damage to the business, but it could happen that the amounts paid by the insurance companies do not cover the actual damage because of liability limits or exclusions.

Overall, the Executive Board regards the risks arising from non-control of the brand and the financial effects thereof on the asset, financial and earnings position as not relevant.

5.2.5.4 COMPLIANCE RISKS

The real estate industry is subject to various laws and regulations, including those relating to the fight against bribery, corruption, and money laundering, and those relating to compliance with antitrust and data protection regulations. It is important for Consus that all employees behave in accordance with the law and the internal guidelines.

At the end of 2018, the Consus Code of Conduct and the Consus Anti-Corruption Guideline were adopted by the Management Board with the support of the Supervisory Board to provide guidance and certainty for employees. All employees of the Consus Group are obliged to comply with the principles and regulations of the Code of Conduct and the Anti-Corruption Guideline. Further mandatory compliance instructions and measures have been adopted and implemented in 2019. Consus works continuously on improving the compliance management system and seeks to support its employees through the provision of important information.

With the General Data Protection Regulation (applicable since May 25, 2018), new rules on data protection must be observed, which can lead to significant sanctions in the event of non-compliance. External data protection officers have been appointed in the companies to support and advise them on data protection compliance and to be available to employees in the event of enquiries. Employees are committed to data protection and receive regular training. Technical and organizational measures are regularly checked to ensure that they are up-to-date.

The Chief Compliance Officer is the point of enquiry for all compliance issues and information on non-compliance. Our existing compliance processes and checks may however still not be sufficient to prevent acts of unlawful intent by Consus employees. Should Consus be unable to discover unlawful behavior and take adequate organizational and disciplinary measures for the reasonable prevention thereof in the future, it may be subject to sanctions or fines.

The Management Board regards, despite the implemented measures, the compliance risks and their financial effects on the asset, financial and earnings position as relevant.

5.2.5.5 IT RISKS

Consus has to rely on reliable and efficient IT systems. IT systems could fail or be disrupted due to events that are wholly or partially beyond Consus' control. IT systems can be vulnerable to unauthorized access and loss of data, computer viruses, cyber-attacks and interception or misuse of information received or sent by Consus. This could lead to disruptions in business operations and to additional costs, and can result in financial losses.

In order to reduce these risks, Consus relies on data security measures by specialized and experienced service providers. The server structure is protected against viruses and malware by multi-level and continuously updated defense systems.

The Management Board regards the potential effects on the asset, financial and earnings position and the probability of IT risks as relevant.

5.2.5.6 TAX RISKS

Consus companies are as a matter of principle subject to income tax on rental income as well as on capital and other income. There are uncertainties regarding the amount and timing of future income and the interpretation of comprehensive tax regulations. After the past acquisitions, the Consus tax structures are complex, as there are different tax subjects (tax groups and taxation at the level of the individual companies) and different legal forms within the Consus Group.

In the case of uncertainties regarding the income tax treatment of transactions, an assessment is required as to whether or not the competent tax authority will accept the interpretation of the transaction's tax treatment. In this case, Consus recognizes its tax obligations based on this assessment. These uncertainties and complexities may result in future tax payments being significantly higher or lower than the obligations currently estimated as probable and recognized in the balance sheet. Consus guards against this risk by taking advantage of tax advice and by complying with all tax regulations.

The Management Board regards, despite thorough analysis of all tax issues, the tax risks and their financial effects on the asset, financial and earnings position as relevant.

5.2.5.7 CORPORATE COMMUNICATION RISKS

Consus' future success depends in part on Consus' reputation as a reliable partner in real estate development. This reputation can be damaged by a variety of factors or events, e.g.

- Unethical or illegal conduct by employees or business partners;
- Incidents on the building sites;
- Inability to deliver (quality, deadline);
- Negative reports in social or print media; and
- Impending or actual legal disputes.

Disagreements with supervisory authorities may also arise in connection with publications, e.g. ad hoc announcements, voting right notifications; this may lead to administrative proceedings, unfavorable injunctions or fines.

Despite the established communication processes, which also involve external partners, Consus regards the effects on the asset, financial and earnings position as relevant.

5.3 OPPORTUNITY REPORT

Consus Real Estate is positioned respectively to take advantage of both market driven opportunities to enhance growth and opportunities to increase profitability within the organisation.

The market conditions for German residential property are still favourable and the demand from investors in to the German property market remains at a high level. This is particularly apparent in the Germany's top 9 cities where Consus is focussed, as they benefit from population growth and low unemployment, and housing supply falls short of demand.

A clear opportunity for the group will be to continue to increase market share, building on its strength as the largest German residential developer in the top 9 cities. The group has used its scale to increase the proportion of large quartiers, which provide respective opportunities.

Due to recent possible legislative changes affecting the residential market in Berlin with the potential introduction of a rental freeze over the next five years, the market for new residential developments will become particularly attractive, as it will be completely exempt from any new law. Consus has a number of development projects in Berlin which will be completed in this timeframe enabling the group to take advantage of this unique situation.

There are opportunities within the organisation to reduce costs through the further integration of our operations, which originally were two separate organisations, CG and SSN. Additional cost synergies will be achieved over time as the two organisations continue to be merged in to one group. In addition, as the largest residential developer in Germany's top 9 cities, economies of scale allow for further cost reductions and increased purchasing power, especially when purchasing and investing in new technologies such as BIM.

In December 2019, Consus signed a strategic cooperation agreement with ADO Properties S. A. which provides the group with significant opportunities. The agreement allows for the two groups to work together on mutually beneficial projects. The newly established ADLER Real Estate Group combining ADO and ADLER will be a 25% shareholder in Consus and, with the strong focus on rental properties throughout Germany, offers a highly complementary business fit. The strategic cooperation provides the opportunity to work together to enhance profitability on specifically chosen projects. The agreement will contribute to strengthening Consus' development activities, will help generate further growth as well as reduce financing cost and further ease access to financing. At that time, the rating agencies responded well to the agreement and with an enhanced credit profile and access to wider capital pools the financing costs should be impacted favourably.

In December, ADO also acquired an option to acquire a further 51% stake which would take the newly established ADLER Real Estate Group ownership of Consus to over 75%. At that point, Consus would then benefit from the opportunities in a de-risked business model reflecting the move from build-to-sell to build-to-hold. This would provide the ability to deliver developments and secure revenue without significant investments in marketing and sales, within a much larger group with a significantly stronger credit rating.

5.4 OVERALL ASSESSMENT OF THE RISKS AND OPPORTUNITIES BY THE MANAGEMENT BOARD

The Management and the Supervisory Board of Consus have evaluated and discussed the risks and opportunities throughout the last year. Risks were assessed cautiously and opportunities were viewed with reserved optimism.

From today's perspective, the Management Board does not see any risks that could endanger the existence of the company or its earnings, assets and/or financial position. Overall, this results in a risk profile that is usual for the real estate development business, although the level of leverage in the business increases the financial risk relative to less leveraged developers. By analyzing early warning indicators and risks at an early stage, Consus shall be able to react in good time by taking appropriate countermeasures and mitigating negative effects. At this stage, it can be said that the risk prognosis based on the risk evaluation is positive and that there are many opportunities for the Group to exploit in the medium and long term.

04. CONSOLI-DATED FINANCIAL STATE-MENTS

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1 CONSOLIDATED FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2019	2018 adjusted*
		in k€	**in k€**
Income from letting activities	2.2.1	21,340	32,796
Income from real estate inventory disposed of	2.2.2	204,541	163,515
Income from property development	2.2.4	401,621	278,992
Income from service, maintenance and management activities	2.5.1	43,613	10,199
Total income		**671,115**	**485,502**
Change in project related inventory	2.2.3	192,700	-19,003
Overall performance		**863,815**	**466,498**
Expenses from letting activities	2.2.1	-8,894	-16,083
Cost of materials	2.2.6	-525,215	-285,600
Net income from the remeasurement of investment properties	2.2.5	31,943	25,631
Other operating income	2.2.7	20,360	13,241
Personnel expenses	2.2.8	-67,024	-36,911
Other operating expenses	2.2.9	-78,551	-65,338
EBITDA (Earnings before interest, taxes, depreciation and amortization)**		**236,435**	**101,440**
Depreciation and amortization	2.2.10	-8,443	-2,175
EBIT (Earnings before interest and taxes)**		**227,992**	**99,265**
Financial income	2.2.11	28,160	9,001
Financial expenses	2.2.11	-244,666	-123,090
Share of profit or loss of associates accounted for using the equity method	2.2.12	-	-
EBT (Earnings before taxes)		**11,486**	**-14,824**
Income tax expenses	2.2.13	-16,521	12,198
Net income (Earnings after taxes) from continued operations		-5,035	-2,626
Net income (Earnings after taxes) from discontinued operations		-	1,464
Consolidated net income		**-5,035**	**-1,162**
Other comprehensive income		431	-1,774
thereof non-recycling		-10	-30
thereof will be reclassified to profit or loss		441	-1,744
Total comprehensive income		**-4,604**	**-2,936**

* Prior year figures adjusted (2.1.5.3.-2.1.5.5.)

	Note	2019	2018 adjusted*
		in k€	**in k€**
Of the net income from continuing operations for the period, the following is attributable to:			
Non-controlling interests	2.2.14	15,848	13,113
Shareholders of the parent company		–20,883	–15,739
Of the total comprehensive income from continuing operations for the period, the following is attributable to:			
Non-controlling interests		15,852	13,167
Shareholders of the parent company		–20,456	–17,567
Total comprehensive income for the period attributable to shareholders of the parent company arises from:			
Continuing operations		–20,456	–17,567
Discontinued operations	2.1.7.7	–	816
Total comprehensive income for the period attributable to non–controlling arises from:			
Continuing operations		15,852	13,167
Discontinued operations	2.1.7.7	–	648
Earnings per share from continued operations (basic) in EUR	2.2.14	**-0.15**	**-0.17**
Earnings per share from continued operations (diluted) in EUR	2.2.14	**-0.15**	**-0.17**

*Prior year figures adjusted (2.1.5.3.–2.1.5.5.)

1.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/12/2019	31/12/2018 adjusted*
Non-current assets			
Investment property	2.3.1	384,044	328,027
Property, plant and equipment	2.3.2	11,076	8,771
Right-of-use assets	2.3.20	17,144	–
Goodwill	2.3.3	1,036,489	1,036,920
Other intangible assets	2.3.2	4,919	6,158
Investments accounted for using the equity method		21,046	21,590
Receivables from related parties	2.6.3	184	–
Financial assets	2.3.4	73,559	10,037
Other assets	2.3.5	194	–
Contract assets	2.3.6	13,856	23,095
Deferred tax assets	2.3.15	–	–
Total non-current assets		**1,562,511**	**1,434,598**
Current assets			
Work-in-progress including acquired land and buildings	2.3.7	2,472,621	2,139,761
Trade and other receivables	2.3.8	41,663	53,933
Receivables from related parties	2.6.3	109,082	62,853
Tax receivables	2.3.9	11,572	8,644
Financial assets	2.3.4	31,101	38,439
Other assets	2.3.5	28,707	15,499
Contract assets	2.3.6	321,347	198,505
Cash and cash equivalents	2.3.10	150,613	91,603
Assets held for sale		26,100	1,329
Total current assets		**3,192,805**	**2,610,565**
Total Assets		**4,755,315**	**4,045,163**

* Prior year figures adjusted (2.1.5.3.–2.1.5.5.)
** incl. interest expenses that are capitalized in accordance with IAS 23

	Note	31/12/2019	31/12/2018 adjusted*
		in k€	**in k€**
Equity	2.3.11		
Subscribed capital	(a), (b)	136,582	134,040
Capital reserves	(h)	877,132	904,233
Other Reserves	(i)	-81,606	-60,508
Non-controlling interests	(j)	132,286	148,341
Total Equity		**1,064,394**	**1,126,106**
Non-current liabilities			
Financing liabilities	2.3.12	1,655,621	1,049,150
Provisions	2.3.13	2,843	1,712
Liabilities to related parties	2.3.17	27,500	27,500
Other liabilities	2.3.14	32,572	43,388
Deferred tax liabilities	2.3.15	111,232	90,508
Total non-current liabilities		**1,829,767**	**1,212,259**
Current liabilities			
Financing liabilities	2.3.12	1,194,880	1.146,374
Provisions	2.3.13	7,426	4,735
Trade payables	2.3.16	97,576	41,913
Liabilities to related parties	2.3.17	53,299	43,196
Tax payables	2.3.18	53,038	44,389
Prepayments received	2.3.19	305,777	323,986
Other liabilities	2.3.14	95,993	70,047
Contract liabilities	2.3.6	53,166	32,158
Liabilities included in a disposal group classified as held for sale		**-**	**-**
Total current liabilities		**1,861,154**	**1,706,799**
Total equity and liabilities		**4,755,315**	**4,045,163**

* Prior year figures adjusted (2.1.5.3.-2.1.5.5.)
** incl. interest expenses that are capitalized in accordance with IAS 23

1.3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Subscribed capital	Capital reserves	Retained earnings	Other reserves
		in k€	**in k€**	**in k€**	**in k€**
01/01/2019 adjusted*		**134,040**	**904,233**	**-22,531**	**-36,149**
IAS 8 Effect (IAS 23 Update)	2.1.5.2, 2.1.5.5	–	–	-1,981	–
Adjusted balance at January 1,2019		**134,040**	**904,233**	**-24,512**	**-36,149**
Profit for the period		–	–	-20,883	–
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		**–**	**–**	**-20,883**	**–**
Conversion Notice Convertible Loan	2.3.11 (b), (h)	2,541	16,436	–	–
Transactions with minority shareholders without change of control	2.3.11(j), 2.6.3(b)	–	-43,536	–	–
Consolidation of entities with minority interest	2.1.7	–	–	–	–
Effects from PPA finalization	2.1.7.2(b)	–	–	1,335	–
Guaranteed dividend	2.3.11(j)	–	–	–	–
31/12/2019		**136,582**	**877,132**	**-44,059**	**-36,149**
01/01/2018 adjusted*		**79,850**	**574,714**	**-8,456**	**–**
Effect from initial application of IFRS 15 (net of tax)		–	–	4,279	–
Adjustment in accordance with IAS 8.41	2.1.5.3	–	–	-3,431	–
Adjusted balance at January 1, 2018		**79,850**	**574,714**	**-7,608**	**–**
Profit for the period		–	–	-14,923	–
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		**–**	**–**	**-14,923**	**–**
Issue of share capital	2.3.11(a)	45,119	299,260	–	–
Conversion Notice Convertible Loan	2.3.11(a)	737	5,686	–	–
Transactions with minority shareholders without change of control	2.3.11(j), 2.6.3(b)	8,333	24,573	–	-8,649
Deconsolidation of entities with minority interest	2.1.7	–	–	–	–
First Time Consolidation	2.1.7	–	–	–	–
Put Option	2.1.5.5	–	–	–	-27,500
31/12/2018 adjusted*		**134,040**	**904,233**	**-22,531**	**-36,149**

*Prior year figures adjusted (2.1.5.3.-2.1.5.5.)

	OCI	Total	NCI	Total Equity
	in k€	**in k€**	**in k€**	**in k€**
01/01/2019 adjusted*	**-1,828**	**977,765**	**148,705**	**1,126,470**
IAS 8 Effect (IAS 23 Update)	–	-1,981	-94	-2,074
Adjusted balance at January 1,2019	**-1,828**	**975,784**	**148,611**	**1,124,395**
Profit for the period	–	-20,883	15,848	-5,035
Other comprehensive income	431	431	–	431
Total comprehensive income for the period	**431**	**-20,452**	**15,848**	**-4,604**
Conversion Notice Convertible Loan	–	18,977	–	18,977
Transactions with minority shareholders without change of control	–	-43,536	-23,394	-66,930
Consolidation of entities with minority interest	–	–	3,689	3,689
Effects from PPA finalization	–	1,335	-1,963	-628
Guaranteed dividend	–	–	-10,505	-10,505
31/12/2019	**-1,397**	**932,108**	**132,286**	**1,064,394**
01/01/2018 adjusted*	**–**	**646,108**	**169,901**	**816,009**
Effect from initial application of IFRS 15 (net of tax)	–	4,279	3,409	7,688
Adjustment in accordance with IAS 8.41	–	-3,431	-2,808	-6,239
Adjusted balance at January 1, 2018	**–**	**646,956**	**170,503**	**817,459**
Profit for the period	–	-14,923	13,761	-1,162
Other comprehensive income	-1,828	-1,828	54	-1,774
Total comprehensive income for the period	**-1,828**	**-16,751**	**13,815**	**-2,936**
Issue of share capital	–	344,379	–	344,379
Conversion Notice Convertible Loan	–	6,423	–	6,423
Transactions with minority shareholders without change of control	–	24,257	-30,279	-6,022
Deconsolidation of entities with minority interest	–	–	-26,861	-26,861
First Time Consolidation	–	–	21,527	21,527
Put Option	–	-27,500	–	-27,500
31/12/2018 adjusted*	**-1,828**	**977,765**	**148,705**	**1,126,470**

*Prior year figures adjusted (2.1.5.3.-2.1.5.5.)

1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2019	2018 adjusted*
		in k€	**in k€**
Operating activities			
Net profit		–5,035	–1,162
Tax expense	2.2.13	16,521	–12,198
Profit (loss) before tax		**11,486**	**–13,360**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	2.3.2	2,666	1,723
Amortisation and impairment of intangible assets	2.3.2	1,680	477
Depreciation on right-of-use asset	2.3.20	4,097	–
Valuation gains on financial assets	2.3.4	–	–2,893
Valuation gains on investment property	2.3.1	–31,943	–25,631
Financial income	2.2.11	–28,160	–10,156
Financial expenses	2.2.11	244,666	124,600
Other non-cash adjustments		10,118	2,443
		214,609	**77,202**
Working capital adjustments			
Decrease/(increase) in rent and other receivables	2.3.8	–47,596	22,064
Decrease/(increase) prepayments, accrued income and other assets	2.3.5	–31,153	–18,581
Decrease/(increase) in inventories and contractual assets	2.3.6, 2.3.7	–577,194	–335,111
(Decrease)/increase in prepayments on development projects	2.3.19	249,914	356,326
Decrease in investment property	2.3.1	48,832	–
(Decrease)/increase in trade, other payables and accruals, contractual liabilities and other liabilities	2.3.14, 2.3.16–2.3.18	77,542	39,045
Income tax paid	2.2.13	–9,056	–7,534
Net cash flow from operating activities		**–74,102**	**133,411**

*Prior year figures adjusted (2.1.5.3.–2.1.5.5.)

	Note	2019	2018 adjusted*
		in k€	**in k€**
Investing activities			
Acquisition of consolidated entities, net of cash acquired		-70,029	-18,653
Loans granted	2.6.3	-7,500	380
Capital expenditure on investment property	2.3.1	-89,717	-13,069
Proceeds from the sale of PPE & intangibles	2.3.2	196	339
Expenditure on other fixed assets	2.3.2	-3,728	-22,234
Sale of subsidiary, net of cash	2.1.7	–	94,944
Interest received	2.2.11	3,344	2,017
Change in financial assets	2.3.4	-38,300	-20,093
Net cash flow from investing activities		**-205,734**	**23,631**
Financing activities			
Proceeds from issue of share capital	2.3.11(a), (b)	–	128,732
Proceeds from borrowings	2.3.12	1,790,009	535,933
Repayment of borrowings	2.3.12	-1,144,555	-724,346
Acquisition of additional shares in consolidated entities	2.1.7	-13,795	–
Principal elements of lease payments	2.3.20	-3,832	–
Interest paid	2.2.11	-288,982	-77,090
Net cash flow from financing activities		**338,845**	**-136,771**
Cash effective change in cash and cash equivalents from discontinuing operations		–	–
Net increase/(decrease) in cash and cash equivalents		59,010	20,271
Effect of exchange rate changes on cash and cash equivalents		–	-8
Cash and cash equivalents at the beginning of the year	2.3.10	91,603	71,340
Cash and cash equivalents at 31 December 2019		**150,613**	**91,603**

*Prior year figures adjusted (2.1.5.3.–2.1.5.5.)

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 SUMMARY OF ACCOUNTING POLICIES

2.1.1 REPORTING ENTITY

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

The registered address of the Company is Kurfürstendamm 188–189, 10707 Berlin. The Company is registered under the commercial register number HRB 191887B in the commercial register of the district court of Berlin-Charlottenburg.

The Company specializes in the acquisition, development, management, use and sale of real estate and land rights in Germany through a number of shareholdings.

The Group focuses its business activities primarily on the functions of real estate development and also as a real estate portfolio holder, in which it covers the entire value chain together with experienced partners.

The Company has been operating within the real estate sector since November 2016.

The Group's principal subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

*75% on a fully diluted basis

Note : Consus RE AG was formerly CG Gruppe AG. Named changed on 19 March 2020.

Consus RE AG (formerly CG Gruppe) and Consus Swiss Finance AG (formerly SSN Group) together are referred to as Consus Development.

2.1.2 BASIS OF PREPARATION

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

The consolidated financial statements are comprised of the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and the consolidated statement of changes in equity as of December 31, 2019.

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

These consolidated financial statements were submitted to the Supervisory Board for review by the Executive Board on 29 April 2020.

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

2.1.3 FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Euro, which is the Company's and most of the subsidiaries functional currency. There are a few companies in Switzerland without operational project business, who use the Swiss franc as their functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. Rounding differences may occur in respect of individual amounts or percentages.

2.1.4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of IFRS consolidated financial statements requires assumptions and estimates affecting the carrying amounts of the assets and liabilities recognized, income and expenses and the disclosure of contingent liabilities.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

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

Measurement of investment property

The input factors applied in the valuation models to determine the market values of investment property, such as expected cash flows, presumed development of rents, presumed vacancy rates, the discount rates and the capitalization rate represent significant measurement parameters and involve assumptions about the future. See section 2.2.5.

Please refer to section 2.3.1 for a sensitivity analysis, quantifying the impact of a deviation in the main input factors for the valuation on the fair value of investment property.

Deferred tax assets

The assessment of whether or not deferred tax assets can be recognized is based on the likelihood that future tax advantages can be realized. However, the actual amount of taxable income in future periods and the actual usefulness of deferred tax assets might deviate from expectations as at the date on which the deferred taxes were capitalized. See section 2.3.15.

Provisions

There is uncertainty regarding future increases, the amount, date and the probability of provisions as at the date of recognition and measurement. See section 2.3.13.

Measurement of financial liabilities

In measuring financial liabilities, estimates of future cash flows and any changes in terms and conditions are of particular significance. Furthermore, estimates are made for entity-specific risk premiums derived from the respective financing. See section 2.3.12.

Please refer to section 2.6.2 for a sensitivity analysis, quantifying the impact of a deviation in market interest rates on the carrying value of financial liabilities.

Goodwill impairment testing

The determination of the recoverable amount requires assumptions and estimates, especially on the future development of profits and sustainable growth rates. See section 2.3.3.

Revenue recognition

Both income from real estate inventory disposed of as well as income from property development underlie significant estimates and management judgements. Income from property development results from forward sales and strongly relies on the project calculation in order to measure project progress as well as projected revenues. The project calculation is subject to management estimates and assumptions. See section 2.2.2.

The company uses the cost to cost method to determine the project development at each balance sheet date. Therefore, the accrued costs (including fair value adjustments due to business combinations and accrued interests) are compared with the total project costs concerning the actual business plan. The margin of each project is calculated also on a project by project basis taking the agreed forward selling price for each real estate inventory into consideration. The forward sales price is generally subject to future uncertainties, such as guaranteed letting rates or price adjustment mechanisms, and is taken into account with the most probable outcome. Since the price adjustment mechanisms mainly take into account letting targets, the achievement of which appears largely certain in the current market environment, future reductions in sales revenues are highly unlikely. See section 2.2.4.

Similarly, income from real estate inventory disposed of underlies management estimates and assumptions. Revenue is measured at the transaction price agreed under the contract and might involve management estimates, e. g. amount and timing of contingent consideration and variable components. management assesses the respective probabilities of the possible scenarios at each balance sheet date.

Measurement of fair values

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

For the valuation of real estate inventory for example future expenses as well as the future selling price are key inputs. Deriving the fair value of financial liabilities heavily depends on inputs such as the applied market interest rates.

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

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

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

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

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

The fair value hierarchy can be summarized as follows:

Fair value hierarchy	Level I	Level II	Level III
Purchase price allocation in the context of business combinations			X
Investment properties			X
Financing liabilities		X	
Derivatives			X
Assets held for sale		X	

2.1.5 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The following new and amended standards have been used for the first time in the reporting period. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

2.1.5.1 IFRS 16 – LEASES

The Group initially applied IFRS 16 Leases from 1 January 2019.

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

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

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

In addition, IFRS 16 obliges lessees and lessors to make more extensive disclosures than under IAS 17.

In the transition to IFRS 16, the Group decided to apply the relief provision to maintain the assessment of which transactions are leases. The Group only applied IFRS 16 to contracts entered before 1 January 2019 that were previously identified as leases in accordance with IAS 17 and IFRIC 4. In addition, the Group has taken advantage of the exemption to retrospectively determine the lease term for agreements with a renewal or termination option (use of hindsight).

Leases in which Consus is a lessee

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

Consus has applied IFRS 16 from 1 January 2019 using the modified retrospective method, according to which the cumulative effect of first-time application is recognised in retained earnings as of 1 January 2019. From 1 January 2019, rights of use and lease liabilities were recognized for € 12,133 thousand each, which had no effect on equity as of 1 January 2019.

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

In the case of finance leases, an asset amounting to the fair value or the lower present value of the minimum lease payments and a corresponding liability were also previously recognised. Therfore there is no significant impact to the Group's finance leases.

Leases in which Consus is a lessor

There are no material changes for leases in which the Group acts as lessor. Consus will continue to classify all leases using the same classification principles as in IAS 17 and distinguishes between two types of lease: operating and finance leases.

Please refer to chapter 2.3.20 for the impact on the 2019 opening balance and the reconciliations.

2.1.5.2 IFRIC UPDATE: OVER TIME TRANSFER OF CONSTRUCTED GOODS (IAS 23 "BORROWING COSTS")

The Committee clarifies whether the entity has a qualifying asset as defined in IAS 23 and therefore, capitalizes any directly attributable borrowing costs. Applying IAS 23.8, an entity capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. IAS 23.5 defines a qualifying asset as "an asset that necessarily takes a substantial period of time to get ready for its intended use or sale".

Inventory (work-in-progress) recognized for unsold units under construction within residential multi-unit real estate development projects generally represent a qualifying asset, as these units take a substantial period of time to get ready for their intended sale. However, these units are only qualifying assets until the first unit of a project is sold. This marks the point in time when the asset is ready for its intended sale in its current condition – e.g. the entity has found a suitable customer to sell the part-constructed unit to and, on signing a contract with a customer, will transfer the benefit of any work-in-progress relating to that unit to the customer.

The previous accounting policy of Consus was to capitalize interest for each unit in a residential multi-unit real estate development until the unit was sold or development was completed.

With the IFRIC Update, Consus will only recognize borrowing costs for inventory (work-in-progress) related to residential multi-unit real estate development until the first unit of the total project is sold (relevant date). For reasons of materiality, the adjustment was made as of 1 January 2019.

The impact of the IFRIC Update for IAS 23 on the opening balances in 2019 relate to

(1) Reversal of interest against contractual assets for FY2018;

(2) Increase in revenues as planned project costs are reduced due to not capitalized interest with a change in calculated project progress;

(3) Deferred tax effect

(4) Calculated delta booked against equity

The table below shows the impact of the IFRIC Update for IAS 23 for the following balance sheet items as at December 31, 2018:

Impact of IAS 23 Update	
	in k€
Contract assets (non-current)	2,871
Work-in-progress including acquired land and buildings	-4,465
Other reserves	-1,114
Deferred tax liabilities	-480

Due to the non-capitalization of interest, both undiluted and diluted earnings per share deteriorated by EUR 0.11 in 2019.

2.1.5.3 CHANGES IN THE APPLICATION OF IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS" IN ACCORDANCE WITH IAS 8.41

Consus differentiates between two different types of development projects for which revenue is recognized over time, forward sales of development projects to institutional investors and the forward sale of apartments primarily to individuals. In the past, both types were treated as if they only contain one material performance obligation. Furthermore, adjustments from the purchase price allocation were recognised in the income statement. Due to a IFRIC agenda decision forward sales of development projects are now separated into two material performance obligations, one involving the sale of land and the other representing the development work performed. Whereas the development work continues to be accounted for over time on a percentage of completion basis, revenue for the sale of the land is now recognized at the point when the customer obtains control over the land, typically at the end of the forward sale.

For the accounting of forward sales of apartments to individuals still only one performance obligation is assumed.

For both, forward sales of development projects to institutional investors and forward sale of apartments to individuals the fair value step-up ("PPA") is treated as part of costs and impacts for over-time performance obligations the income statement over the project term, while for point-in-time performance obligations it is initially a component of the acquisition and production costs which is expensed at the time of revenue recognition.

Both changes have been adjusted retrospectively, thereby modifying the prior period numbers regarding the Consolidated Statement of Financial Position, Statement of Comprehensive Income, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity as well as selected explanatory notes to the affected line items.

The impact of the changes in the application of IFRS 15 relates mainly to the following line items:

(1) Income from Property Development was primarily reduced due the different timing of revenues from the sale of land (previously over time vs. now point in time, typically at the end of the forward sale).

(2) Two effects primarily had an impact on Changes in Project Related Inventory.

a) A positive impact on Changes in Project Related Inventory due to the removal of land from Work-in-Progress being deferred due to revenue recognition for land being deferred.

b) A positive effect on inventories, as in the previous year, fair value adjustments from the purchase price allocation (PPA) were incorrectly eliminated from earnings when a plot of land was contributed to a development project.

(3) Contract assets decreased while Work-In-Progress increased primarily due to the reclassification of land previously recognized as part of Contract Assets.

(4) Due to the land asset value remaining in Work-in-Progress, the Prepayments Received related to land are now not netted off against Contract Assets and liabilities but are reclassified Non-current and Current Prepayments received.

The following table summarizes the impact of the changes in the application of IFRS 15 to the Consolidated Statement of Financial Position and Statement of Comprehensive Income for the year 2018. In the table presented, the column "other" also shows the effects of the amendments to the put option (2.1.5.5) and the finalisation of the PPA Consus Swiss Finance (2.1.7.2. B). Line items not presented are not affected.

	31/12/2018 (as originally presented)	Changes according to IFRS 15	Other changes	31/12/2018
	in k€	**in k€**	**in k€**	**in k€**
Non-current contract assets	235,011	-211,915	–	23,095
Work-in-progress including acquired land and buildings	1,830,487	309,274	–	2,139,761
Current contract assets	190	198,314	–	198,505
Goodwill	1,032,480	–	4,440	1,036,920
Total Assets	**3,745,050**	**295,673**	**4,440**	**4,045,163**
Retained earnings (incl. OCI)	-22,993	-1,366	–	-24,359
Other reserves	-4,370	-4,279	-27,500	-36,149
Non-controlling interests	151,629	-2,924	-364	148,341
Liabilities to related parties	–	–	27,500	27,500
Non-current other liabilities	15,017	–	28,371	43,388
Deferred tax liabilities	114,380	-2,905	-20,967	90,508
Current received prepayments	–	323,986	–	323,986
Current other liabilities	75,771	-3,125	-2,600	70,047
Current contract liabilities	45,872	-13,714	–	32,158
Total equity and liabilities	**3,745,050**	**295,674**	**4,440**	**4,045,163**

	01/01/2018 (as originally presented)	Changes	01/01/2018
	in k€	**in k€**	**in k€**
Non-current contract assets	116,866	-116,866	–
Work-in-progress	1,091,681	62,299	1,153,980
Current contract assets	14,860	122,294	137,154
Total Assets	**2,640,343**	**67,727**	**2,708,070**
Retained earnings	-4,177	-3,431	-7,608
Non-controlling interests	173,310	-2,808	170,502
Deferred tax liabilities	109,823	-2,693	107,130
Current received prepayments	311	76,659	76,970
Total equity and liabilities	**2,640,343**	**67,727**	**2,708,070**

INCOME STATEMENT FY 18

	01.01.–31.12.2018 (as originally presented)	Changes	01.01.–31.12.2018
	in k€	**in k€**	**in k€**
Income from property development	408,461	-129,469	278,992
Change in project related inventory	-147,352	128,348	-19,003
Other operating expenses	-59,997	-5,341	-65,338
Financial result	-117,214	3,125	-114,089
Income tax expenses	11,192	1,006	12,198
Consolidated net income	**1,168**	**-2,330**	**-1,162**
Effect on earnings per share (undiluted) from IFRS 15 correction in EUR	**-0.14**	**-0.03**	**-0.17**
Effect on earnings per share (diluted) from IFRS 15 correction in EUR	**-0.14**	**-0.03**	**-0.17**

2.1.5.4 CHANGES IN THE PRESENTATION OF CONTRACT ASSETS IN ACCORDANCE WITH IAS 8.41

The Company considers contract assets which are realized within a period of one year from the reporting date as current, whereas contract assets which are realized after more than one year are classified as non-current. Previously, Consus has used the expected completion date of the respective projects to determine if contract assets related to this project are current or non-current. Under the new approach, contract assets are now reported on the basis of the expected date of advance payment.

2.1.5.5 CHANGES IN THE ACCOUNTING OF A PUT OPTION IN ACCORDANCE WITH IAS 8.41

Under a contract dated 10 December 2018, Mr Gröner, as a minority shareholder, was granted a right entitling him to demand the acquisition by Consus of all or certain CG Gruppe AG (now Consus RE AG) shares that he owned or controlled.

This option can be exercised no earlier than 1 December 2021 and is settled partly by delivery of Consus shares and partly by payment of money. A financial liability of € 27.5 million (present value of the possible repurchase amount) is recognized against equity for the proportionate consideration in cash.

The pro rata consideration in shares was recognized as a derivative financial liability at fair value through profit or loss with a carrying amount of € 0. in accordance with the provisions of IAS 8.41 this was omitted in the financial year of 2018 and was now accounted for in the comparative period of 2018. Accounting of a synthetic liability resulted in a reduction in other reserves and an increase in liabilities to related parties in the same amount.

In accordance with the regulations of IAS 8.41, this was recorded retrospectively as of 31 December 2018.

2.1.5.6 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been adopted early by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.1.6 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of consolidation

Subsidiaries

The consolidated financial statements of the Group contain all the material subsidiaries the Group controls within the meaning of IFRS 10. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All intragroup receivables and liabilities, income and expenses and gains and losses from intragroup transactions are eliminated.

The Group accounts for business combinations using the acquisition method. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. A positive difference that arises is capitalized as goodwill. A negative difference resulting from capital consolidation at the date of acquisition is immediately recognized in profit or loss.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, the assets (including goodwill) and liabilities of the subsidiary as well as non-controlling interests in the former subsidiary and other components of equity are derecognized. Any interest retained in the former subsidiary is measured at fair value. Subsequently, profit surpluses and deficits are recognized in the statement of comprehensive income and the components of other comprehensive income attributable to the parent company are reclassified to the statement of comprehensive income or, if required, to retained earnings.

Interests in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost. Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

For changes in the Group structure and details regarding business combinations see 2.1.7 Scope of consolidation.

B. Revenue recognition

The Group generally distinguishes between the following types of revenue:

- Income from letting activities
- Income from real estate inventory disposed of
- Income from property development
- Income from service, maintenance and management activities

Income from property development include revenues from forward sales, i. e. the sale of properties before their completion. Forward sales can be agreed for development projects to institutional investors or the sale of apartments primarily to individuals. In the case of development projects to institutional investors, the agreed total revenue from the contract is allocated to the performance obligations for land and development in accordance with the relative stand-alone selling prices. The relative stand-alone selling prices are estimated by using the standard land values for the land performance obligation, taking into account the gross floor area plus capitalised interest up to the date of conclusion of the forward sales contract, and for the development performance obligation the remaining costs of the project plan thereafter plus the margin or a minimum margin planned. Revenue for the performance obligation land is recognised at the point in time when the title passes and revenue for the performance obligation development project is recognised over time, because when apartments are sold, construction activities and land ownership are inseparably linked.

Revenue recognized over time is calculated using the "Percentage of Completion"-Method, which determines the stage of completion of the development project on the basis of the costs incurred in relation to the expected total costs. Revenue over the period is determined according to the stage of completion of the development project, which is calculated on the basis of the costs incurred in relation to the expected total costs. In the company's opinion, this method is the most reliable way of estimating the stage of completion of a project because potential cost overruns are immediately identified and taken into account. If the contract revenue cannot be reliably estimated, it is recognized without a margin in the amount of the contract costs incurred. If contract losses are expected, appropriate provisions are recognized for the losses not yet recognized in the statement of comprehensive income, so that the contract loss is fully recognized in profit or loss before the contract is fully completed.

The Group recognises income from letting activities where the rental agreement or lease of the property is classified as an operating lease on a straight-line basis over the term of the agreement. If incentives of any kind are granted to tenants, the cost of the incentive is recognized on a straight-line basis over the lease term as a reduction of rental income. For accounting purposes, an accrued asset is recognized which is subsequently released over the duration of the basic rental period including the Group's renewal options. Service charges passed on to tenants are shown as revenue in the year of performance for all services rendered up to the end of the year and are not offset against the corresponding expenses.

All other revenues are recognized when control of the property is transferred to the customer, whereby the transfer of risks and rewards to the buyer, usually at the date of full acceptance of the property, is a key indicator of this. The amount of the agreed purchase price may be subject to certain conditions. Contingent sales revenues are only recognised when it is highly probable that they will be realised, which is assessed, for example, on the basis of order-specific factors and historical trends. With the exception of rental income, which falls under IFRS 16, IFRS 15 applies to all other revenue components.

C. Taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss unless it relates to items that are recognized in other comprehensive income or directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax

The Group recognizes deferred tax assets and liabilities arising from temporary differences between the carrying amount of assets and liabilities and their tax value in the tax balance sheet and unused tax losses. Unused tax losses include interest carried forward as well. Interest carried forward includes interest expense that cannot be used to offset taxable income during the current fiscal year due to earnings stripping rules in the German tax law, where most Group companies reside. Under German tax law, tax losses carryover of acquired companies are frequently forfeit upon changes in shareholders above a 50% threshold, except if the companies prove that sufficient hidden reserves exist. The recoverability of these deferred tax assets, insofar as they exceed the amount of the deferred tax liabilities, depends on the future taxable income of the respective company. Accordingly, deferred tax assets are only recognized in the amount in which the realization of these claims is sufficiently assured on the basis of the consolidated corporate planning. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

As of 31 December 2019 there are corporate income tax loss carryforwards of € 195.1 million (2018: € 180.0 million) and trade tax carryforwards of € 167.0 million (2018: € 162.6 million), respectively. A tax loss carryforward (or the resulting future tax relief) may only be capitalized if the relief is probable. The unrecognized corporate income tax and trade tax losses carried forward amount to € 63.4 million and € 54.3 million respectively. In addition, no deferred tax assets were recognized for interest carryforwards of € 34.9 million and for temporary differences of € 7.6 million.

D. Intangible assets and goodwill

Intangible assets

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

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

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

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortized but subject to an annual impairment test in accordance with IAS 36.

For further information on the impairment test, please refer to section J "Impairment of non-financial assets".

E. Property, plant and equipment

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. All property, plant and equipment are depreciated on a linear basis over their estimated useful lives. The estimated useful lives of office and operating equipment, technical equipment and machinery are between 4 and 13 years.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associate with the expenditure will flow to the Group. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

F. Investment property

Properties which are held for the purpose of generating rental income or achieving value appreciation or both have been identified as investment property. Mix-use properties, where a certain part is occupied by the owner and the remainder by third parties, are recognized separately in the balance sheet when a division based on legal foundations can be conducted and no portion is negligible.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss, including the corresponding tax effect.

Fair values of investment properties are determined in accordance with either the discounted cash flow method or residual value method ("Residual value"). Under the discounted cash flow method, the fair value is the sum of discounted cash flows over a period of ten years and the terminal value at the end of the period for each respective property. Under the residual value method, the fair value is calculated as the sale price for a finished building reduced by all costs involved for the final construction at the current stage.

The subsequent measurement of investment properties is done according to Level 3 of the fair value hierarchy. The input factors include future rental income, estimates on vacancy rates, interest rates, capitalization rates, construction costs and terminal values.

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

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

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

Transfers made to (or from) investment property are only done when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Prepayments for the purpose of acquiring a property are separately disclosed as prepayments for investment property. Investment property that is likely to be sold within a period of 12 month is recognized under current assets as an asset held for sale according to IFRS 5.

Rental income from investment property is recognized as income from letting activities on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

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

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

H. Leases

As explained in 2.1.5.1 "IFRS 16 – Leases" above, the Group has changed its accounting policy for leases where the group is the lessee. The new policy and the impact of the change is described in 2.3.20 "Leases".

Until 31 December 2018, leases were accounted for in accordance with IAS 17. Where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there was no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease payments are discounted at the implicit interest rate underlying the lease if this can be determined without difficulty. Otherwise - and this is generally the case in the Group - the lease is discounted at the lessee's incremental borrowing rate, i.e. the interest rate that the respective lessee would have to pay if it were required to borrow funds to acquire, in a similar economic environment, an asset of similar value for a similar term with comparable security under similar conditions.

In determining the term of leases, the Group takes into account all facts and circumstances that provide an economic incentive to exercise renewal options or not to exercise termination options. Changes in the term resulting from the exercise of renewal and termination options are only included in the term of the lease if renewal or non-exercise of a termination option is reasonably certain. In connection with the leasing of real estate, the following considerations apply when determining the term of leases:

- If the Group incurs significant penalty payments in the event that a termination option is exercised or an extension option is not exercised, it is generally considered sufficiently certain that the Group will not terminate or extend the contract.

- Where leasehold improvements have been made that have a significant residual value, it is generally considered reasonably certain that the Group will extend or terminate the contract.

- In addition, other factors are taken into account, such as historical leasing periods as well as costs and possible business interruptions.

The assessment is reviewed if an extension option is actually exercised (or not exercised) or the Group is obliged to do so. A reassessment of the original assessment is made if a significant event or change in circumstances occurs that could affect the original assessment.

I. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, work-in-progress, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. In addition, Goodwill, intangible assets with indefinite useful lives and those that cannot yet be put into operation are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (cash-generating units). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

The calculations are based on forecasts based on the 3 to 5-year financial plans approved by management, which are also used for internal purposes. The planning horizon reflects the assumptions for short to medium-term market developments. Cash flow forecasts beyond the detailed planning period are calculated on the basis of appropriate growth rates. The risk-adjusted discount rate is determined individually depending on the CGU.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill Impairment Test

The goodwill arising from the acquisition of Consus RE AG, formerly CG Gruppe AG, (Consus RE) including Diplan and Consus Swiss Finance Group, formerly SSN, (Consus Swiss Finance) totalling € 1.036.489 thousand (prior year: € 1.036.920 thousand) was tested for impairment in accordance with the regulations of IAS 36. Please refer to section 2.3.3 "Goodwill" for the allocation of goodwill to the individual cash-generating units. Consus RE AG and Diplan GmbH were combined in the context of the impairment test.

The impairment test was carried out based on the value in use of the cash-generating units ("CGU") Consus RE and Consus Swiss Finance, whereby the cash-generating units represent the business of the real estate development of Consus Development. The value in use was derived from the estimated future free cash flows. These are based on the five-year detailed planning phases specific to the cash-generating units and perpetual annuities for the subsequent period. The detailed planning phases and perpetual annuities include both contractually agreed development projects and new development projects planned with standard expected margins reflecting sustainable business development. Both the agreed property projects and the planned inventory projects consider experience from previous years and management forecasts for the development of the property market.

In order to estimate the cumulative value for the development of net cash flows after five years, a sustained annual growth rate of 0.75% was assumed for both CGUs, whereby Consus Real Estate AG anticipates not to exceed the forecast average market growth rate.

The cash-generating, unit-specific weighted average costs of capital (WACC after taxes) of 4.60% (previous year: 5.10%) were used to determine the value in use.

The following assumptions underlying the calculation of value in use are inherently uncertain:

- Cash Flow Forecast: The planning is based on contractually fixed cash flows, experience from previous years, the investments plan of the cash-generating units and external forecasts regarding the development of the property market, taking into account the specific circumstances of each cash-generating unit. If the long-term net cash flows (free cash flows) for the CGU Consus RE decrease by 8.9% or by 17.3% for the CGU Consus Swiss Finance, then the value in use corresponds to the net carrying amount.

- The planning for the CGU Consus RE includes income from the development of projects, proceeds from the sale of property assets and rental income, whereby long-term rental income contributes less than 5% to total operating performance. For the project development business, a long-term EBIT margin of 15.5% is assumed for both CGUs. If the long-term EBIT margin of the project development business decreases to 14.3% for the CGU Consus RE and 13.0% for the CGU Consus Swiss Finance, respectively, the value in use corresponds to the net book value.

- Discount rate: The discount rate was determined based on the assumed weighted average cost of capital typical for the industry. If the discount rate after taxes for the CGU Consus RE increases to 4.89% or 5.19% for the CGU Consus Swiss Finance, accordingly, the value in use corresponds to the net carrying amount.

- Long-term growth rate: The estimate regarding the forecasted long-term growth rate is based on external sector-specific market research. If the growth rate decreases to 0.36% for the CGU Consus RE or to –0,71% for the CGU Consus Swiss Finance, then the value in use corresponds to the net carrying amount.

J. Financial instruments

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

Non-derivative financial assets

On initial recognition, a non-derivative financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Reclassifications between these classifications, if permitted and required, will be made at the end of the reporting period.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Generally, the Group accounts for financial assets on the trading day.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

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

Derivative financial assets

The Group holds derivative financial instruments to hedge interest rate risks. Embedded derivatives are separated from the host contract under certain conditions and accounted for separately.

Derivatives are measured at fair value upon initial recognition. In subsequent measurement, derivatives are also measured at fair value. Any resulting changes are generally recognized in profit or loss.

Put option

Consus is the writer of a put option on the basis of which non-controlling shareholders can tender their minority interests to Consus. As a matter of principle, recognition as a financial liability is at the present value of the option holder's claim for payment (fair value). They are generally formed against the equity of the writer (Consus), provided that significant opportunities and risks of the shares remain with the minority shareholders. The financial liability is subsequently measured at amortised cost using the effective interest method. For further information, please refer to section 2.1.5.5.

Offsetting of financial instruments

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

Fair value of financial instruments

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

K. Impairment of financial instruments

With the introduction of IFRS 9 as of 1 January 2018, a model based on expected credit losses will be used to determine impairments (expected credit loss model). Instead of losses that have already been incurred, the calculation of the credit risk will in future be based on expected losses that arise in particular as a result of significant financial difficulties of the debtor or the probability that the debtor will enter bankruptcy or other restructuring proceedings, and on this basis a risk provision will be calculated for all assets that fall within the scope of IFRS 9. At Consus this affects in particular the balance sheet items trade receivables, receivables from related parties, financial assets and contractual assets.

The base case of the model classifies the assets into one of three levels. An allocation to level 1 takes place if no significant increase in credit risk has occurred since initial recognition. The expected credit losses are estimated on the basis of the next 12 months after the balance sheet date. If significant increases in the default risk are expected, the entire term of the instrument is used instead (level 2). Indications of this may arise, for example, from a deterioration in the creditworthiness of the counterparty. Differences between levels 1 and 2 arise in particular for financial assets with longer maturities. If there are objective indicators of impairment, e. g. payment delays or payment defaults, they are classified in level 3. The default risk for Consus was considered to be low because no major payment defaults have occurred in the past, advance payments are generally received for the individual projects, and there is also a natural hedge provided by the property not yet transferred, which remains the property of Consus in the event of non-payment.

IFRS 9 does not provide a concrete model for estimating the need for impairment in the future. One method is to focus on the age structure of the affected balance sheet items and to determine the default risk on the basis of historical default rates for the respective age structure classes. The simplified procedure is used for trade receivables (e.g. rent receivables, receivables for operating costs, receivables from the sale of real estate).

The default risk for Consus was considered to be low because there have been no major defaults in the past, advance payments are generally received for individual projects and there is also a natural hedge provided by the property that has not yet been transferred, which remains the property of Consus in the event of non-payment. If there are objective indications on individual basis that an impairment has occurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the expected future cash flows (excluding expected future credit losses not yet incurred).

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

With regard to the general credit risk for financial instruments, reference is made to the explanations under 2.6.2.

L. Derecognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the Group transfers the rights to receive the cash flows in a transaction in which all significant risks and rewards of ownership of the financial asset are also transferred. Derecognition also takes place if the Group neither transfers nor retains all significant risks and rewards of ownership and does not retain control of the transferred asset. If the Group enters into transactions in which it transfers recognized assets but retains either all or substantially all the risks and rewards of ownership of the transferred asset, the transferred assets are not derecognized.

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

M. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

N. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

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

O. Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business of geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

The Group sold its shares in the cash generating unit GxP in the year 2018. The contribution to profit and loss and the cash flow from this business activity were separately disclosed in the statement of comprehensive income and the cash flow statement.

P. Employee benefits

Share-based payments

The fair value of the amount payable to employees in respect of share-based payment arrangements, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the equity instrument. Any changes in the liability are recognized in profit or loss.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method, taking into account a discount factor, salary development, probability of withdrawal and inflation adjustment for the years following the first payment. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and personnel expenses (services costs) related to defined benefit plans are recognized in profit or loss.

2.1.7 SCOPE OF CONSOLIDATION

2.1.7.1 CHANGES IN THE GROUP

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

NUMBERS OF FULLY CONSOLIDATED COMPANIES

	2019	2018
as at 01.01.	**187**	**109**
Additions – business combination IFRS 3	3	105
Additions – asset acquisition not IFRS 3	2	5
Additions – foundation	15	14
Disposals – sale	1	44
Disposals – merger	5	2
Disposals – liquidation	3	–
as at 31.12.	**198**	**187**

NUMBER OF ENTITIES CONSOLIDATED AT-EQUITY

	2019	2018
as at 01.01.	**2**	**1**
Additions	3	1
Disposals	–	–
as at 31.12.	**5**	**2**

In the 2019 financial year as in the previous year, material additions were made as part of acquisitions, which are presented in detail in the section below in accordance with the requirements of IFRS 3. Entities related with the buy and hold portfolio such as GxP and CCPs were divested during financial year 2018. Furthermore, during the financial year 2019, one development project of Consus Development was classified as a joint venture in accordance with IFRS 11.

2.1.7.2 BUSINESS COMBINATIONS

(a) GEM Ingenieur GmbH Müller & Partners

On 3 June 2019, the Group acquired 89.9% of the share capital of GEM Ingenieur GmbH Müller & Partners ("GEM") through its subsidiary Consus RE AG for a total consideration of € 29.86 million. The takeover occurred by settling the cash purchase price of € 28.5 million and transferring the building of € 1.36 million. As a result of the transaction, the Consus Group indirectly controls all relevant GEM decisions.

The rationale behind the acquisition was as follows:

- Expansion of the project pipeline to realize future earnings potential
- Diversification of the location portfolio

	Fair Value afteracquisition
	in k€
Intangible assets, property, plant and equipment	57
Contract Assets	6,646
Other financial Assets	20
Work-in-Progress	117,108
Trade and other receivables	495
Other Assets	650
Cash and cash equivalents	1,772
Financial Liabilities	-60,243
Prepayments received	-12,308
Trade payables and other payables	-2,201
Liabilities to related parties	-939
Deferred tax liability	-15,539
Net assets	**35,517**
Consideration transferred	**29,860**
thereof cash consideration	28,500
thereof payment in kind	1,360
Non-controlling interests	3,520
IFRS first time adoption effect	-663
Badwill	**-2,136**

The GEM portfolio consists of the following projects:

- Quartier C, Erzbergstr., Karlsruhe
- Hofgarten, Kußmaulstr., Karlsruhe
- Kruggenberg, Erfstadt
- Beim alten Bahnhof, Baden-Baden
- Rommelstr., Stuttgart
- Begur, Spanien

The valuations performed by independent third parties are based on a risk-adjusted residual value method, which determines the fair value of the project. In order to determine the fair value adjustments on financing liabilities, the following assumptions have been applied:

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

The negative goodwill determined is due to the company's knowledge of the market. The transaction costs attributable to the acquisition of GEM amounted to € 89 thousand recognized in other operating expenses during the financial year 2019.

The negative goodwill (badwill) determined in the course of the purchase price allocation was recognized in the income statement.

Since initially consolidated on 3 June 2019, GEM did contribute € 5,723 thousand to Group revenue and € 97 thousand to the total comprehensive income of the Group. If the acquisition had taken place at the beginning of the financial year, GEM would have contributed € 8,161 thousand to group revenue and € (172) thousand to the total comprehensive income of the Group.

Apart from the acquisition of GEM there were no changes in the scope of consolidation in the reporting period.

(b) Finalization Consus Swiss Finance Group AG purchase price allocation

The Group gained control over Consus Swiss Finance AG (hereinafter: Consus Swiss Finance and formerly SSN

Group AG) as defined by IFRS 10 on 3 December 2018. The Group acquired two loan receivables. For accounting purposes, 1 December 2018 was used for initial consolidation of Consus Swiss Finance as subsidiary.

On account of the complexity of the acquisition, the Group retained the option of making a retrospective adjustment. Open key issues included reviewing how the fair values of investment properties, of property development projects, contract assets, of the financing liabilities, of the consideration, non-controlling interest and resulting deferred taxes were measured. Therefore, the disclosures with regard to the purchase price allocation in the consolidated financial statements for the fiscal year ending 31 December 2018 were provisional in terms of IFRS 3.45.

In the second quarter, the purchase price allocation has been reduced by € 2,600 thousand as a loan obligation, because the same amount had previously not been considered as part of the assets acquired and liabilities assumed by the Group. Furthermore, the preliminary purchase price allocation was adjusted by the share of the non-controlling interests of the indirect subsidiary SG München Schwabing GmbH & Co. KG, Düsseldorf ("Schwabing KG") in the subsidiary's revalued equity. This led to an increase in liabilities to minorities with an amount of € 28,371 thousand and correspondingly to an increase in Goodwill in the preliminary purchase price allocation as of 1 December 2018.

As part of the adjustment of the purchase price allocation, deferred tax assets on losses carried forward in the amount of € 20,967 thousand were capitalized in the amount of the deferred tax liabilities due to the existing hidden reserves.

Please refer to the following table for detailed information on fair values after the final purchase price allocation:

	Fair Value after final PPA
	in k€
Intangible assets and property, plant and equipment	4,621
Investment property, including prepayments	28,689
Contract assets	11,525
Other financial assets	1,642
Work-in-progress, including acquired land and buildings	908,300
Trade and other receivables	10,645
Cash and cash equivalents	37,491
Receivables from related parties	20,493
Tax receivables	4,125
Other assets	28
Financial assets	31,511
Assets held for sale	1,329
Financial liabilities	-702,138
Provisions and other non-financial liabilities	-75,768
Trade payables and other payables	-9,249
Liabilities to related parties	-59,205
Tax payables	-1,545
Deferred tax liability	-41,681
Net assets	**170,811**
Consideration transferred	**458,352**
thereof cash consideration	195,650
thereof equity interest	215,647
thereof acquired loan liabilities	47,055
Non-controlling interests	21,163
Goodwill	**308,704**

As part of the acquisition of Consus Swiss Finance Group, Consus has aquired for two loan receivables against Consus Swiss Finance, and thereby the total cash consideration of the purchase price component was reduced by € 47,055 thousand.

2.1.7.3 OTHER ADDITIONS TO SCOPE OF CONSOLIDATION ("ASSET ACQUISITION")

During the financial year 2019 Consus Development acquired two property companies in transactions structured as share deals. The acquired companies do not constitute a business operation within the meaning of IFRS 3 and have been presented as a direct real estate acquisition. The costs of acquiring the properties have been allocated to the individual identifiable assets and liabilities based on their fair values.

There could be a small further payment from a variable component. Currently the Company assumes, that there will be no material effect and therefore did not recognize any variable purchase price.

2.1.7.4 DISPOSALS IN SCOPE OF CONSOLIDATION

On 11 December 2019, the Company sold its investment in Arnulf Projektgesellschaft GmbH & Co. KG. Those investments had no material impact on the consolidated financial statements. In addition, there were three liquidations during financial year 2019 that did not affect the income.

2.1.7.5 DISCLOSURES ABOUT SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

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

	Consus RE AG, Berlin, Germany 31/12/2019	Consus Swiss Finance Group, Zug, Switzerland 31/12/2019
	in k€	**in k€**
Current assets	1,892,594	1,222,383
Current liabilities	-1,202,574	-691,754
Current net assets	**690,020**	**530,629**
Non-current assets	445,786	418,768
Non-current liabilities	-816,943	-527,067
Non-current net assets	**-371,157**	**-108,299**
Net assets	**318,863**	**422,330**
	01/01/2019-31/12/2019	**01/01/2019-31/12/2019**
Profit or loss	**33,921**	**-9,296**
Net cash flow from operating activities	-56,705	-28,025
Net cash flow from investing activities	-122,671	-31,988
Net cash flow from financing activities	194,907	105,888
Net increase/(decrease) in cash and cash equivalents	**15,531**	**45,876**

The profit or loss allocated to non-controlling interests during the reporting period is € 3,601 thousand for Consus RE AG and € 4,756 thousand for Consus Swiss Finance AG.

As of 3 December 2018, the Company acquired 93.4% of the shares in Consus Swiss Finance Group AG.

On 21 December 2017, the company acquired 55.0% of the shares in Consus RE AG (formerly CG Gruppe AG) via its subsidiary Consus Holding GmbH. On 30 September 2018 and 28 June 2019, Consus acquired further shares, so that the shareholding amounted to 68.31%. In a supplement dated 2 August 2018, the company acquired further shares subject to the payment of the last purchase price instalment of € 3,599 thousand. This last instalment was paid in March 2020. Taking this acquisition into account, Consus' direct and indirect shareholdings totalled 71.25%. Shareholdings and outstanding purchase price liabilities have been taken into account accordingly in the Group close. In addition, the Consus RE AG had issued mandatory convertible bonds in 2017 and 2018 in the total amount of € 150,000 thousand, which result in Consus having a shareholding in Consus RE AG of 75% on a fully diluted basis.

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

Under several loan agreements that were initiated by Consus Development companies, rights to distribute dividends are restricted.

2.1.7.6 DISCLOSURES ABOUT ASSOCIATES THAT ARE MATERIAL TO THE GROUP AND JOINT VENTURES

During the financial year 2019 the Company, unchanged from previous year, consolidated MAP Liegenschaften GmbH as Joint Venture which is considered to be material to the Group.

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

	MAP GmbH 31/12/2019	MAP GmbH 31/12/2018
	in k€	**in k€**
Current Assets	70,185	39,064
Current Liabilities	-41,703	-278
Current net assets	**28,482**	**38,786**
Non-current Assets	–	21,340
Non-current Liabilities	–	-31,359
Non-current net assets	**–**	**-10,019**
Revenue	0	0
EBITDA (Earnings before interest, taxes, depreciation and amortization)	479	137
EBIT (Earnings before interest and taxes)	479	150
EAT (Earnings after taxes)	-273	139
Total comprehensive income	**-273**	**139**
Of the total comprehensive income for the year, the following is attributable to:	**–**	**–**
Non-controlling interests	-68	35
Net cash flow from operating activities	**10,512**	**–**
Net cash flow from investing activities	**0**	**–**
Net cash flow from financing activities	**-10,824**	**–**
Net increase/(decrease) in cash and cash equivalents	-312	419
Cash and cash equivalents at the beginning of the year	419	–
Cash and cash equivalents at 31 December	**106**	**419**
Net assets at 01.01.	**28,768**	**28,629**
Profit/Loss of the period	-286	139
Net assets at 31.12.	**28,482**	**28,768**
Group's share in %	75	75
Carrying amount at 31.12.	**21,362**	**21,576**

2.1.7.7 DISCONTINUED OPERATIONS

The Group sold its investment in GxP German Properties AG by contract dated 3 August 2018. The business unit was deconsolidated in 2018, so that neither assets held for sale nor corresponding liabilities had to be shown as of 31 December 2018. The sale fell within the definition of a discontinued operation in accordance with IFRS 5.32. The profits and losses from the discontinued operation are shown in the consolidated statement of comprehensive income in a single line under "Net income (Earnings after taxes) from discontinued operations".

The profit or loss from discontinued operations are as follows:

	01.01.-31.12.2019	01.01.-31.12.2018
	in k€	**in k€**
Income from letting activities	–	6,543
Other operating income	–	288
Operating Expenses	–	-4,538
EBITDA	**–**	**2,293**
Depreciation and amortisation	–	-25
EBIT	**–**	**2,269**
Net interest result	–	-355
EBT	**–**	**1,914**
Taxes	–	-449
EAT (discontinued operations)	**–**	**1,464**
Other comprehensive income	–	–
Total comprehensive income	**–**	**1,464**

EARNINGS/(LOSS) OF DISCONTINUED OPERATIONS PER SHARE

	2019	2018
	in k€	**in k€**
Basic, profit/(loss) for the year from discontinued operations	–	0.02
Diluted, profit/(loss) for the year from discontinued operations	–	0.02

	2019	2018
	in k€	**in k€**
Net cash flow from operating activities	–	1,395
Net cash flow from investing activities	–	–1,561
Net cash flow from financing activities	–	–2,920
Cash flow from discontinued operations	–	–3,086

2.2 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2.2.1 RESULT FROM LETTING ACTIVITIES

During the 2019 financial year, the Group continuously expanded its real estate portfolio, both through the acquisition of real estate assets and through business combinations.

A significant part of the portfolio with letting income was divested during financial year 2018.

	2019	2018
	in k€	**in k€**
Rental income	20,359	32,088
Income from recharged operating costs	981	690
Income from other goods and services	–	18
Income from letting activities	**21,340**	**32,796**
Expenses from operating costs	–8,894	–14,510
Maintenance expenses	–	–432
Other services	–	–1,141
Expenses related to letting activities	**–8,894**	**–16,083**
Net operating income from letting activities	**12,446**	**16,713**

2.2.2 INCOME FROM REAL ESTATE INVENTORY DISPOSED OF

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

The income from real estate disposed of at Consus Development for the financial year 2019 mainly results from the sale of the following properties:

- Delitzscher Str., Leipzig
- Carree Löbtau, Dresden
- Marienstr., Dresden

In the financial year 2018 the income from real estate inventory disposed of mainly resulted from the sale of 5 properties.

2.2.3 CHANGE IN PROJECT RELATED INVENTORY

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

2.2.4 INCOME FROM PROPERTY DEVELOPMENT

Upon conclusion of a forward sales contract, the Company begins to recognize revenues over a certain period of time, provided that planning permission had already been granted at the time the contract was concluded. If planning permission is granted after the contract has been signed, the period-related revenue recognition does not commence until the building permit (“Baugenehmigung”) is granted, as the forward sales customer usually has the right to withdraw from the contract before the building permit is granted.

During 2019 building permits were granted and forward sales agreements signed for the following development projects which contributed significantly to income from property development:

- Ostplatz Leipzig Work & Life GmbH & Co. KG (€ 4,348 thousand revenues from project development in current fiscal year),
- CG Denkmalimmobilien GmbH – Hamburg/Dessauer Straße (€ 9,182 thousand revenues from project development in current fiscal year),
- CG Denkmalimmobilien GmbH – Königshöfe am Palaisplatz (Condo) (€ 20,661 thousand revenues from project development in current fiscal year),
- Franklinstraße 26a Verwaltungs GmbH (€ 35,048 thousand revenues from project development in current fiscal year).
- CG Graphisches Viertel GmbH & Co. KG (€ 9,486 thousand revenues from project development in current fiscal year),
- SG Passau Peschl Areal 1–6 UG – Wohnhof 1 (Condo) (€ 1,097 thousand revenues from project development in current fiscal year).

Income from property development breaks down as follows:

	2019	2018*
	in k€	**in k€**
Income from property development	**401,621**	**278,992**
– thereof income from forward sales of development projects to institutional investors	321,589	231,502
– thereof income from forward sales of apartments primarily to individuals	80,032	47,490

*Prior year figures adjusted

Concerning the revenue from property development, the company has significant outstanding performance obligations not yet fulfilled. The fulfilment of the remaining obligations is typically recognized with the development progress of the underlying real estate assets. This development progress is measured with significant management assumptions as described under Note 2.1.4.

The contracts with customers determine the payment terms on the basis of completion of sub-works ("baurechtliche Gewerke"). The completion of these sub-works is usually confirmed by external experts or the customers itself. The outstanding performance obligations mostly belong to the completion of the construction of the buildings and usually do not include any obligations of the company concerning returns or similar obligations and only includes the statutory warranties.

The company allocated an amount of € 1.7 billion to the outstanding constructions that have not been done at 31 December 2019. Concerning the actual business plan of the company the management assumes that thereof € 0.8 billion will be realized within the next 12 months and € 0.9 billion after 12 months.

2.2.5 NET INCOME FROM THE REMEASUREMENT OF INVESTMENT PROPERTY

For the 2019 financial year, the result from the revaluation of investment property amounted to € 31,943 thousand and primarily arose from revaluations of Consus Development properties, such as the Plagwitzer Höfe (Leipzig), Steglitzer Kreisel (Berlin) and Mariannenpark, Alter Postbahnhof (Leipzig), which had already been classified as investment properties at the end of 2018. The Consus Development properties Fiduciastraße in Mannheim and the H-Portfolio with various properties in Karlsruhe have been newly added.

For the 2018 financial year, the net gain from the remeasurement of investment property amounted to € 25,631 thousand and related primarily to the revaluation of the Consus Development properties. For further information such as input parameters, see section 2.3.1.

2.2.6 COST OF MATERIALS

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

	2019	2018*
	in k€	**in k€**
Expenses for land acquisition	-133,879	-110,538
Expenses for Preparation & Development	-21,365	-9,751
Expenses for Building – Building construction	-199,015	-59,711
Expenses for Building – Technical equipment	-47,169	-3,317
Expenses for outside facilities	-5,484	-3,128
Expenses for inside facilities	-1,471	-1,933
Ancillary building costs	-63,912	-64,887
Expenses for other construction services	-21,189	-5,642
Brokerage costs	-978	-1,066
Production related administrative costs	-2,175	-2,106
Auxiliary cost	-7,378	-6,371
Other expenses for raw materials, consumables and supplies and for purchased goods	-1,424	3,048
Non-deductible VAT	-16,754	-15,195
Other services	-3,396	-3,818
Expense on disposal of current assets	–	-1,185
Income from the reversal of provisions – Cost of materials	–	–
Received discounts, rebates, bonuses, rebates	374	–
Total	**-525,215**	**-285,600**

* Prior year figures adjusted

2.2.7 OTHER OPERATING INCOME

The other operating income comprises as follows:

	2019	2018
	in k€	**in k€**
Reversals of allowances/impairments	3,333	–
Insurance indemnifications	894	984
Negative difference from PPA	2,136	–
Gains from the disposal of consolidated entities	–	2,893
Income from prior years	2,823	1,327
Derecognition of liabilities	429	1,201
Other income	10,744	6,837
Total	**20,360**	**13,241**

2.2.8 PERSONNEL EXPENSES

The Company continued to build up its proprietary employee base during financial year 2019. Financial year 2018 was materially impacted by the first-time inclusion of expenses of Consus RE as well as Consus Swiss Finance, which were included for one month in 2018.

Personnel expenses were as follows in the 2019 and 2018 financial years:

	2019	2018
	in k€	**in k€**
Wages and salaries	-57,385	-31,850
Social contributions	-8,598	-5,061
Contributions to defined contribution plans	-1,041	–
Total	**-67,024**	**-36,911**

2.2.9 OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

	2019	2018*
	in k€	**in k€**
Write-offs and allowances on receivables	–1,159	–1,987
Consulting and audit fees	–17,132	–17,832
Admin expenses	–5,127	–913
Utility expenses for office space	–2,226	–4,237
Marketing expenses	–8,511	–17,485
Car and travel expenses	–7,435	–4,890
Other taxes	–15,516	–2,551
Other expenses	–21,303	–9,809
Expenses arising from the change in estimation	–143	–5,634
Total	**–78,551**	**–65,338**

* Prior year figures adjusted

During the reporting period 2019 other operating expenses included significant consulting and audit fees which are mainly due to portfolio transactions, transition to IFRS, first time consolidation and other project related work of which some is unique in its nature.

2.2.10 DEPRECIATION AND AMORTIZATION

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

	2019	2018
	in k€	**in k€**
Amortization of intangible assets	–1,657	–477
Depreciation on technical equipment and other assets	–283	–12
Depreciation on office equipment and other assets	–2,405	–1,686
Depreciation on right-of-use asset	–4,097	–
Total	**–8,443**	**–2,175**

Please also refer to the asset schedule.

2.2.11 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial result can be broken down as follows:

	2019	2018*
	in k€	**in k€**
Interest income from bank deposits	–	44
Income from fair value changes of derivatives	4,604	2,070
Interest income from late payments	5	–
Interest income from loans	7,619	1,151
Other financial income	15,931	5,736
Total financial income	**28,160**	**9,001**
Expense from fair value measurement of embedded derivates	–4,081	–1,048
Interest expense from embedded derivates	–	–1,224
Expense from derecognition of derivatives	–1,446	–
Interest expense from loans	–226,084	–118,544
Interest expense on lease liabilities	–615	–
Other financial expenses	–12,441	–2,274
Total financial expenses	**–244,666**	**–123,090**
Financial result	**–216,506**	**–114,089**

* Prior year figures adjusted

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

	2019
	in k€
Net results from financial assets:	**3,807**
FVPL valued	–723
at amortized cost	4,530
equity instruments valued as FVOCI in other comprehensive income	–
debt instruments measured as FVOCI in other comprehensive income	–
OCI-effective changes in value during the reporting period	–
reclassified from OCI to income statement during the reporting period	–
Net results from financial liabilities:	**–220,313**
FVPL due to exercise of FV option	–
OCI-effective changes in value during the reporting period	–
Changes in value recognized in the income statement during the reporting period	–
FVPL valued	–199
at amortized cost	–220,114
Net results from financial liabilities:	**–216,506**

Borrowing costs capitalized during the reporting period amount to € 129,833 thousand (2018: 61,891 TEUR). Accordingly, the Group's EBITDA recorded a positive impact from capitalization of borrowing costs in the same amount.

2.2.12 SHARE OF PROFIT OR LOSS OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

In the current financial year, the associated companies accounted for using the equity method, generated a profit of € 239 thousand (2018: € 98 thousand). For reasons of materiality/significance, the income was reported in the financial income.

2.2.13 INCOME TAXES

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

	2019	2018*
	in k€	**in k€**
Current income taxes for the period	–4,720	–20,107
Aperiodical income taxes	–3,000	–8
Deferred taxes	–8,801	32,313
Aperiodical deferred taxes	–	–
Tax result	**–16,521**	**12,198**

*Prior year figures adjusted

The tax income in the reporting year amounted to € 16.521 thousand and mainly resulted from the deferred taxes on temporary differences that occurred during the period.

The tax income in the prior year amount to € 12,198 thousand and mainly resulted from the deferred taxes on temporary differences that occurred during the period.

For further information please refer to chapter 2.3.15.

The following table shows a reconciliation of the tax expenses expected in the respective period, which is calculated using the tax rate of 30.175% (2018: 30.175%), to the actual tax expense or income:

	2019	2018*
	in k€	**in k€**
IFRS net consolidated income before tax	**11,486**	**-14,824**
Consolidated tax rate in %	30.175%	30.175%
Expected income taxes	**-3,466**	**4,473**
Trade tax additions and deductions	-4,146	7,972
Actual taxes related to prior years	-3,000	–
Effects from non-recognition of deferred tax assets on temporary differences	-2,335	–
First time capitalization or reversal of loss carryforwards	2,666	3,152
Effect from the non-recognition of deferred tax assets on tax losses carried forward	-6,570	-9,571
Tax free income	492	–
Non-deductible expenses	-3,705	–
Other tax effects	3,543	6,173
Effective taxes on income and earnings	**-16,521**	**12,198**
Effective tax rate in %	144%	-82%

* Prior year figures adjusted

Taxation of the Company

The income tax expenses and income mainly consisted of German corporation tax (plus solidarity surcharge) and trade tax. The applicable average effective tax rate for the German Group companies is 30.175% and consists of corporation tax of 15% plus a solidarity surcharge of 5.5% and a location-based trade tax. Depending on the tax rate of the municipality in which the company has a permanent establishment, the local trade tax burden varies as of 31 December 2019.

2.2.14 EARNINGS PER SHARE

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

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

	2019	2018*
	in k€	**in k€**
Consolidated net income/loss for the period from continuing operations	-5,035	-2,626
Income/loss from continuing operations attributable to non-controlling interests	15,848	13,113
Income/loss from continuing operations attributable to shareholders	**-20,883**	**-15,739**
Weighted average number of shares issued, in thousands	135,396	85,514
Basic earnings per share from continuing operations in EUR	**-0.15**	**-0.18**
Number of dilutive potential shares, in thousands	–	–
Diluted earnings per share from continuing operations in EUR	**-0.15**	**-0.18**
Consolidated net income/loss for the period from discontinued operations attributable to shareholders	–	816
Weighted average number of shares issued, in thousands	135,396	85,514
Basic earnings per share from discontinued operations in EUR	**–**	**0.01**
Number of dilutive potential shares, in thousands	–	21,754
Diluted earnings per share from discontinued operations in EUR	**–**	**0.01**
Consolidated net income/loss for the period from continuing and discontinued operations attributable to shareholders	-20,883	-14,923
Weighted average number of shares issued, in thousands	135,396	85,514
Basic earnings per share from continuing and discontinued operations in EUR	**-0.15**	**-0.17**
Number of dilutive potential shares, in thousands	–	–
Diluted earnings per share from continuing and discontinued operations in EUR	**-0.15**	**-0.17**

* Prior year figures adjusted

The following equity instruments were not taken into account in determining the diluted earnings per share as they would display dilution protection, with the exception of diluted earnings per share from discontinued operations in 2018.

	31/12/2019	31/12/2018
	in thousand shares	**in thousand shares**
Convertible bond	21,789	21,754
Total number of potential ordinary shares	**21,789**	**21,754**

2.3 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

2.3.1 INVESTMENT PROPERTY

The carrying amounts of investment property developed as follows:

IAS 40 INVESTMENT PROPERTY (COMPLETED)

	2019	2018
	in k€	**in k€**
Carrying value as of 01.01.	**171.324**	**434,100**
Acquisitions	–	–
Additions from business combinations	–	28,689
Capitalization from construction activities and modernisation cost	1	11,942
Reclassification to held-for-sale properties	-28,330	–
Reclassification to property, plant and equipment	–	–
Reclassification from property, plant and equipment	–	–
Reclassification to work-in-progress	–	–
Reclassification from IAS 40 Investment Property (under construction)	–	–
Fair value adjustments	-3,835	13,123
Disposals	–	-316,530
Carrying value as of 31.12.	**139,161**	**171,324**

The carrying amounts of assets under construction developed as follows:

IAS 40 INVESTMENT PROPERTY (UNDER CONSTRUCTION)

	2019	2018
	in k€	**in k€**
Carrying value as of 01.01.	**156,702**	**93,250**
Acquisitions	89,717	–
Additions from business combinations	–	–
Capitalisation from construction activities and modernisation cost	49,974	8,039
Reclassification to held-for-sale properties	–	–
Reclassification to property, plant and equipment	–	–
Reclassification from property, plant and equipment	–	42,905
Reclassification to work-in-progress	-89,480	–
Reclassification to IAS 40 Investment Property (finished)	–	–
Fair value adjustments	37,971	12,508
Disposals	–	–
Carrying value as of 31.12.	**244,883**	**156,702**

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

Development in 2019

As in the prior year as of 31 December 2019, the investment property held by the Company was valued by independent third-party experts. The net income from the remeasurement of investment property is presented in the consolidated statement of comprehensive income.

The analysis for investment property shows the potential fluctuation in the fair value of investment property as the three main input factors increase or decrease by a certain percentage as of 31 December 2019:

Sensitivity	Market rent			Capitalization rate (Liegenschaftszinssatz)			Vacancy rate		
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
as at 31.12.2019	-10%	0%	10%	-0.25%	0%	0.25%	-10%	0%	10%
Investment property	**151,040**	**167,820**	**184,500**	**174,500**	**167,820**	**161,640**	**171,160**	**167,820**	**162,090**

Sensitivity	Market rent			Capitalization rate (Liegenschaftszinssatz)			Vacancy rate		
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
as at 31.12.2019	-10%	0%	10%	-0.25%	0%	0.25%	-10%	0%	10%
Investment property (under construction)	**164,520**	**216,220**	**267,770**	**249,130**	**216,220**	**184,570**	**261,760**	**216,220**	**169,300**

Sensitivity	Market rent			Capitalization rate (Liegenschaftszinssatz)			Vacancy rate		
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
as at 31.12.2018	-10%	0%	10%	-0.25%	0%	0.25%	-10%	0%	10%
Investment property	**153,124**	**171,324**	**187,144**	**177,639**	**171,324**	**165,021**	**176,239**	**171,324**	**165,640**

Sensitivity	Market rent			Capitalization rate (Liegenschaftszinssatz)			Vacancy rate		
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
as at 31.12.2018	-10%	0%	10%	-0.25%	0%	0.25%	-10%	0%	10%
Investment property (under construction)	**122,225**	**156,702**	**172,628**	**175,915**	**156,702**	**140,981**	**181,136**	**156,702**	**133,140**

The material valuation parameters for material investment properties (level 3) are as follows as of 31 December 2019:

VALUATION PARAMETERS LEVEL 3 FOR INVESTMENT PROPERTIES

	31/12/2019
Total rental space (in sqm)	106,013
Vacancy rate, weighted average (in %)	12
Market rent, weighted average (EUR per sqm p.a.)	8
WALT, weighted average (years)	–
CAPEX, weighted average (EUR per sqm)	–
Gross multiplier on market rent, weighted average	15
Land value in % of total market value, weighted average	–

The material valuation parameters for the investment properties under construction (level 3) are as follows as of 31 December 2019:

VALUATION PARAMETERS LEVEL 3 FOR INVESTMENT PROPERTIES UNDER CONSTRUCTION

	31/12/2019
Net Sales Price (in k€)	816,500
Project development costs (in k€)	583,736
Capitalization rate, weighted average (in %)	4
Discount rate, weighted average (in %)	–

Investment property is generally encumbered with collateral for the loans. There are no restrictions for the Company to dispose the properties. Financed properties are generally secured by liens on property and are subject of assignments of rights and claims arising from sales contracts. When a property is sold, the finance is settled by means of an unscheduled repayment if necessary. For further information on assets pledged as guarantees please refer to chapter 2.6.1.

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

	31/12/2019	31/12/2018
	in k€	**in k€**
up to one year	1,795	9,855
1–5 years	18,879	22,326
over 5 years	22,471	5,136
Total expected minimum lease payments	**43,146**	**37,317**

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

As of 31 December 2019 the position of the consolidated statement of financial position “Assets held for sale” included a car park in Hamburg amounting to € 26.1 million, which the Company expects to be sold in the first half of 2020 prior to consideration of any impacts from the Coronavirus. The prior year amount of € 1.3 million was completely released in 2019.

2.3.2 PROPERTY, PLANT AND EQUIPMENT & OTHER INTANGIBLE ASSETS

The development of property, plant and equipment, advance payments on investment property as well as other intangible assets is shown in the fixed assets movement schedule.

FIXED ASSETS MOVEMENT SCHEDULE – 2019

	Owner-occupied Real Estate	Technical Equipment and Machinery	Office and Operating Equipment	Prepay-ments	Intangible Assets	Goodwill	Total
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
Acquisition costs							
as at 01.01.2019	**–**	**2,850**	**8,613**	**–**	**6,959**	**1,036,920**	**1,055,342**
Additions	–	793	4,095	–	411	–	5,299
Reclassifications	–	-41	295	–	–	-431	-177
Disposals	–	-17	-205	–	-13	–	-235
as at 31.12.2019	**–**	**3,585**	**12,798**	**–**	**7,357**	**1,036,489**	**1,060,229**
Accumulated depreciation							
as at 01.01.2019	**–**	**156**	**2,536**	**–**	**801**	**–**	**3,494**
Additions	–	284	2,430	–	1,637	–	4,351
Disposals	–	-1	-98	–	–	–	-99
as at 31.12.2019	**–**	**439**	**4,868**	**–**	**2,438**	**–**	**7,746**
Net Book Value as of 01.01.2019	**–**	**2,694**	**6,076**	**–**	**6,158**	**1,036,920**	**1,051,848**
Net Book Value as of 31.12.2019	**–**	**3,145**	**7,930**	**–**	**4,919**	**1,036,489**	**1,052,484**

FIXED ASSETS MOVEMENT SCHEDULE – 2018*

	Owner-occupied Real Estate	Technical Equipment and Machinery	Office and Operating Equipment	Prepay-ments	Intangible Assets	Goodwill	Total
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
Acquisition costs							
as at 01.01.2018	**–**	**351**	**5,809**	**10,532**	**3,205**	**700,076**	**719,973**
Additions	–	2,219	2,118	–	162	24,126	28,625
Additions through business combinations	–	280	956	–	3,592	312,717	313,106
Disposals	–	–	-270	-10,532	–	–	-10,802
as at 31.12.2018	**–**	**2,850**	**8,613**	**–**	**6,959**	**1,036,920**	**1,050,875**
Accumulated depreciation							
as at 01.01.2018	**–**	**16**	**1,203**	**–**	**319**	**–**	**1,538**
Additions	–	132	1,268	–	466	–	1,866
Additions through business combinations	–	8	49	–	17	–	100
Disposals	**–**	**–**	**-10**	**–**	**–**	**–**	**-10**
as at 31.12.2018	**–**	**156**	**2,536**	**–**	**801**	**–**	**3,494**
Net Book Value as of 01.01.2018	**–**	**335**	**4,606**	**10,532**	**2,886**	**700,076**	**718,436**
Net Book Value as of 31.12.2018	**–**	**2,694**	**6,076**	**–**	**6,158**	**1,036,920**	**1,047,408**

* Prior year figures adjusted

The Group's tangible and intangible assets are not pledged as collateral. No contractual obligations have been entered to acquire property, plant and equipment or intangible assets.

2.3.3 GOODWILL

Goodwill as of 31 December 2019 amounts to € 1,036,489 thousand (31 December 2018: € 1,036,920 thousand). For the financial year 2019 (2018), goodwill is attributable as follows:

	31/12/2019	31/12/2018
	in k€	**in k€**
Consus RE (incl. Diplan)	782,216	728,216
Consus Swiss Finance	308,272	308,704

* Prior year figures adjusted

Goodwill is allocated to the groups of cash-generating units of the Group that benefit from the synergies of the business combination. The group of cash-generating units is made up of different units. The goodwill of Diplan was considered together with Consus RE (formerly CG) for the impairment test because the goodwill from the Diplan acquisition is monitored jointly with the goodwill from the CG transaction for internal management purposes. This is confirmed, for example, by the fact that Diplan will only generate revenues with the Consus RE subgroup in 2019. The recoverable amount of a cash-generating unit or a group of cash-generating units represents the higher amount of fair value less costs to sell and value in use. The estimated future cash flows used for impairment testing are based on the financial planning, with a planning horizon of 5 years. Cash flows outside the planning period are extrapolated using individual growth rates, taking relevant market information into account. The growth rate outside the planning horizon was 0.75%. The weighted average discount rate after tax (Weighted Average Cost of Capital – WACC), used to discount the estimated cash flows was 4.60%. The fair value less costs to sell was classified as Level 3 fair value in accordance with IFRS 13 on the basis of the inputs for the valuation methods used.

The impairment tests performed on the goodwill allocated to both groups of cash-generating units Consus RE and Consus Swiss Finance did not reveal any evidence of impairment. The Group assumes that the recoverable amounts, in case of probable changes in the parameters, still exceed the carrying amount of the goodwill.

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

2.3.4 FINANCIAL ASSETS

Other financial assets can be broken down as follows:

	31/12/2019		31/12/2018
	current	non-current	
	in k€	**in k€**	**in k€**
Other loans	8,137	10,184	21,495
Restricted cash with a maturity of more than three months	39	42,053	–
Deposits	166	81	75
Derivative financial instruments	672	20,796	2,677
Other financial assets	22,086	41	23,904
Shares in non-consolidated companies	–	404	324
Receivables from damage reimbursement claims	–	–	–
Total	**31,101**	**73,559**	**48,475**

2.3.5 OTHER ASSETS

In addition, accrued costs for obtaining Forward Sales contracts in the amount of € 8.9 million were recorded as other assets at the end of the year. The asset is amortised on a straight-line basis over the lifetime of the specific contract to which it relates. The corresponding expenses accounted for as other operating expenses during the period amounted to € 2.7 million. Other assets can be broken down as follows:

	31/12/2019	31/12/2018
	in k€	**in k€**
Accruals	3,150	2,339
Receivables from other taxes	10,291	1,784
Prepayments made	3,809	326
Assets recognized from costs to obtain or fulfill a contract	8,926	10,143
Receivables against affiliated companies	–	–
Other assets	2,725	908
Total	**28,900**	**15,499**

2.3.6 CONTRACT BALANCES

The timing of revenue recognition, invoicing and cash collections results in billed accounts receivables, unbilled receivables (contract assets) and customer advances (contract liabilities) on the Statement of Financial Position. In the Group's development activities, amounts are billed as work progresses in accordance with agreed-upon contractual term, either at periodic intervals or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition resulting in contract assets. However, the Group sometimes receives advances from its customers before revenue is recognized, resulting in contract liabilities. These assets and liabilities are reported on the Consolidated Statement of Financial Position on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances during the financial year 2019 were not materially impacted by other factors besides as laid out below.

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

	Book value as of:	
	31/12/2019	31/12/2018*
	in k€	**in k€**
Net contract assets – non-current	**13,856**	**23,095**
Gross contract assets – non-current	13,856	23,095
Prepayments received on non-current contract balances	–	–
Net contract assets – current	**321,347**	**198,505**
Gross contract assets – current	619,430	384,213
Prepayments received on current contract balances	-298,083	-185,708
Net contract liabilities	**-53,166**	**-32,158**
Net contract assets (liabilities)	**282,037**	**189,442**

* Prior year figures adjusted

In the reporting period revenues amounting to € 50.2 million were recognized that were included in the contract liability balance at the beginning of the reporting period.

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

TIMING OF REVENUE RECOGNITION

	2019	2018*
	in k€	**in k€**
Products transferred at a point in time	204,616	186,946
Products and services transferred over time	466,499	298,555

* Prior year figures adjusted

The assessment concerning the progress of projects falling within the scope of IFRS 15 altered as a result of new profitability calculations (updated target-performance comparison per project) in December 2019. The December 2019 calculations for the Consus RE (former CG) sub-group resulted in a majority of higher budgeted revenues for the projects, while at the same time increasing project costs occurred, which in turn resulted in lower project progress compared to the previous quarters of the previous business plan. Overall, the new feasibility analysis had a positive impact on net income during the reporting period of € 11.3 million. This will have a positive impact on future margins. Similarly, at the former Consus Swiss Finance Group, the new profitability calculation, which was approved by the management in December 2019, influenced the assessment of project progress. The lower project progress compared to previous quarters is attributable to the increase in expected project costs. The overall impact of the new profitability calculation on net profit during the reporting period is negative and amounts to € -13.9 million. This will have a negative impact on the future margin.

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

2.3.7 WORK-IN-PROGRESS

At 1 January 2018, the Group recognized the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance after deduction of inventories previously accounted under IAS 2.

	31/12/2019	31/12/2018*
	in k€	**in k€**
Carrying amount of inventories	**2,472,621**	**2.139.761**
– thereof Real Estate “Institutional”	1,528,728	1,165,307
– thereof Real Estate “Parking”	26,822	14,610
– thereof Real Estate “Apartments for sale”	871,977	869,169
– thereof Real Estate “Other construction work”	33,582	90,675
– thereof other inventory: not development	11,513	–

* Prior year figures adjusted

A significant (virtually all) part of the inventory is pledged as underlying security provided for loan agreements. Further information can be found in chapter 2.6.1.

2.3.8 TRADE AND OTHER RECEIVABLES

Trade and other receivables in 2019 as well as 2018 mainly relate to disposal of real estate that took place shortly before the balance sheet date.

The amount of the reported receivables is partly subject to estimation uncertainties, as it is based on the estimation of the underlying sales revenue. This includes a receivable from the sale of a property, for which a partial amount of € 8 million was agreed as a variable purchase price payment.

The variable purchase price payment depends on the specific project development due from the buyer and the rentable space after completion. Based on the design of the building and its assessment of market conditions, management has come to the conclusion that the total variable purchase price can be achieved and has therefore capitalized the entire amount.

	31/12/2019	31/12/2018
	in k€	**in k€**
Trade and other receivables, gross	43,321	56,083
Allowances on trade and other receivables	-1,658	-2,150
Total trade and other receivables	**41,663**	**53,933**
– thereof from rent and rent related services	2,104	3,674
– thereof from the disposal of real estate	32,951	38,808
– thereof others	6,608	11,451

2.3.9 TAX RECEIVABLES

Tax receivables mainly include prepayments on trade tax.

2.3.10 CASH AND CASH EQUIVALENTS

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

	31/12/2019	31/12/2018
	in k€	**in k€**
Bank deposits	150,580	91,598
Cash at hand	32	5
Cash and cash equivalents	**150,613**	**91,603**
– thereof restricted	139,457	54,206

Restricted cash and cash equivalents are subject to restrictions, particularly with regard to their use for the financed properties and as a minimum to secure future interest payments. Cash and cash equivalents with a fixed purpose have a remaining term of no more than 3 months and are reported as restricted cash. There are no discretionary approval provisions from third parties in this connection. A smaller proportion is subject to transfer controls, i.e. these funds must be held by certain group companies in accordance with the respective loan agreement.

2.3.11 EQUITY

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

(a) Subscribed Capital 2018

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

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

By exercising the authorized capital, the Company decided on 17 August 2018 to increase the share capital of the Company by € 8,333,334.00 to € 106,490,577.00 in return for contribution in kind as part of a deal with a minority shareholder of Consus RE AG (formerly CG Gruppe AG) by issuing 8,333,334 bearer shares with a pro rata amount of the share capital of € 1.00 per share. By exercising the authorized capital, the Company decided on 19 September 2018 to increase the share capital of the Company by € 674,474.00 to € 107,165,051.00 by issuing 674,474 bearer shares with a pro rata amount of the share capital of € 1.00 per share. Certain holders of the € 200 million convertible exercised their option rights in order to convert their bonds into new shares.

By exercising the authorized capital, the Company increase the share capital of the Company by € 26,875,000.00 to € 134,040,051.00 in return for contribution in kind as part of the Consus Swiss Finance acquisition by issuing 26,875,000 bearer shares with a pro rata amount of the share capital of € 1.00 per share.

(b) Subscribed Capital 2019

By exercising the authorized capital with resolutions of 18 January, 16 April, 29 May and 12 July 2019 in connection with the conversion of parts of the € 200 million convertible bond, the company increased its share capital by € 2,541,456.00 to € 136,581,507.00 by issuing a total of 2,541,456 bearer shares with a proportionate amount of the share capital of € 1.00 per share.

(c) Authorized Capital 2018

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

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

(d) Authorized Capital 2019

By resolution of the Annual General Meeting on 26 June 2019, the Authorized Capital 2018 resolved on 23 August 2018 was cancelled.

It was also resolved that the Management Board is authorised to increase the Company's share capital by a total of € 67,263,290.00 until 25 June 2024 (Authorized Capital 2019/I). The authorized capital 2019/I was partially exercised. On the balance sheet date, € 65,789,019.00 is still outstanding.

(e) Conditional Capital 2018

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

(f) Conditional Capital 2019

By resolution of the Annual General Meeting on 26 June 2019, the conditional capital 2018 resolved on 23 August 2018 was cancelled.

By resolution of the Annual General Meeting on 26 June 2019, the Company's share capital has been conditionally increased by up to € 67,263,290 (Conditional Capital 2019/I).

(g) Authorization to issue convertible bonds

Upon registration and based on a resolution of the Company's general shareholders' meeting held on 28 September 2017, the management board is authorized, with the approval of the supervisory board, to issue, once or repeatedly, until 27 September 2022, bonds, i.e., convertible bonds, warrant bonds, profit participation rights and/or income bonds having an aggregate principal amount of up to € 500,000,000.00

and to grant the holders or creditors option or conversion rights to shares of the Company with a maximum proportion of share capital of up to € 40,000,000.00 in accordance with the terms and conditions with the bonds.

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

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

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

(h) Capital reserves

The increase in shares in Consus RE AG (formerly CG Gruppe AG) at the expense of minority shareholders on the basis of the agreement of 17 August 2018 led to a reduction in capital reserves in 2019 by € 57,051 thousand.

The conversion on the basis of the € 200 million convertible bond with a total nominal amount of € 20,300 thousand described in the section "Subscribed capital 2019" increased the capital reserve by a total of € 16,436 thousand.

(i) Other Reserves

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

The item also contains the legal reserve required of stock corporations. As of 31 December 2019, the legal reserve amounts to € 0 thousand (previous year: € 0 thousand).

(j) Non-controlling interests

The non-controlling interests acquired in the 2019 financial year mainly result from transactions with a minority shareholder of Consus RE AG (formerly CG Gruppe AG) (€ 30,842 thousand). In conjunction, the payment of a guaranteed dividend under the terms of a control and profit transfer was also agreed with the minority shareholder, reducing the non-controlling interest (€ 10,505 thousand). In the previous year, the non-controlling interests purchased resulted mainly from the business combinations with Consus Swiss Finance AG as well as from a transaction with the minority shareholder of Consus RE AG.

2.3.12 FINANCING LIABILITIES

Financing liabilities increased during 2019 to a total of € 2,850,501 thousand. Financing liabilities of € 60,243 thousand resulted from the acquisition of subsidiaries during 2019, the majority of which is project related.

Furthermore the following significant financing liabilities were issued during previous years and the financial year 2019 and are still outstanding as of balance sheet date:

(a) Liabilities from issued notes

On 16 May 2019, the company placed a senior secured note to the value of € 400,000 thousand and a term until 15 May 2024 to institutional investors. The minimum allotment amount is € 100 thousand and the issue price was 98.5% plus accrued interest from the issue date to the allotment date. Annual interest is 9.625% per annum payable on 15 May and 15 November each year. The Company may at any time on or after 15 May 2021 buy back part or all of the bond at the prices set out in the terms of issue. Partial or full repurchase is possible before 15 May 2021 at a price of 100% plus an agreed surcharge. In addition, the company can repurchase up to 40% of the outstanding amount with the income from certain equity transactions at a fixed price if at least 60% of the nominal amount of the bond remains outstanding. The bond terms contain a "change of control" clause, under which the bondholders can, under certain conditions, request the repurchase of their bond amounts for a price of 101%. The bond is governed by New York State law (144A/Reg S).

On 25 October 2019, a further € 50,000 thousand was issued at an issue price of 96.5% (additional bond). The conditions of the € 400,000 thousand bond also apply.

A derivative (option for early repurchase of the bond) with a fair value at the time of issue totalling € 13,397 thousand was split off from the bond with a total nominal amount of € 450,000, which is shown separately in the balance sheet and measured at the fair value on the balance sheet date. The bond is measured at amortized cost using the effective interest method and had a book value of € 444,704 thousand as of 31 December 2019. The carrying amount of the spin-off derivative shown as a financial asset was € 17,378 thousand as of the balance sheet date.

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

During the financial year 2018 the Company repurchased a total of € 128,321 thousand nominal and € 4,212 thousand accumulated interest of the issued notes. While the nominal amount of the bond as of the balance sheet date was € 21,679 thousand, the book value determined using the effective interest rate method as of 31 December 2019 was € 21,815 thousand.

(b) Liabilities from convertible bonds

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

As of the balance sheet date on 31 December 2019, bondholders had cumulatively converted a nominal value of € 26,300 thousand, which led to a cumulative increase in subscribed capital of € 3,278 thousand and the capital reserve of € 22,122 thousand. The 2019 financial year included a conversion of the nominal amount of € 20,300 thousand, an increase in subscribed capital of € 2,541 thousand and an increase in capital reserves of € 16,436 thousand.

The conversion right and the redemption rights represent an embedded derivative. As of 31 December 2019, the fair value of the instrument presented in financing liabilities was € 14,202 thousand (previous year: € 14,062 thousand).

2.3.13 PROVISIONS

	As at 01.01. 2019	Additions	Additions through business combinations	Consumption	Reversal	Other changes	As at 31.12. 2019	thereof current	thereof non-current
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
Pensions	660	107	–	–	–	25	793	–	793
Personnel related provisions	1,760	7	–	-1,730	–	-38	–	–	–
Legal provisions	2,057	1,779	–	-520	-981	609	2.943	2,243	700
Other provisions	1,971	4,901	96	-595	–	160	6,532	4,412	2,120
Total	**6,447**	**6,795**	**96**	**-2,845**	**-981**	**757**	**10,268**	**6,656**	**3,613**

	As at 01.01. 2018	Additions	Additions through business combinations	Consumption	Reversal	Other changes	As at 31.12. 2018	thereof current	thereof non-current
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
Pensions	–	–	660	–	–	–	660	660	–
Personnel related provisions	220	–	1,760	220	–	–	1,760	1,100	660
Legal provisions	500	1,579	440	-63	-400	–	2,057	2,057	–
Other provisions	2,650	770	1,201	–	-2,650	–	1,971	918	1,052
Total	**3,150**	**2,349**	**4,061**	**-63**	**-3,050**	**–**	**6,447**	**4,735**	**1,712**

The other provisions mainly include provisions for onerous contracts of € 3.7 million which are recognised depending on the project progress if the planned total project costs exceed the planned total revenues of a respective project. Regarding the uncertainty of estimates related to the building of provisions we refer to section 2.1.4.

2.3.14 OTHER LIABILITIES

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

	31/12/2019	31/12/2018*
	in k€	**in k€**
Trade payables	**97,576**	**41,913**
Liabilities to employees	4,633	5,048
Received prepayments	13,834	2,969
Other taxes	16,366	5,792
Liabilities to minorities (NCIs)	2,137	30,363
Other accrued liabilities	45,751	37,049
Purchase price liabilities from business combinations	14,400	–
Other liabilities	15,641	12,307
Other financial liabilities	15,802	19,907
Total other liabilities	**128,565**	**113,434**
– thereof remaining term up to one year	95,993	70,047
– thereof remaining term between one to five years	32,572	43,388
– thereof remaining term more than five years	–	–

*Prior year figures adjusted

In the second quarter of 2019, Consus Swiss Finance signed a purchase agreement to acquire the shares in Schwabing KG from the two former limited partners of the company. Under the agreement to purchase and assign the limited partner shares, the direct parent company, SG München Schwabing Investitionsgesellschaft UG, Düsseldorf ("Schwabing UG"), holds 100% of the limited partner shares in Schwabing KG. SG München Schwabing Verwaltungs GmbH, Düsseldorf, is the general partner of the Schwabing KG without contribution. The contractual purchase price for the limited partner's shares amounted to € 18,770 thousand and was fully paid in 2019.

The other financial accruals as of 31 December 2019 mainly relate to outstanding invoices for project development under general contractor obligations.

2.3.15 DEFERRED INCOME TAXES

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

	31/12/2019	
	Deferred tax assets	Deferred tax liabilities
	in k€	**in k€**
IAS 40 and owner-occupied real estate	–	29,502
Property, plant and equipment	2,058	12,154
Intangibles	–	295
Inventories	187,513	68,642
Other non-current assets	21,044	45,697
Other assets	7,016	88,816
Other provisions	1,551	–
Financing liabilities	8,449	12,109
Other financing liabilities	5,927	1,092
Other liabilities	21,996	153,572
Deferred taxes on temporary differences	**255,553**	**411,880**
Losses carried forward	45,095	–
Total deferred taxes	**300,648**	**411,880**
Netting	300,648	300,648
Carrying amount deferred taxes 31.12.2019	**–**	**111,232**

	31/12/2018*	
	Deferred tax assets	Deferred tax liabilities
	in k€	**in k€**
IAS 40 and owner-occupied real estate	–	23,502
Other assets	–	99,751
Pension provisions	198	–
Payables/loans to financial institutions	10,429	757
Other liabilities	–	–2,899
Deferred taxes on temporary differences	**10,627**	**121,110**
Losses carried forward	19,975	–
Total deferred taxes	**30,602**	**121,110**
Netting	30,602	30,602
Carrying amount deferred taxes 31.12.2018	**–**	**90,508**

*Prior year figures adjusted

	31/12/2019	31/12/2018*
	in k€	**in k€**
Deferred tax liabilities		
– to be realized after more than 12 months	73,184	90,508
– to be realized within 12 months	38,048	–
Total deferred tax liabilities	**111,232**	**90,508**

*Prior year figures adjusted

As of 31 December 2019, deferred taxes changed as follows:

	2019	2018*
	in k€	**in k€**
Carrying Value of Deferred Tax Liabilities as of 01.01.	**90,508**	**160,696**
– Changes recognized through profit and loss	8,801	–34,585
– Changes recognized in equity	476	–9,327
– Changes due to consolidation scope	11,446	–26,276
Carrying Value of Deferred Tax Liabilities as of 31.12.	**111,232**	**90,508**

*Prior year figures adjusted

Tax losses

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

Deferred tax assets of €19,369 thousand were recognised for subsidiaries that had generated a tax loss in the financial years 2019 or 2018. This is based on the expectation that the companies concerned will generate profits overall over the term of the projects and is in line with the business model.

Non-deductible interest expenses

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

Taking minimum taxation into account, deferred tax assets from unused tax losses are recognized up to the amount of deferred tax liabilities from temporary differences. Deferred tax assets from unused tax losses in excess of this amount are recognized to the extent that it is probable that the company will generate taxable income. As of 31 December

2019, the tax losses carryforward is estimated to amount € 195.1 million (2018: € 180.0 million) for corporate taxes and € 167.0 million (2018: € 162.6 million) for trade taxes, respectively. Tax losses carried forward (or the resulting future tax relief) may only be capitalized if the discharge is sufficiently certain. The tax losses carryforward for which no deferred tax asset is recognised amounts to € 63.4 million for corporate taxes and € 54.3 million for trade taxes, respectively. Moreover, the unrecognised interest carryforward amounts to € 34.9 million and unrecognised temporary differences are € 7.6 million. Deferred tax assets of € 19.4 million were recognized for subsidiaries that had generated a tax loss in fiscal years 2019 or 2018. This is based overall on the expectation that the companies concerned will generate profits over the term of the projects.

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

2.3.16 TRADE PAYABLES

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

2.3.17 LIABILITIES TO RELATED PARTIES

Liabilities to related parties comprise € 80,799 thousand (2018: € 70,696 thousand) and are mainly loans payables to Gröner Group and an associated company of Consus Development. For further information please refer to chapter 2.6.3.

2.3.18 TAX PAYABLES

In 2019 tax payables result from income taxes such as trade and corporate taxes due to national tax authorities from subsidiaries, thereof € 49,560 thousand from Consus RE and € 3,478 thousand from Consus Swiss Finance.

In 2018 tax payables result from income taxes such as trade and corporate taxes due to national tax authorities from subsidiaries, thereof € 41,320 thousand from Consus RE and € 3,069 thousand from Consus Swiss Finance.

2.3.19 PREPAYMENTS RECEIVED

Includes advance payments received from subsidiaries of the Group that have not been netted against contract assets or reported as contractual liabilities. For further information see chapter 2.3.6 and 2.6.1.

2.3.20 LEASES

On adoption of IFRS 16, Consus recognized lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was in the range between 2.3–2.7%. The table below shows the reconciliation from operating lease commitments with IAS 17 as of 31 December 2018 to total lease liabilities as at 1 January 2019 with IFRS 16:

RECONCILIATION LEASE LIABILITIES IFRS 16

	01/01/2019
	in k€
(+) Operating Lease commitments as at December 31.2018 (IAS 17)	17,694
(–) Discounted using the lessee's incremental borrowing rate	–1,687
(–) Exemptions	–3,874
Total lease liabilities (IFRS 16)	**12,133**

Effects resulting from the initial application of IFRS 16 are as follows:

Amounts recognized in the balance sheet

The recognized right-of-use asset relate to the following types of assets:

Right-of-use assets	Book value as of:	
	01/01/2019	31/12/2019
	in k€	**in k€**
Properties	10,535	14,681
Cars	1,598	2,463
Total right-of-use assets	**12,133**	**17,144**

Additions to the right-of-use assets during the 2019 financial year were € 2.712 thousand

Lease liabilities were recognized as follows:

Lease liabilities	Book value as of:	
	01/01/2019	31/12/2019
	in k€	**in k€**
current lease liabilities	3,020	4,581
non-current lease liabilities	9,113	12,829
Total lease liabilities	**12,133**	**17,409**

Amounts recognized in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

AMOUNTS RECOGNIZED IN THE STATEMENT OF COMPREHENSIVE INCOME

	31/12/2019
	in k€
Depreciation charge of right-of-use assets	4,097
Property	3,015
Equipment	–
Cars	1,082
Other	–
Interest expense on lease liabilities	615
Expense relating to short-term leases	1,139
Expense relating to leases of low-value assets that are not short-term leases	879
Expense relating to variable lease payments not included in lease liabilities	–
Income from sub-leasing right-of-use assets presented in "other revenue"	–

The total cash outflow for leases in 2019 was € 4,447 thousand. In 2018 the lease expense under IAS 17 was € 2,331 thousand.

The group's leasing activities and how these are accounted for

Consus leases various offices and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. In accordance with IFRS 16.15 the Group elected not to separate lease and non-lease components and instead account for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Extension and termination options are included in a number of property leases across the group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

2.3.21 SHARE-BASED PAYMENTS

As of 31 December 2019, the Group has a phantom stock bonus program for one member of the Management Board. According to this program, tranches of phantom stocks are allocated to the entitled person according to a rolling system beginning on 1 January 2019, which are settled by Consus under certain conditions after a period of four years. There is no entitlement to the transfer of company shares.

The amount of the phantom stock bonus depends on the development of the company's share price and the achievement of separate performance targets that are to be defined in a target agreement with the Supervisory Board. As of the date of preparation of these consolidated financial statements, no separate performance targets had been agreed for 2019, so that it was not possible to estimate the Company's obligation under the phantom stock bonus program for the 2019 tranche. Consequently, no obligation or expense has been recognized in the consolidated balance sheet and the consolidated statement of comprehensive income.

2.3.22 DEFINED BENEFIT PLANS

The following defined benefit plans solely relate to the former Consus Swiss Finance Group.

The Group contributes to the following post-employment defined benefit plans (Switzerland):

- PAX; Sammelstiftung BVG, pension plan BVG-I, Contract No. 34–4720, effective from 1 January 2016
- AXA Stiftung Zusatzvorsorge Winterthur (Top Invest), Contract No. 2/223478, effective from 1 January 2018

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The Plan is funded by the Consus Swiss Finance AG

The Group expects to pay € 168 thousand in contributions to its defined benefit plans in 2020.

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

MOVEMENT IN NET DEFINED BENEFIT (ASSET) LIABILITY

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	2019	2018	2019	2018	2019	2018
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
Balance at 1 January	1,155	839	-817	-576	337	262
Included in profit or loss						
Current service cost	159	157	–	–	159	157
Past service cost	1	–	–	–	1	–
Interest cost (income)	14	6	-11	-4	3	2
Included in OCI						
Remeasurement loss (gain): Return on plan assets excluding interest income	463	-17	-22	19	441	3
Effect of movements in exchange rates	76	34	-53	-23	24	10
Other						
Contributions paid by the employer	–	–	-172	-97	-172	-97
Contributions paid by the Employees	172	97	-172	-97	–	–
Benefits paid	492	38	-492	-38	–	–
Balance at 31 December	2,531	1,155	-1,739	-817	793	337

Represented by	2019	2018
	in k€	**in k€**
Net defined benefit liability	793	337

Plan assets

Plan assets comprise the following:

	2019	2018
	in k€	**in k€**
Quoted market price		
Cash and cash equivalents	13	–
Equity instruments	166	–
Debt instruments	167	–
Real estate	144	–
Others	37	–
Total plan assets at fair value (quoted market price)	527	–
Non-quoted market price		
Others	1,212	817
Total plan assets at fair value (non-quotes market price)	1,212	817

The trustees of the plan are responsible for the risk management. The payments into the plan assets are intended to ensure current and future payments. Payments into the pension plan are made by the employer and the employee as a fixed percentage of income.

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2019	2018
Discount rate at 1/1	0.90%	0.60%
Discount rate at 31/12	0.20%	0.90%
Interest rate on retirement savings capital (IR) at 31/12	0.50%	0.90%
Future salary increases at 31/12	1.00%	1.00%
Future pension increases at 31/12	0.00%	0.00%
Future inflation at 31.12	1.00%	1.00%
Mortality tables	BVG2015 GT	BVG2015 GT

Assumptions regarding future longevity have been based on published statistics and mortality tables.

At December 2019, the weighted-average duration of the defined benefit obligation was 18 years (2018: 16 years).

Sensitivity analysis

If one of the key actuarial assumptions listed below changes and all other assumptions are retained, the defined benefit obligation (DBO) would have been affected by the amounts shown below.

Sensitivity	2019		2018	
	Increase	Decrease	Increase	Decrease
	in k€	**in k€**	**in k€**	**in k€**
Discount rate (0.25% movement)	2,422	2,650	1,110	1,204
Interest rate on retirement savings capital (0.25% movement)	2,568	2,496	n.a.	n.a.
Future salary increases (0.25% movement)	2,539	2,513	1,158	1,153
Life expectancy (1 year movement)	2,582	2,481	1,174	1,135
Future pensions increases (0.25% movement)	2,602	2,465	n.a.	n.a.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

2.4 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

2.4.1 CONTINUED OPERATIONS

Significant non-cash transactions in 2018 particularly include the acquisition of Diplan GmbH as well as Consus Swiss Finance Group AG and the related financing of the transaction (investing and financing cash flow).

Net debt reconciliation arising from financing activities

The following section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	31/12/2019	31/12/2018
	in k€	**in k€**
Cash and cash equivalents	150,613	91,603
Financing liabilities – repayable after one year	–1,655,621	–1,049,150
Financing liabilities – repayable within one year (including overdraft)	–1,194,880	–1,146,374
Net debt	**–2,699,888**	**–2,103,922**
Cash and liquid investments	150,613	91,603
Gross debt – fixed interest rates	–2,403,387	–1,793,841
Gross debt – variable interest rates	–447,114	–401,683
Net debt	**–2,699,888**	**–2,103,922**

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

LIABILITIES FROM FINANCING ACTIVITIES

	Cash and cash equivalents	Financing liabilities – repayable within one year	Financing liabilities – repayable after one year	Total
	in k€	**in k€**	**in k€**	**in k€**
Net debt as at 01.01.2018	**71,340**	**-575,929**	**-1,013,616**	**-1,518,205**
Cash flows	20,263	65,192	126,753	212,216
Changes in the scope of consolidation	–	-468,637	-280,557	-749,193
Other non-cash movements	–	-167,001	118,269	-48,731
Net debt as at 31.12.2018	**91,603**	**-1,146,375**	**-1,049,151**	**-2,103,914**
Net debt as at 01.01.2019	**91,603**	**-1,146,375**	**-1,049,151**	**-2,103,914**
Cash flows	59,010	142,123	-882,513	-681,380
Changes in the scope of consolidation	–	–	-60,243	-60,243
Other non-cash movements	–	-190,629	336,286	145,657
Net debt as at 31.12.2019	**150,612**	**-1,194,880**	**-1,655,621**	**-2,699,880**

2.4.2 DISCONTINUED OPERATIONS

The Company has discontinued its former segment GxP on June 2018 financial year. All cash flows generated by the Company to date have been exclusively derived from the letting of real estate. Due to the discontinuation, the classification of this segment as a discontinued operation is made for the consolidated statement of cash flows. The net cash flows were determined using the indirect method (operating activity) or the direct method (investment and financing activities).

The cash flows of the discontinued operations in 2019 and 2018 were as follows:

	2019	2018
	in k€	**in k€**
Net cash flow from operating activities	–	1,395
Net cash flow from investing activities	–	-1,561
Net cash flow from financing activities	–	-2,920
Cash flow from discontinued operations	–	-3,086

2.5 SEGMENT REPORTING

2.5.1 OPERATING SEGMENTS

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

- Consus: Principal business activities include the renting of real estate, mainly for commercial use until June 2018, and is now focussed on supporting the subsidiaries through head office functions.

- Consus RE (formerly CG Gruppe): Principal business activities include the development of real estate for residential use as well as commercial use. Furthermore Consus RE is engaged in the renting of commercial and residential real estate as well as complementary services.

- Consus Swiss Finance: Principal business activities include the development of real estate for residential use as well as commercial use. Furthermore Consus Swiss Finance is engaged in planning, construction and building services as well as the renting of commercial and residential real estate.

The chief operating decision makers monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, Net Loan to Value (Net-LTV) as well as Net Asset Values (NAV) and is measured consistently with values reported in the IFRS consolidated financial statements of the Group.

Consus RE had significant revenues of € 184,135 thousand with one customer in the reporting period 2019 for the sale of Delitzscher Strasse.

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

REVENUE 2019

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
Income from letting activities	18,206	3,134	–	21,340
Income from real estate inventory disposed of	204,541	–	–	204,541
Change in project related inventory	68,374	124,326	–	192,700
Income from property development	348,303	53,318	–	401,621
Income from Service, maintenance and management activities	29,020	14,518	75	43,613

REVENUE 2018*

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
Income from letting activities	26,706	248	5,842	32,796
Income from real estate inventory disposed of	163,515	–	–	163,515
Change in project related inventory	24,743	–43,746	–	–19,003
Income from property development	231,850	47,142	–	278,992
Income from Service, maintenance and management activities	–	10,199	–	10,199

*Prior year figures adjusted

NET LOAN TO VALUE (NET LTV) 31/12/2019

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
Investment property (IAS 40)	382,474	1,570	–	384,044
Prepayments on investment property (IAS 40)	–	–	–	–
Owner occupied real estate (IAS 16)	–	–	–	–
Non-current assets held-for-sale (IFRS 5)	–	26,100	–	26,100
Inventory (IAS 2) – Property under construction	1,457,730	1,014,892	–	2,472,621
Contract assets	241,331	93,871	–	335,203
Real Estate assets	**2,081,535**	**1,136,433**	**–**	**3,217,968**
Liabilities to financial institutions	1,265,482	928,379	656,639	2,850,501
Cash and cash equivalents	67,045	83,275	293	150,613
Net debt	**1,198,438**	**845,105**	**656,346**	**2,699,888**
Net loan to Value (Net LTV) in %	**58%**	**74%**	**–**	**84%**

NET LOAN TO VALUE (NET LTV) 31/12/2018*

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
Investment property (IAS 40)	299,337	28,689	–	328,027
Prepayments on investment property (IAS 40)	–	–	–	–
Owner occupied real estate (IAS 16)	–	–	–	–
Non-current assets held-for-sale (IFRS 5)	–	1,329	–	1,329
Inventory (IAS 2) – Property under construction	1,207,227	932,534	–	2,139,761
Contract assets	190,847	30,754	–	221,600
Real Estate assets	**1,436,386**	**958,657**	**–**	**2,690,717**
Liabilities to financial institutions	975,490	754,713	492,822	2,223,025
Cash and cash equivalents	51,514	37,399	2,690	91,603
Net debt	**896,476**	**717,314**	**456,757**	**2,103,922**
Net loan to Value (Net LTV) in %	**62%**	**75%**	**–**	**78%**

* Prior year figures adjusted

NET ASSET VALUES (NAV) 31/12/2019

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
Equity	62,581	17,834	983,979	1,064,394
Deferred tax liabilities	62,677	48,554	–	111,232
Goodwill	-724,634	-308,272	-3,582	-1,036,489
Net Asset Value (NAV)	**-599,376**	**-241,884**	**980,397**	**139,137**

NET ASSET VALUES (NAV) 31/12/2018*

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
Equity	88,477	19,511	1,018,117	1,126,106
Deferred tax liabilities	48,515	41,994	–	90,508
Goodwill	-724,634	-308,704	-3,582	-1,036,920
Net Asset Value (NAV)	**-587,643**	**-247,199**	**1,014,535**	**179,694**

* Prior year figures adjusted

2.5.2 ADJUSTED EBIT AND EBITDA CALCULATION

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

One-off expenses are expenses and charges that are not capitalized and are not incurred in the ordinary course of business. Accordingly, one-off expenses are exceptional in nature or amount. The adjusted one-off expenses in the fiscal year include, among other things, restructuring charges including impairments related to the departure of Christoph Gröner as CEO of Consus RE of € 33,251 thousand, costs to obtain a contract and costs for the implementation of new IT systems (Project Train) and costs to obtain a contract.

The following adjusted EBIT follows the derivation of adjusted EBITDA:

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
unadjusted EBITDA FY 2019 YTD	**161,545**	**87,211**	**-12,321**	**236,435**
Reduction of changes in inventory (PPA)	-2,568	3,462	–	895
Income from real estate inventory disposed of (PPA)	65,112	–	–	65,112
One-offs	39,129	1,865	994	41,988
adjusted EBITDA FY 2019 YTD	**263,219**	**92,538**	**-11,327**	**344,430**

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

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
unadjusted EBIT FY 2019 YTD	**155,621**	**84,717**	**-12,346**	**227,992**
Reduction of changes in inventory (PPA)	-2,568	3,462	–	895
Income from real estate inventory disposed of (PPA)	65,112	–	–	65,112
Elimination of Step Up amortisation	–	1,077	–	1,077
One-offs	39,129	1,865	994	41,988
adjusted EBIT FY 2019 YTD	**257,295**	**91,121**	**-11,352**	**337,064**

The adjusted EBITDA calculation for financial year 2018 is as follows:

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
unadjusted EBITDA FY 2018* YTD	**106,635**	**5,755**	**-10,950**	**101,440**
Reduction of changes in inventory (PPA)	78,694	3,568	–	82,262
One-offs	–	2,987	10,506	13,493
adjusted EBITDA FY 2018* YTD	**185,329**	**12,310**	**-444**	**197,195**

*Prior year figures adjusted

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
unadjusted EBIT FY 2018* YTD	**104,553**	**5,666**	**-10,955**	**99,265**
Reduction of changes in inventory (PPA)	78,694	3,568	–	82,262
Elimination of Step Up amortisation	202	–	–	202
One-offs	–	2,987	10,506	13,493
adjusted EBIT FY 2018* YTD	**183,450**	**12,222**	**-449**	**195,223**

*Prior year figures adjusted

2.5.3 GEOGRAPHICAL INFORMATION

Revenue from external customers of € 671,115 thousand (previous year: € 485,502 thousand) is resulting from Group companies located in Germany. During financial year 2019 as well as during the previous year, only immaterial revenue resulted from Group companies based in Switzerland.

The revenue information above is based on the locations of the Group entities. The complete amount of non-current assets of € 1,562,511 thousand (previous year: € 1,434,598 thousand) is located physically in Germany.

2.5.4 DISAGGREGATION OF REVENUE

In the following tables, revenue is disaggregated by timing of revenue recognition, including a reconciliation of the disaggregated revenue with the Group's reportable segments.Materially all revenue for financial year 2019 and previous financial year were generated in Germany.

Due to the Group's business model, which is mainly based on the sale of larger development projects, the number of customers is limited. There is therefore a certain dependence on individual larger customers. Revenue from contracts with customers in accordance with IFRS 15 amounted to € 606,162 thousand for the financial year (previous year: € 442,507 thousand).

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
Total Income 2019	**600,070**	**70,970**	**75**	**671,115**
Products transferred at a point in time	204,541	–	75	204,616
Products and services transferred over time	395,529	70,970	–	466,499

	Consus RE	Consus Swiss Finance	Consus	Total
	in k€	**in k€**	**in k€**	**in k€**
Total Income 2018*	**422,070**	**57,589**	**5,842**	**485,501**
Products transferred at a point in time	163,515	–	708	164,223
Products and services transferred over time	258,556	57,589	5,134	321,279

*Prior year figures adjusted

2.6 OTHER DISCLOSURES

2.6.1 CAPITAL MANAGEMENT

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

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

The Group's goal is to maintain an appropriate level of leverage in order to ensure continued access to debt financing in the long term at economically appropriate costs. Net-LTV as at 31 December 2019 and 31 December 2018 is calculated as follows:

	31/12/2019	31/12/2018*
	in k€	**in k€**
Real Estate held as Investment property (IAS 40)	384,044	328,027
Non-current assets classified as held-for-sale (IFRS 5)	26,100	1,329
Inventories (IAS 2)	2,472,621	2,139,761
Contract Assets	335,203	221,600
Total Real Estate Assets	**3,217,968**	**2,690,717**
Financing liabilities	2,850,501	2,195,525
Cash and cash equivalents	150,613	91,603
Net debt	**2,699,888**	**2,103,922**
Net Loan to Value (Net – LTV)	**84%**	**78%**

* Prior year figures adjusted

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

	31/12/2019	31/12/2018*
	in k€	**in k€**
Prepayments included in contract assets/liabilities	483,104	233,190
Prepayments received on land	277,325	269,699
Other prepayments received	28,453	54,286
Total	**788,881**	**557,175**

* Prior year figures adjusted

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

	31/12/2019	31/12/2018*
	in k€	**in k€**
Pledged non-current asset	**457,604**	**338,063**
Investment property	384,044	328,027
Financial assets	73,559	10,037
Pledged current assets	**2,684,841**	**2,286,338**
Inventories	2,472,621	2,139,761
Trade and other receivables	41,663	53,933
Financial assets	31,101	38,439
Cash and cash equivalents	139,457	54,206
Total pledged assets	**3,142,445**	**2,624,402**

* Prior year figures adjusted

2.6.2 FINANCIAL INSTRUMENTS

2.6.2.1 CLASSIFICATION OF FINANCIAL INSTRUMENTS

In 2019, the company placed a bond, in two stages, with a total nominal amount of € 450,000 thousand, from which a derivative (option for early repurchase of the bond) was split off with a fair value at the time of issue totalling € 13,397 thousand. The bond is measured at amortized cost using the effective interest method and had a book value of € 444,704 thousand as of 31 December 2019. The carrying amount of the derivative shown as a financial asset was € 17,378 thousand on the balance sheet date.

In 2018, the company repurchased a total of € 128,321 thousand in nominal and € 4,212 thousand in accrued interest from the bond with an original volume of € 150,000 thousand. There were no further buybacks in 2019.

A further nominal amount of € 20,300 thousand was converted from the convertible bond with an original nominal amount of € 200,000 thousand in fiscal year 2019, so that the nominal amount as of 31 December 2019 was € 173,700 thousand. The embedded derivative had a fair value of € 14,202 thousand at the end of 2019, which was shown in the financing liabilities. The convertible bond is valued using an option price model. Key input factors in the valuation are the share price and the volatility of the share price.

In some cases, the bonds concluded by Consus Development contain embedded derivatives, which must be measured at fair value through profit or loss separately from their host contract. These embedded derivatives are termination options that allow Consus Development to repay the respective bonds before the actual due date. Termination options are assessed using an option pricing model (binomial model). The main input factors in the option price model used are volatility and the refinancing interest rate on the valuation date. As at 31 December 2019, the market value of the derivatives was € 4.1 million.

The following abbreviations are used for the measurement categories:

- FVTPL: Fair Value through Profit and Loss
- AC: amortized cost
- Debt FVOCI: Debt investments at Fair Value through Other Comprehensive Income
- Equity FVOCI: Equity investments at Fair Value through Other Comprehensive Income

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

VALUATION CATEGORIES ACC. TO IFRS 9 – 2019

	Category acc. to IFRS 9	Carrying value as of 31/12/2019	Nominal value	Amortised costs
		in k€	**in k€**	**in k€**
Non-current financial assets: Investments	FVOCI – equity	404	–	–
Non-current financial assets: Other	Amortised cost	52,359	–	52,359
Other non-current financial assets (derivatives)	FVTPL	20,796	–	–
Trade and other receivables	Amortised cost	41,633	–	41,633
Current financial assets: Other	Amortised cost	30,429	–	30,429
Other current financial assets; Derivatives	FVTPL	672	–	–
Receivables from related entities	Amortised cost	109,266	–	109,266
Cash and cash equivalents	Amortised cost	150,613	150,613	–
Total financial assets		**406,202**	**150,613**	**233,717**
Financing liabilities	Amortised cost	2,836,299	–	2,836,299
Trade payables	Amortised cost	97,576	–	97,576
Liabilities to related entities	Amortised cost	80,799	–	80,799
Financing liabilities: Derivatives	FVTPL	14,202	–	–
Other liabilities	Amortised Cost	78,091	–	78,091
Total financial liabilities		**3,106,966**	**–**	**3,092,765**
Financial Assets measured at fair value through OCI – equity instrument	FVOCI-equity instrument	404	–	–
Financial Asset measured at fair value through profit and loss	FVTPL	21,468	–	–
Financial asset measured at amortised cost	Amortised cost	389,899	150,613	233,717
Financial Liabilities at cost	Amortised cost	3,092,765	–	3,092,765
Financial Liabilities held for trading	FVTPL	14,202	–	–

	Fair value through P/L	Fair value through equity	Fair value as of 31/12/2019	Fair value hierarchy level
	in k€	**in k€**	**in k€**	**in k€**
Non-current financial assets: Investments	–	404	404	3
Non-current financial assets: Other	–	–	52,359	2
Other non-current financial assets (derivatives)	20,796	–	20,796	–
Trade and other receivables	–	–	41,633	2
Current financial assets: Other	–	–	30,429	2
Other current financial assets; Derivatives	672	–	672	3
Receivables from related entities	–	–	109,443	2
Cash and cash equivalents	–	–	150,613	1
Total financial assets	**21,468**	**404**	**406,378**	
Financing liabilities	–	–	2,906,123	2
Trade payables	–	–	97,576	2
Liabilities to related entities	–	–	80,791	2
Financing liabilities: Derivatives	14,202	–	14,202	3
Other liabilities	–	–	78,091	2
Total financial liabilities	**14,202**	**–**	**3,176,783**	
Financial Assets measured at fair value through OCI – equity instrument	–	404	404	
Financial Asset measured at fair value throught profit and loss	21,468	–	21,468	
Financial asset measured at amortised cost	–	–	389,899	
Financial Liabilities at cost	–	–	3,162,581	
Financial Liabilities held for trading	14,202	–	14,202	

VALUATION CATEGORIES ACC. TO IFRS 9 – 2018*

	Category acc. to IFRS 9	Carrying value as of 31/12/2018	Nominal value	Amortized costs
		in k€	**in k€**	**in k€**
Non-current financial assets: Investments	FVOCI – equity instrument	324	–	–
Non-current financial assets: Other	Amortized cost	9,713	–	9,713
Trade and other receivables	Amortized cost	53,933	–	53,933
Current financial assets: Other	Amortized cost	35,762	–	35,762
Other current financial assets	FVTPL	2,677	–	–
Receivables from related entities	Amortized cost	62,853	–	62,853
Cash and cash equivalents	Amortized cost	91,603	91,603	–
Total financial assets		**256,865**	**91,603**	**162,260**
Financing liabilities	Amortized cost	2,181,462	–	2,181,462
Trade payables	Amortized cost	41,913	–	41,913
Liabilities to related entities	Amortized cost	70,696	–	70,696
Financing liabilities: Derivatives	FVTPL	14,062	–	–
Other financial liabilities	Amortized cost	87,319	–	87,319
Total financial liabilities		**2,395,453**		**2,381,391**
Financial asset measured at fair value through OCI – equity instrument	FVOCI – equity instrument	324	–	–
Financial asset measured at fair value through profit and loss	FVTPL	2,677	–	–
Financial asset measured at amortized cost	Amortized cost	253,863	91,603	162,260
Financial liabilities at cost	Amortized cost	2,381,391	–	2,381,391
Financial liabilities held for trading	FVTPL	14,062	–	–

*Prior year figures adjusted

	Fair value through P/L	Fair value through equity	Fair value as of 31/12/2018	Fair value hierarchy level
	in k€	**in k€**	**in k€**	**in k€**
Non-current financial assets: Investments	–	324	324	3
Non-current financial assets: Other	–	–	9,713	2
Trade and other receivables	–	–	53,933	2
Current financial assets: Other	–	–	35,762	2
Other current financial assets	2,677	–	2,677	3
Receivables from related entities	–	–	62,853	2
Cash and cash equivalents	–	–	91,603	1
Total financial assets	**2,677**	**324**	**256,865**	
Financing liabilities	–	–	2,183,989	2
Trade payables	–	–	41,913	2
Liabilities to related entities	–	–	70,696	2
Financing liabilities: Derivatives	14,062	–	14,062	3
Other financial liabilities	–	–	87,319	2
Total financial liabilities	**14,062**		**2,397,980**	
Financial asset measured at fair value through OCI – equity instrument	–	324	324	
Financial asset measured at fair value through profit and loss	2,677	–	2,677	
Financial asset measured at amortized cost	–	–	253,863	
Financial liabilities at cost	–	–	2,383,918	
Financial liabilities held for trading	14,062	–	14,062	

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

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	in k€	**in k€**	**in k€**	**in k€**
as of 01.01.	**2,677**	**14,062**	**1,153**	**-16,590**
Additions due to acquisitions or issuance	19,514	–	4,948	–
Profit/Losses recognized in consolidated net income	723	139	-2,500	-2,527
Recognized in OCI for the period	–	–	–	–
Disposals	-1,446	–	-1,224	–
as of 31.12.	**21,468**	**14,202**	**2,378**	**-19,117**

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

2.6.2.2 OBJECTIVES AND METHODS OF FINANCIAL RISK MANAGEMENT

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

Credit risk

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

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

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

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

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

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

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

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

	Carrying amount before impairment	Impairment	Residual carrying amount
	in k€	**in k€**	**in k€**
Trade and other receivables	43,321	1,658	41,663
Receivables from related parties	109,266	–	109,266
Contract assets	335,203	–	335,203
Other financial assets	104,660	–	104,660
Total – 31/12/2019	**592,450**	**1,658**	**590,792**

	Carrying amount before impairment	Impairment	Residual carrying amount
	in k€	**in k€**	**in k€**
Trade and other receivables	56,083	2,150	53,933
Receivables from related parties	62,853	–	62,853
Contract Assets	221,600	–	221,600
Other financial assets	48,475	–	48,475
Total – 31/12/2018	**389,012**	**2,150**	**386,862**

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

EXPECTED LOSS RATE 31/12/2019

	Current	Non-current	< 30 days	30 to 90 days overdue	91 to 180 days overdue	> 180 days	Total
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
Expected loss rate	0%	0%	0%	0%	0%	0%	0%
Gross carrying amount – trade receivables	41,663	40,946	287	215	143	72	717
Gross carrying amount – contract assets	335,203	335,203	–	–	–	–	–
Impairment provision	**–**	**–**	**–**	**–**	**–**	**–**	**717**

EXPECTED LOSS RATE 31/12/2018*

	Current	Non-current	< 30 days	30 to 90 days overdue	91 to 180 days overdue	> 180 days	Total
	in k€	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**	**in k€**
Expected loss rate	0%	0%	0%	0%	0%	0%	0%
Gross carrying amount – trade receivables	53,933	51,973	197	153	4	1,606	1,959
Gross carrying amount – contract assets	221,600	221,600	–	–	–	–	–
Impairment provision	**–**	**–**	**–**	**–**	**–**	**–**	**1,959**

*Prior year figures adjusted

Regarding the receivables neither past due nor impaired, there were no indications as at the end of the reporting period that the debtors will fail to meet their payments obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks in the Consus Group that may arise from currency risks do not exist at the balance sheet date. However, market risks that arise from interest rate risks, such as floating-rate loans from banks, can have a significant impact on the Group's business activities.

In accordance with IFRS 7, interest rate risk is presented using sensitivity analysis to determine the impact that a change in market interest rates would have on the interest income and expenses, trading gains and losses and the equity of the Group as at the end of the reporting period.

The effects on the Consus Group's statement of comprehensive income are analysed using a

+/- 50 bp parallel shift in the euro yield curve in the sensitivity analysis. The cash flow effects from the shift in the yield curve relate solely to interest expense and income for the next reporting period.

Based on the financial instruments held or issued by the Consus Group as at the end of the reporting period, a hypothetical change in the applicable interest rates for the respective instruments using sensitivity analysis would have had the following effects (before taxes) as at the end of the reporting period:

	Carrying value as at 31/12/2019	+50 bp	–50 bp
	in k€	**in k€**	**in k€**
Financing liabilities	1,089,551	457	–
Liabilities to related parties	80,799	–	–
Derivatives (Liability)	14,202	–	–
Derivatives (Assets)	21,468	–404	409
Total	**1,206,020**	**53**	**409**

	Carrying value as at 31/12/2018*	+50 bp	–50 bp
	in k€	**in k€**	**in k€**
Financing liabilities	847,051	1,408	–1,037
Liabilities to related parties	70,696	–	–
Derivatives (Liability)	14,062	–	–
Derivatives (Assets)	2,677	–241	243
Total	**934,486**	**1,167**	**–794**

* Prior year figures adjusted

Since 2018, the Company recognized derivative financial assets in connection with certain financing instruments that provide favourable termination options to the Company.

The Group recognizes participatory interests classified as available-for-sale financial assets which are not traded on an active and liquid market. The valuation of such assets is mainly dependent on fair value appraisals by independent third party experts on the underlying real estate assets.

The Group recognizes a derivative financial instrument that results from the convertible bond issued in 2017 in the amount of € 200 million. The valuation of the derivative depends in particular on input factors such as the share price and volatility. An increase in the share price by 5% would result in a loss of € 3,465 thousand (previous year: € 2,387 thousand), while a decrease in the share price by 5% would result in a profit of € 1,704 thousand (previous year: € 514 thousand). Independent of this, an increase in volatility of 5% would have resulted in a loss of € 3,425 thousand (previous year: € 2,555 thousand), while a decrease in volatility by 5% would have resulted in a profit of € 1,453 thousand (previous year: € 542 thousand) .

The € 450 million bond issued by the Group in 2019 includes an embedded right of termination. The valuation is carried out using an option price model (binomial model). One of the main input factors is the Group's refinancing rate. An increase in the refinancing rate by 0.5% would result in a loss of € 4,084 thousand (previous year: € 0 thousand), while a decrease in the refinancing rate by 0.5% would result in a profit of € 5,341 thousand (previous year: € 0 thousand).

Liquidity risk

Liquidity risk is the risk that a company will be unable to meet its payment obligations on a contractually agreed date.

Liabilities to financial institutions to finance the acquisition and development of real estate properties are usually taken out on the level of property subsidiaries and are secured with the respective properties.

Ownership of property will only be transferred to the customers if all payments are made. Nevertheless delayed, reduced or completely avoided advanced or final payments by our institutional purchasers for forward sales, condo sales or upfront sales would lead to lower cash flows from operating activities and will negatively impact our capability to grow the business or to fund our financing commitments.

To a minor extent, due to the reduced significance of this business in 2019, Consus is also impacted by a decrease or default in income from letting activities, the premature termination of long-term lease contracts, a failure to materialize expected extensions of long-term lease contracts, a failure to find new tenants and the insolvency of one or multiple tenants could lead to a significant decrease in cash flow from operating activities.

The loan agreements as of the balance sheet date contain various covenants that are market standard for these agreements, for example a maximum Loan-to-Value (LTV) ratio and/or a Debt Service Cover Ratio (DSCR). In the event of non-compliance with the terms of a loan agreement, the Company can resolve such non-compliance by, among others, providing additional funds. However, if a non-compliance is not rectified within a certain period, a bank may have the right to terminate the loan agreement with immediate effect. Additionally, some loan agreements stipulate that the bank may require additional security in the event of increased dependencies from key tenants. Such dependencies can arise from lease agreements with a short WALT and significant maintenance backlogs.

The Company monitors compliance with its loan agreements on an ongoing basis. Any non-compliance during the reporting period was resolved with the lender and did not lead to any loans becoming due prematurely.

	Carrying value as of 31/12/2019	Maturities		
		< 1 year	1–5 years	> 5 years
	in k€	**in k€**	**in k€**	**in k€**
Liabilities to financial institutions	2,850,501	1,360,244	1,826,351	113,439
Trade payables	97,576	97,576	–	–
Liabilities to related parties	80,799	53,299	27,500	–
Other financial liabilities	78,091	77,923	168	–
Total	**3,106,966**	**1,589,041**	**1,854,019**	**113,439**

	Carrying value as of 31/12/2018*	Maturities		
		< 1 year	1–5 years	> 5 years
	in k€	**in k€**	**in k€**	**in k€**
Liabilities to financial institutions	2,195,525	1,168,777	1,173,781	28,343
Trade payables	41,913	41,912		–
Liabilities to related parties	70,696	43,196	27,500	–
Other financial liabilities	87.319	72,103	15,216	–
Total	**2,395,453**	**1,325,989**	**1,216,497**	**28,343**

* Prior year figures adjusted

2.6.3 RELATED PARTIES

As part of its normal business activities, the Group also exchanges services with related parties and persons.

Related parties include the members of the Supervisory Board and the Management Board of the Company, including their close family members, as well as those companies over which Board members or their close relatives can exercise significant influence or in which they hold a significant share of the voting rights. In addition, related parties include those companies with which the Company forms a group or in which it holds an investment, that allows the Company significant influence over the business policy of the investee and the principal shareholders of the Company, including affiliated companies. Aggregate Deutschland S. A. is a one hundred-per cent subsidiary of Aggregate Holdings S. A., Luxembourg, which is ultimately owned by Mr. Günter Walcher.

(a) Transactions with Aggregate Group

On 14 February 2018, the Company issued an interest-bearing short-term loan with a nominal amount of € 5,050 thousand to a company affiliated with Aggregate Holding S. A., for which a total interest income of € 307 thousand was recognized for the 2019 fiscal year. On the balance sheet date, a receivable of € 5,842 thousand remains from this legal transaction.

During the financial year 2018, Aggregate provided short-term, interest-bearing loans for general financing purposes.

The loan liability of € 21,561 thousand to Aggregate, outstanding as of 31 December 2018, was settled in full within the fiscal year 2019, whereby interest expenses of € 523 thousand were incurred. Furthermore, on 12 June 2019, Consus Real Estate AG granted Aggregate Holdings S. A. a loan of € 7,500 thousand for the remaining period until 25 June 2019, for which interest income of € 48 thousand was recorded.

As a result of the agreement to transfer the stake in Park Lane Zug AG in 2017, Consus Swiss Finance AG (formerly SSN Group AG), a 93.4% subsidiary of Consus, has a reimbursement claim of € 21,000 thousand towards Aggregate Holdings S. A. on the balance sheet date. Moreover, Consus Projekt Holding Deutschland GmbH (formerly SG Holding GmbH), an affiliated company of Consus Swiss Finance AG, reports a remaining receivable from Aggregate Holdings S. A. of € 10,238 thousand including interest from the takeover of Consus Swiss Finance AG by Consus Real Estate AG at the end of 2018 as of 31 December 2019.

In the financial year 2019, the services of 2 Aggregate subsidiaries were used within the terms of management contracts. These services amounted to € 201 thousand as a base fee and € 736 thousand for the rental of office space and its management.

TRANSACTIONS WITH AGGREGATE GROUP

	31/12/2019	31/12/2018*
	in k€	**in k€**
Interest income	69	1,910
Interest expenses	–1,626	–1,837
Financing receivables	42,286	20,673
Other receivables	–	1,738
Financing liabilities, including derivatives	–	–21,561
Other liabilities	–623	–76

* Prior year figures adjusted

(b) Transactions with Mr. Christoph Gröner (former CEO of CG Gruppe AG)

Mr. Christoph Gröner, former CEO of CG Gruppe AG (now Consus RE AG), in which the Company holds 71.25% of the outstanding shares as of the balance sheet date, is a related party to the Company. Mr Gröner is the founder of CG and was as of 31 December 2019 a member of the management board as well as managing director of CG Gruppe AG, and a major shareholder in CG Gruppe AG. In 2017, the Company increased its shareholdings in CG Gruppe AG through the acquisition of further 5.0% of the shares from Christoph Gröner for the consideration of € 12,500 thousand in a transaction involving the issue of convertible bonds by CG Gruppe AG in the amount of EUR 100 million. In the second half of the 2018 financial year, the company entered an agreement with Mr Gröner under which the company exchanged 3,407,729 CG Gruppe AG shares for 8,333,334 Consus shares, increasing the capital reserves by € 30,279 thousand and rising the Consus stake in CG Gruppe AG from 55.0% to 64.7%. Subsequently, an amount of € 20,000 thousand was paid to Mr Gröner in partial payments as a result of this agreement. In the course of the supplementary agreements of 12 September 2018, the Company successively acquired a further 908,487 shares at a purchase price of € 26,660 thousand from the Gröner Unternehmensgruppe GmbH, 340,654 shares at a cost of € 9,997 thousand from Gröner GbR and 1,030,630 shares at a purchase price of € 30,244 thousand from Gröner Unternehmensbeteiligungen GmbH by 31 December 2019. As a consequence, Consus stake in CG Gruppe AG increased to 71.25%. These acquisitions of shares resulted in a liability of € 3,599 thousand to Gröner Unternehmensbeteiligungen GmbH as of the balance sheet date.

Furthermore, Mr. Gröner provided services for the Group either directly or through companies which are significantly influenced by him, resulting in expenses of € 3.3 million in the financial year 2019. These services mainly consist of financial guarantees for third party loans to the Group and rent of office space. The Group mainly provided construction services to companies which are significantly influenced by Mr. Gröner for which revenues of € 33.1 million have been recognized in the current reporting period. In addition, the Group recognized interest expense of € 2.7 million for outstanding liabilities either to Mr. Gröner personally or to companies which are significantly influenced by him. As of balance sheet date the Groups receivables towards Mr. Gröner and companies which are significantly influenced by him amount to € 61.0 million, whereas accounted liabilities amount to € 23.3 million. These liabilities include the purchase price liability to Gröner Unternehmensbeteiligungen GmbH in the amount of € 3.6 million.

TRANSACTIONS WITH CHRISTOPH GRÖNER

	31/12/2019	31/12/2018*
	in k€	**in k€**
Financing liabilities	-57,394	-20,701
Other liabiltiies	-3,599	–
Other receivables	34,480	37,173
Trade receivables	31,318	18,335

* Prior year figures adjusted

(c) Other transactions with related parties

As of the balance sheet date, the Company reported a loan liability of € 19.2 million to MAP Liegenschaften GmbH, an associated company consolidated at equity within the former CG, as well as a loan receivable of € 3.6 million from European Modular Construction GmbH (EMC), in which both the Gröner Group and the Aggregate Group hold shares.

(d) Transactions with members of the Supervisory Board and Management Board

The members of Group's Supervisory Board and Management Board are the Group's key management personnel as defined in IAS 24.9.

Remuneration of the Supervisory Board

According to § 11 of the Articles of Association, each member of the Supervisory Board receives a fixed compensation of € 15 thousand p. a. for each full financial year of his membership of the Supervisory Board in addition to the reimbursement of proven expenses. The Chairman of the Supervisory Board receives double the amount. The general assembly on 23 August 2018 decided to change the remuneration to € 40 thousand p. a. for each member of the supervisory board, with the deputy chairman receiving € 60 thousand and the chairman receiving € 80 thousand. The remuneration is payable at the end of a financial year. Members who have not been members of the Supervisory Board for a full financial year or who have not chaired the full financial year receive the compensation pro rata temporis. Value added tax will be reimbursed by the Company to the extent that the members of the Supervisory Board are entitled to separately invoice the Group for VAT and exercise this right.

There are no pension provisions held by the Company or its other subsidiaries. Currently no pension commitments exist. With the exception of compensation Management Board members non-competition clause, there are no service contracts that provide for benefits upon termination of the service.

The Supervisory Board received total remuneration of € 181 thousand (2018 € 181 thousand) for its activities in the fiscal year. The remuneration consists exclusively of fixed agreed short-term benefits in the amount of € 181 thousand (2017 € 181 thousand). Members of the Supervisory Board do not receive share-based payments.

Remuneration of the Management Board

The total remuneration of the Management Board totals € 1,461 thousand (€ 1,334 thousand in 2018). It consisted of fixed, short-term benefits (salaries) in the amount of € 716 thousand (€ 809 thousand in 2018), and variable, short-term benefits (bonus) in the amount of € 745 thousand (€ 525 thousand in 2018). Members of the Management Board did not receive share-based payments.

The following tables provide an overview of both, remuneration of Management as well as Supervisory Board.

BOARD REMUNERATION 2019:

	Accounted	Paid out
	in k€	**in k€**
Management Board (Vorstand)	**1,461**	**1,091**
Short-term benefits	1,461	1,091
Supervisory Board	**181**	**181**
Short-term benefits	181	181

BOARD REMUNERATION 2018:

	Accounted	Paid out
	in k€	**in k€**
Management Board (Vorstand)	**1,334**	**1,176**
Short-term benefits	1,334	1,009
Benefits after termination of the work contract	–	167
Supervisory Board	**181**	**12**
short-term benefits	181	12

Other transactions with members of the Supervisory Board and Management Board

During the financial year 2018 a vehicle was leased from a company controlled by a member of the management board as well as a contract, which was concluded for the use of a mobile phone connection. Total expenses during the financial year 2019 amounted € 25 thousand (€ 30 thousand in 2018), while outstanding trade payables as of 31 December 2018 were € 2.6 thousand (€ 8 thousand in 2018).

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

2.6.4 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Future cumulative minimum lease payments from operating lease agreements, with the respective remaining terms, are presented in the following table:

	<1 year	1-5 years	>5 years	Total
	in k€	**in k€**	**in k€**	**in k€**
Financial obligations as at 31/12/2019	**292,077**	**475**	**–**	**292,553**
Insurance contracts	1,300	448	–	1,749
Car insurance contracts	420	27	–	447
Office Rent	1,243	–	–	1,243
Leasing	77	–	–	77
Future obligations from pending purchase agreements	289,037	-	-	289,037

	<1 year	1-5 years	>5 years	Total
	in k€	**in k€**	**in k€**	**in k€**
Financial obligations as at 31/12/2018*	**90,497**	**10,193**	**3,032**	**103,722**
Insurance contracts	1,132	429	–	1,561
Car insurance contracts	301	13	–	315
Office Rent	2,564	3,607	771	6,942
Leasing	2,429	6,144	2,261	10,834
Future obligations from pending purchase agreements	84,071	–	–	84,071

* Prior year figures adjusted

These operating lease contracts include renting of office space as well as office equipment. These agreements confer an advantage on continuing business operations as investing measures and the associated cash outflows are not immediately required. There are no evident risks arising from these agreements. The Group does not have significant renewal or purchase options resulting from operate lease contracts.

Obligations to acquire long-term assets

As of 31 December 2019, there are no significant obligations to acquire tangible assets (31 December 2018: no significant obligations). As of 31 December 2019, there are no significant obligations to acquire investment property (31 December 2018: no significant obligations).

Other financial obligations

Other financial obligations as of 31 December 2019 include future obligations from outstanding purchase agreements amounting to € 289,037 thousand (previous year: € 84,070 thousand).

As of 31 December 2019, there were no future cumulative obligations from other contracts (previous year: no future obligations from other contracts). The other contracts mainly relate to the provision of insurance services and other obligations.

To the Group's knowledge, further litigations have not been pending, commenced or threatened, nor have any such actions been commenced that could materially affect the Group's financial condition. To the Group's knowledge, no further contingent assets and liabilities exist as of balance sheet date.

2.6.5 CORPORATE GOVERNANCE

Supervisory Board

The Supervisory Board is composed as follows:

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

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

- Mr. Prof. Dr. Hermann Wagner, Frankfurt am Main,
  Deputy Chairman of the Supervisory Board
  (Member of the Supervisory Board beginning
  30 June 2018)

Management Board

Members of the Company's Management Board in the financial year are:

- Mr. Hon.-Prof. Andreas Steyer, Ginsheim-Gustavsburg,
  Chief Executive Officer
- (beginning 1 January 2018)

- Mr. Benjamin Lee, London, Great Britain,
  Chief Financial Officer
  (beginning 3 April 2018)

- Mr. Theodorus Gorens, Kastanienbaum, Switzerland,
  Chief Risk Officer, Deputy Chief Financial Officer
  (beginning 1 May 2019)

2.6.6 ADDITIONAL INFORMATION ACCORDING TO HGB

The consolidated financial statements are prepared in euros, the functional and reporting currency of the parent company and its operating subsidiaries.

As of 31 December 2019, pursuant to § 291 HGB, the Company is included in the consolidated financial statements of Aggregate Holdings S. A., Luxembourg (RCS Luxembourg No. B 194538), which prepares its consolidated financial reports in accordance with International Financial Reporting Standards as adopted by the EU. Consus Real Estate AG prepares the consolidated financial statements for the smallest group of Group companies, Aggregate Holdings S. A., and the consolidated financial statements for the largest group of group companies.

The consolidated financial statements of Aggregate Holdings S. A., under Luxembourg law, are not disclosed in electronic form in the Luxembourg Commercial Register (registre de commerce et des sociétés – RCSL) and are made available at the company's registered office, 10 rue Antoine Jans, L-1820 Luxembourg. The consolidated financial statements and the management report of Consus Real Estate AG are submitted to and published in the electronic Federal Gazette *(Bundesanzeiger)*.

List of shareholdings of Consus Real Estate AG in accordance with § 313 of the German Commercial Code (HGB) as of 31 December 2019

The following table shows a summary of the fully consolidated subsidiaries included in the consolidated financial statements in accordance with Section 313 (2) HGB:

	Headquarter	Share Consus Direct	Total	Equity	Profit
				in k€	in k€
Consus Holding GmbH	Berlin	100,00%	100,00%	-8,431	-116
CCP Objektholding GmbH	Berlin	100,00%	100,00%	-24	0
Consus CCP 13 GmbH	Berlin	0,00%	100,00%	-25	0
Consus CCP 6 GmbH	Berlin	0,00%	100,00%	3,589	-1
Diplan GmbH	Köln	0,00%	74,90%	-217	198
Consus Swiss Finance AG	Zug	93,40%	93,40%	133,677	6,168
Consus Swiss Services AG	Zug	0,00%	93,40%	3,788	272
CSW GmbH & Co. KG**	Düsseldorf	0,00%	93,40%	-1,691	-175
CSW Verwaltungs GmbH	Düsseldorf	0,00%	93,40%	24	-5
Consus Projektmanagement Verwaltungs GmbH	Düsseldorf	0,00%	93,40%	15	-3
Knecht Ludwigsburg GmbH	Ludwigsburg	0,00%	93,40%	952	194
SSN Facility Services GmbH	Düsseldorf	0,00%	93,40%	-9,676	-998
SSN CUBE GmbH	Ludwigsburg	0,00%	93,40%	17	-6
CSW Beteiligungs GmbH	Düsseldorf	0,00%	93,40%	14	-12
SSN Gebäudetechnik GmbH	Wolfsburg	0,00%	79,39%	-318	-664
Consus Projektmanagement GmbH & Co. KG**	Düsseldorf	0,00%	93,40%	1,835	2,036
SSN Advisory Services GmbH*	Düsseldorf	0,00%	93,40%	17	-23
Consus Swiss Projektholding AG	Zug	0,00%	93,40%	593	9
SSN Alboingärten Berlin GmbH	Düsseldorf	0,00%	93,40%	-2,268	-564
Franklinstrasse 26a Verwaltungs GmbH	Düsseldorf	0,00%	87,80%	-592	-1,085
Consus Wilhelmstraße Berlin GmbH	Düsseldorf	0,00%	93,40%	-21,604	-7,034
Wilhelmstrasse 56-59 Immobilienentwicklungs GmbH	Düsseldorf	0,00%	93,40%	-21,604	-7,034
Consus Franklinstraße Berlin GmbH	Düsseldorf	0,00%	93,40%	-435	799
Consus Projekt Holding Deutschland GmbH	Düsseldorf	0,00%	93,40%	-9,757	-3,403
Consus (Schweiz) AG	Zug	0,00%	93,40%	-2,175	-202
SSN Ginvest 1 GmbH	Zug	0,00%	93,40%	183	-20
SSN Invest AG	Zug	0,00%	93,40%	54	-11
Consus Deutschland GmbH	Düsseldorf	0,00%	87,80%	42,962	-1,015
Consus Development Verwaltungs GmbH	Düsseldorf	0,00%	87,80%	-1	-4
Consus Development GmbH & Co. KG**	Düsseldorf	0,00%	87,80%	-726	-3,493
Parken & Immobilien Invest GmbH Hamburg	Düsseldorf	0,00%	87,80%	323	-42
Parken & Immobilien Betriebs GmbH Hamburg	Düsseldorf	0,00%	87,80%	-1,085	-211
Consus Investment Bundesallee Berlin GmbH	Düsseldorf	0,00%	87,80%	9,185	-797
SSN Real GmbH	Düsseldorf	0,00%	93,40%	1,081	380
Baumann Consulting Verwaltungs GmbH*	Frankfurt am Main	0,00%	27,30%	-21	n. a.
Baumann Consulting GmbH & Co.KG*(*)	Frankfurt am Main	0,00%	33,40%	39	n. a.
Consus Projekt Development GmbH	Düsseldorf	38,90%	86,53%	155,602	-8,320
Wilhelmstrasse I GmbH	Berlin	85,90%	85,90%	-573	-333
SG IBM-Campus 4 UG	Düsseldorf	0,00%	86,53%	-82	-77
SG IBM-Campus 5 UG	Düsseldorf	0,00%	86,53%	-20	-20
SG IBM-Campus 6 UG	Düsseldorf	0,00%	86,53%	-55	-53
SG IBM-Campus 7 UG	Düsseldorf	0,00%	86,53%	1	-1
SG IBM-Campus 8 UG	Düsseldorf	0,00%	86,53%	-72	-68
SG IBM-Campus 9 UG	Düsseldorf	0,00%	86,53%	-68	-64
SG IBM-Campus 10 UG	Düsseldorf	0,00%	86,53%	-55	-52
SG IBM-Campus 11 UG	Düsseldorf	0,00%	86,53%	-53	-51
SG IBM-Campus 12 UG	Düsseldorf	0,00%	86,53%	50	-16
SG IBM-Campus 13 UG	Düsseldorf	0,00%	86,53%	-58	-53
SG IBM-Campus 14 UG	Düsseldorf	0,00%	86,53%	4	-36
SG IBM-Campus 15 UG	Düsseldorf	0,00%	86,53%	-32	-31
SG IBM-Campus 16 UG	Düsseldorf	0,00%	86,53%	-3	-37

	Headquarter	Share Consus Direct	Total	Equity	Profit
				in k€	**in k€**
SG IBM-Campus 17 UG	Düsseldorf	0,00%	86,53%	-52	-60
Consus Einkaufs-GbR Garden Campus Vaihingen	Düsseldorf	0,00%	86,53%	0	0
Consus Stuttgart Wohnen an der Villa Berg UG haftungsbeschränkt	Düsseldorf	0,00%	86,53%	-1,183	-792
Consus Stuttgart Park an der Villa Berg UG haftungsbeschränkt	Düsseldorf	0,00%	81,34%	2	-5
Consus Stuttgart Villa Berg Parkhaus UG haftungsbeschränkt	Düsseldorf	0,00%	81,34%	-51	2
Consus Stuttgart Villa Berg historisch UG haftungsbeschränkt	Düsseldorf	0,00%	81,34%	87	-3
SG Peschl Areal 1 UG	Düsseldorf	0,00%	86,53%	-1,166	-348
SG Peschl Areal 2 UG	Düsseldorf	0,00%	86,53%	47	-9
SG Peschl Areal 3 UG	Düsseldorf	0,00%	86,53%	-56	-43
SG Peschl Areal 4 UG	Düsseldorf	0,00%	86,53%	-101	-78
SG Peschl Areal 5 UG	Düsseldorf	0,00%	86,53%	-70	-54
SG Peschl Areal 6 UG	Düsseldorf	0,00%	86,53%	-51	-39
SG Einkaufs-GbR Peschl-Areal	Düsseldorf	0,00%	86,53%	0	0
SG Glockengut 1 UG	Düsseldorf	0,00%	86,53%	-755	-7
SG Glockengut 2 UG	Düsseldorf	0,00%	86,53%	-78	-10
SG Glockengut 3 UG	Düsseldorf	0,00%	86,53%	-53	-7
SG Glockengut 4 UG	Düsseldorf	0,00%	86,53%	-51	-7
SG Glockengut 5 UG	Düsseldorf	0,00%	86,53%	-47	-6
SG Glockengut 6 UG	Düsseldorf	0,00%	86,53%	-71	-4
SG Glockengut 7 UG	Düsseldorf	0,00%	86,53%	-12	-1
Consus Einkaufs-GbR Glockengut Bayreuth	Bayreuth	0,00%	86,53%	0	0
Consus Frankfurt Mainzer Landstraße Investitions UG haftungsbeschränkt	Düsseldorf	0,00%	86,53%	-3,471	-386
SG Frankfurt Mainzer Landstrasse GmbH	Düsseldorf	0,00%	81,34%	-6,080	135
Consus München Schwabing Investionsgesellschaft UG haftungsbeschränkt	Düsseldorf	0,00%	86,53%	-26,403	-12,138
Consus München Schwabing Verwaltungs GmbH	Düsseldorf	0,00%	86,53%	-3,013	0
Consus München Schwabing GmbH & Co. KG**	Düsseldorf	0,00%	51,92%	22	0
Consus Mannheim Glücksteinquartier Investitions UG haftungsbeschränkt	Düsseldorf	0,00%	86,53%	-1,227	150
Consus Mannheim Glücksteinquartier Verwaltungs GmbH	Düsseldorf	0,00%	86,53%	23	0
Consus Mannheim Glücksteinquartier GmbH & Co. KG**	Düsseldorf	0,00%	81,34%	-2,014	0
SG Hamburg Holsten Quartiere 1 UG	Düsseldorf	0,00%	86,53%	-763	-456
SG Hamburg Holsten Quartiere 2 UG	Düsseldorf	0,00%	86,53%	-320	-113
SG Hamburg Holsten Quartiere 3 UG	Düsseldorf	0,00%	86,53%	-327	-115
SG Hamburg Holsten Quartiere 4 UG	Düsseldorf	0,00%	86,53%	-192	-68
SG Hamburg Holsten Quartiere 5 UG	Düsseldorf	0,00%	86,53%	-198	-70
SG Hamburg Holsten Quartiere 6 UG	Düsseldorf	0,00%	86,53%	-187	-66
SG Hamburg Holsten Quartiere 7 UG	Düsseldorf	0,00%	86,53%	-137	-48
SG Hamburg Holsten Quartiere 8 UG	Düsseldorf	0,00%	86,53%	-64	-23
SG Hamburg Holsten Quartiere 9 UG	Düsseldorf	0,00%	86,53%	-28	-10
SG Hamburg Holsten Quartiere 10 UG	Düsseldorf	0,00%	86,53%	-306	-108
SG Hamburg Holsten Quartiere 11 UG	Düsseldorf	0,00%	86,53%	-268	-95
SG Hamburg Holsten Quartiere 12 UG	Düsseldorf	0,00%	86,53%	-133	-47
SG Hamburg Holsten Quartiere 13 UG	Düsseldorf	0,00%	86,53%	-295	-104
SG Hamburg Holsten Quartiere 14 UG	Düsseldorf	0,00%	86,53%	-997	-774
SG Hamburg Holsten Quartiere 15 UG	Düsseldorf	0,00%	86,53%	-255	-90
SG Hamburg Holsten Quartiere 16 UG	Düsseldorf	0,00%	86,53%	-194	-69
SG Hamburg Holsten Quartiere 17 UG	Düsseldorf	0,00%	86,53%	-68	-24

		Share Consus			
	Headquarter	Direct	Total	Equity	Profit
				in k€	**in k€**
SG Hamburg Holsten Quartiere 18 UG	Düsseldorf	0,00%	86,53%	-68	-24
SG Hamburg Holsten Quartiere 19 UG	Düsseldorf	0,00%	86,53%	314	67
SG Hamburg Holsten Quartiere 20 UG	Düsseldorf	0,00%	86,53%	-36	-11
Consus Einkaufs-GbR Holsten-Quartiere Hamburg	Düsseldorf	0,00%	86,53%	0	0
SG Neues Korallusviertel 1 UG	Düsseldorf	0,00%	86,53%	-8,196	-2,275
SG Neues Korallusviertel 2 UG	Düsseldorf	0,00%	86,53%	-44	-45
SG Neues Korallusviertel 3 UG	Düsseldorf	0,00%	86,53%	-52	-53
SG Neues Korallusviertel 4 UG	Düsseldorf	0,00%	86,53%	-17	-18
SG Neues Korallusviertel 5 UG	Düsseldorf	0,00%	86,53%	-30	-31
SG Neues Korallusviertel 6 UG	Düsseldorf	0,00%	86,53%	-16	-17
SG Neues Korallusviertel 7 UG	Düsseldorf	0,00%	86,53%	-70	-71
SG Neues Korallusviertel 8 UG	Düsseldorf	0,00%	86,53%	1	0
Consus Einkaufs-GbR Korallusviertel Hamburg	Düsseldorf	0,00%	86,53%	0	0
SG IBM-Campus 1 UG	Düsseldorf	0,00%	86,53%	-3,296	-1,039
SG IBM-Campus 2 UG	Düsseldorf	0,00%	86,53%	-67	-64
SG IBM-Campus 3 UG	Düsseldorf	0,00%	86,53%	-44	-42
Consus Stuttgart Vaihingen IBM Campus Holding GmbH	Düsseldorf	0,00%	86,53%	164,956	-1,455
Consus RE AG	Berlin	16,25%	71,25%	207,053	21,888
Artists Living Berlin – ST GmbH & Co. KG**	Berlin	0,00%	66,98%	-3	-14
Steglitzer Kreisel Sockel GbR	Berlin	0,00%	66,98%	22,678	4,123
Steglitzer Kreisel Turm GbR	Berlin	0,00%	66,98%	9,664	-6,964
Steglitzer Kreisel Parkhaus GbR	Berlin	0,00%	66,98%	4,137	-1,835
Artists Commercial Berlin – ST GmbH & Co. KG**	Berlin	0,00%	66,98%	168	-8
Artists Parking Berlin – ST GmbH & Co. KG**	Berlin	0,00%	66,98%	11	-4
Artists Living Leipzig GmbH & Co. KG**	Berlin	0,00%	71,25%	1,454	6,077
Ostplatz Leipzig Work & Life GmbH & Co. KG**	Berlin	0,00%	66,98%	3,123	-1,103
Ostplatz Leipzig Mensa GmbH & Co. KG**	Berlin	0,00%	66,98%	-88	-40
Artists Living Dresden PP GmbH & Co. KG**	Berlin	0,00%	71,25%	-3,344	-56
Artists Living Frankfurt SSc GmbH & Co. KG**	Berlin	0,00%	71,25%	-284	1,272
Artists Living Frankfurt Dev GmbH & Co. KG**	Berlin	0,00%	66,98%	-1,343	-631
Artists Living Frankfurt Com GmbH & Co. KG**	Berlin	0,00%	66,98%	720	-297
UpperNord Tower GmbH & Co. KG**	Berlin	0,00%	66,98%	-4,206	699
UpperNord Hotel GmbH & Co. KG**	Berlin	0,00%	71,25%	-52	-125
UpperNord Quarter GmbH & Co. KG**	Berlin	0,00%	71,25%	3,766	-90
Artists Living Köln StG GmbH & Co. KG**	Berlin	0,00%	71,25%	12,760	6,828
Holz ART CG-Innovationen GmbH	Berlin	0,00%	71,25%	29	7
BCC BauCompetenzCenter GmbH	Berlin	0,00%	71,25%	70	57
CG ST(R)AHLKRAFT GmbH	Berlin	0,00%	71,25%	-316	-324
CG Billwerder Neuer Deich GmbH & Co. KG**	Hamburg	0,00%	71,25%	-236	-16
CG Estate & Hostel GmbH & Co. KG**	Berlin	0,00%	71,25%	-2,878	-2,901
CG Böblinger CityQuartier GmbH & Co. KG**	Berlin	0,00%	71,25%	-393	-162
Plagwitzer Immobiliengesellschaft mbH	Leipzig	0,00%	66,98%	18,405	-5,115
Plagwitzer Projektentwicklungsgesellschaft mbH & Co. KG**	Leipzig	0,00%	71,25%	20,926	1,786
CG City Leipzig West GmbH & Co. KG**	Berlin	0,00%	71,25%	-254	-184
Alter Leipziger Postbahnhof Süd GmbH & Co. KG**	Berlin	0,00%	64,13%	10,367	878
Innenstadt Residenz Dresden GmbH & Co. KG**	Dresden	0,00%	66,98%	-5,329	-462
E.-Reuter-Platz Residenz GmbH & Co. KG**	Berlin	0,00%	66,98%	-1,382	1,456
Residenz Dresden an der Elbe GmbH & Co. KG**	Dresden	0,00%	71,25%	-3	4
Mariannenpark II GmbH & Co. KG**	Berlin	0,00%	71,25%	44	-16
CG Frankfurt Ostend GmbH & Co. KG**	Berlin	0,00%	71,25%	24,559	-545

		Share Consus			
	Headquarter	Direct	Total	Equity	Profit
				in k€	**in k€**
Lebens(t)raum Gesellschaft für modernen Wohnen mbH	Köln	0,00%	64,05%	8,371	6,387
CG Bahrenfelder Carrée GmbH & Co. KG**	Hamburg	0,00%	64,05%	57,603	2,706
CG Quartier Wachendorff GmbH & Co. KG**	Berlin	0,00%	64,05%	51	-223
CG Neuländer Quarree GmbH & Co. KG**	Hamburg	0,00%	71,25%	17,929	2,056
LEA Grundstücksverwaltung GmbH	Berlin	0,00%	66,98%	-6,541	-3,804
Cologneo Estate GmbH & Co. KG**	Berlin	0,00%	71,25%	13	-67
Cologneo I GmbH & Co. KG**	Köln	0,00%	71,25%	42,254	12,067
Cologneo III GmbH & Co. KG**	Köln	0,00%	71,25%	31	16
DGI Deutsche Grundstücks- und Immobiliengesellschaft mbH	Berlin	0,00%	64,13%	-1,686	-195
CG Deutsche Wohnen GmbH	Berlin	0,00%	66,98%	-28,456	-23,541
CG Bauprojekte GmbH	Leipzig	0,00%	64,13%	895	398
Günther Fischer Gesellschaft für Projektentwicklung mbH	Köln	0,00%	57,00%	-1,341	-1,476
CG Immobilien GmbH	Leipzig	0,00%	71,25%	112	111
RVG Real Estate Vertriebs GmbH	Berlin	0,00%	36,34%	398	-41
City-Hausverwaltung GmbH	Leipzig	0,00%	71,25%	1,440	155
CG Gruppe IT-Service GmbH	Berlin	0,00%	36,34%	186	188
APARTes Gestalten GmbH	Leipzig	0,00%	71,25%	66	20
CREATIVes Bauen GmbH	Leipzig	0,00%	71,25%	15	152
CG Denkmalimmobilien GmbH	Leipzig	0,00%	66,98%	-9,583	-1,368
CG Netz-Werk GmbH*	Berlin	0,00%	53,37%	0	0
CG Real Estate GmbH**	Berlin	0,00%	71,25%	322	117
CG Graphisches Viertel GmbH & Co. KG**	Berlin	0,00%	71,25%	26,345	26,302
Alter Leipziger Postbahnhof Nord Gmbh & Co. KG**	Berlin	0,00%	64,13%	51	42
Cologneo II GmbH & Co. KG**	Köln	0,00%	67,55%	39,259	3,394
Cologneo IV GmbH & Co. KG**	Köln	0,00%	67,55%	-88	-12
CG Erste Delitzscher Straße GmbH & Co. KG**	Berlin	0,00%	71,25%	-7	-4
CG Zweite Delitzscher Straße GmbH & Co. KG**	Berlin	0,00%	71,25%	-7	-4
Benrather Gärten Wohnentwicklung GmbH & Co. KG**	Berlin	0,00%	71,25%	-8	-5
Otto-Quartier Immobilien Bestandsentwicklung GmbH & Co. KG**	Berlin	0,00%	71,25%	-8	-5
Otto Projektentwicklung GbR	Stuttgart	0,00%	71,25%	-213	-213
Otto-Quartier Wohn- u. Gewerbeentwicklung GmbH & Co. KG**	Berlin	0,00%	71,25%	-8	-5
CG Sechste Delitzscher Straße GmbH & Co. KG**	Berlin	0,00%	71,25%	-7	-4
SLT 107 Schwabenland Tower GmbH & Co. KG**	Berlin	0,00%	71,25%	-1,279	-1,253
CG Innovationszentrum Leipzig GmbH & Co. KG**	Leipzig	0,00%	71,25%	-107	-105
Grundstücksgesellschaft TCR 1 mbH & Co. KG**	Hamburg	0,00%	71,25%	15,211	-457
Benrather Gärten Gewerbeentwicklung GmbH & Co. KG**	Düsseldorf	0,00%	71,25%	-3	-3
Benrather Gärten Projektentwicklung GbR	Düsseldorf	0,00%	71,25%	-317	-317
GEM Ingenieur GmbH Projektmanagement	Karlsruhe	0,00%	64,05%	99,441	75,310
GEM Areal-C Projektentwicklung GmbH & Co. KG**	Karlsruhe	0,00%	64,05%	79,295	152
GEM Gewerbeimmobilien GmbH & Co. KG**	Karlsruhe	0,00%	64,05%	78	73
GEM Immobilien GmbH & Co. KG**	Karlsruhe	0,00%	64,05%	125	128
CG Icoon Frankfurt GmbH & Co. KG**	Berlin	0,00%	71,25%	-128	-141
CG Achte SHELF GmbH & Co. KG**	Berlin	0,00%	71,25%	0	0
CG Neunte SHELF GmbH & Co. KG**	Berlin	0,00%	71,25%	0	0
CG Zehnte SHELF GmbH & Co. KG**	Berlin	0,00%	71,25%	0	0
CG Elfte SHELF GmbH & Co. KG**	Berlin	0,00%	71,25%	0	0
CG Zwölfte SHELF GmbH & Co. KG**	Berlin	0,00%	71,25%	0	0

		Share Consus			
	Headquarter	Direct	Total	Equity	Profit
				in k€	**in k€**
CG Dreizehnte SHELF GmbH & Co. KG**	Berlin	0,00%	71,25%	0	0
CG Braugold GmbH & Co. KG**	Berlin	0,00%	71,25%	-114	-113
Cologneo Development GmbH & Co. KG**	Köln	0,00%	71,25%	-6	-5
CG Construction GmbH	Berlin	0,00%	64,13%	252	256
CG TEC Service GmbH	Leipzig	0,00%	71,25%	37	12
Brillant 3172. GmbH**	Berlin	0,00%	71,25%	24	-1
GEM Verwaltungs GmbH**	Karlsruhe	0,00%	71,25%	0	0
CG Works GmbH	Berlin	0,00%	71,25%	5,730	-1
MAP Liegenschaften GmbH*	Berlin	0,00%	53,44%	-2,364	0
Artists Living Verwaltungs GmbH**	Berlin	0,00%	71,25%	158	18

* Associated companies
** Group companies are with unlimited liability

Exemptions

The companies Consus Holding GmbH, CCP Objektholding GmbH, and CCP 13 GmbH intend to apply the exemption provisions of Section 264 (3) HGB.

Auditor's fees and services

The fees of the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungs-gesellschaft, Berlin (in 2018: Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Leipzig), are broken down as follows:

FURTHER INFORMATION ACCORDING TO § 314 ABS, 1 NR, 9 HGB

	31/12/2019	31/12/2018
	in k€	**in k€**
Total remuneration fee for the fiscal year of auditor	**648**	**401**
– thereof financial statements auditing	639	159
– thereof other assurance services	–	242
– thereof tax advisory services	8	–
– thereof other services	–	–

Number of employees

The employees of Consus are shown in the following table:

EMPLOYEES

	31/12/2019	31/12/2018
	in k€	**in k€**
Number of employees	975	782
Average number of employees employed during the fiscal year (acc. to § 285 No. 7 HGB)	866	539
Number of apprentices at reporting date	16	–
Average number of apprentices	15	–
Number of management board members at reporting date	3	2
Average number of management board members at reporting date	3	2
Number of students/interns at reporting date	49	–
Average number of students/interns	42	–

2.6.7 EVENTS AFTER THE REPORTING DATE

On 21 February 2020 Consus Group entered in to a Letter of Intent with ADO Properties regarding the sale of the Hamburg Holsten project for EUR 320 million.

On 19 March 2020, Jens Jäpel was appointed to the Consus Management Board as Chief Development Officer ("CDO").

On 19 March 2020, CG Gruppe AG changed its name to Consus RE AG.

On 20 March 2020, the founder and CEO of CG Gruppe, Christoph Gröner, left the Executive Board of Consus RE AG and moved to the Supervisory Board. Jens Jäpel was appointed as the new CEO of Consus RE AG. The management board of Consus RE AG also includes Jürgen Kutz as Chief Operation Officer (COO) and Deputy CEO and Theodorus Gorens as Chief Financial Officer (CFO).

The outbreak of the Corona virus and its rapid spread across many countries and continents increased financial, financing and liquidity risks as well as risks in the project development phases, e. g. in the area of financing, completion and sale of the Consus' projects. For details we refer to the comments made in the management report in section 5.2.1.5.

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

Berlin, April 29th 2020

Consus Real Estate AG
Andreas Steyer
Benjamin Lee
Theodorus Gorens
Jens Jäpel
Members of the Management Board

3 RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable IFRS accounting principles, the consolidated financial statements for the fiscal year ending December 31, 2019 present a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the management report presents a fair review of the development and performance of the business and the position of the Group, together with a description of the material risks and opportunities of the expected development of the Group.

Berlin, April 29th 2020

ANDREAS STEYER
Chief Executive Officer

BENJAMIN LEE
Chief Financial Officer

THEODORUS GORENS
Chief Risk Officer,
Deputy Chief Financial Officer

JENS JÄPEL
Chief Development Officer

05.
INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE CONSUS REAL ESTATE AG, BERLIN

Opinions

We have audited the consolidated financial statements of Consus Real Estate AG, Berlin and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2019, the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows and the group segment reporting for the financial year from January 1, 2019, to December 31, 2019, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of Consus Real Estate AG for the financial year from January 1, 2019, to December 31, 2019. In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB *(Handelsgesetzbuch: German Commercial Code)* and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2019, and of its financial performance for the financial year from January 1, 2019 to December 31, 2019, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB *(Handelsgesetzbuch: German Commercial Code)*, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information.

The other information comprises the remaining parts of the annual report. Other Information does not include the audited annual consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report audited for content or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of Management for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express (audit) opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our (audit) opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with (German) law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, April 29th 2020

KPMG AG Wirtschaftsprüfungsgesellschaft

(Original German version signed by:)

Dielehner	Lommatzsch
Wirtschaftsprüfer	Wirtschaftsprüfer