CORESTATE
Capital Group

Annual Report 2019

Company Profile

Corestate Capital is a real estate investment manager and co-investor that acquires, develops and manages residential, micro living, logistics, retail and office real estate predominantly in Germany and other parts of Europe. At the end of 2019, the Company had more than € 28bn[1] in assets under management.

The Company has undergone a deliberate transformation over the last few years, from a largely residential-focused investment management company to a diversified real estate group with a wide and committed client base of institutional, semi-institutional and retail investors. We offer property management services and related investment products for our clients, covering virtually all major real estate asset classes and investment vehicles.

We respond with smart investment opportunities to market trends where we see attractive risk return profiles within the real estate sector and this has expanded both the type of investment properties we manage and the cities and countries where we operate. For our operational success, a resilient ESG-strategy is key. Alongside our portfolio diversification Corestate has made several corporate acquisitions that have added depth and breadth.

In 2019, we operated from our principal offices in Germany, Switzerland, Luxembourg, the UK and Spain employing 709 FTEs (753 people) across 42 offices in 7 countries. Corestate is listed in the Prime Standard on the Frankfurt Stock Exchange (SDAX).

[1] Incl. proforma consolidation of € 2bn AuM of STAM Europe, transaction closing was on 15 January 2020

Content

Key Figures

	2019	2018
Revenues (€ m)	250,9	204,4
Aggregate Revenues & Gains (€ m)[1]	303,4	292,2
EBITDA (€ m)	175,0	174,1
Adjusted Net Profit (€ m) [2]	130,3	135,3
Net Profit (€ m) [3]	108,8	104,6
Earnings per Share (undiluted) (€)	5,11	4,91

	31.12.2019	31.12.2018
Number of shares outstanding	21.354.417	21.329.417
Net Financial Debt Position (€ m) [4]	469,2	387,7
Net Financial Debt / EBITDA	2,7x	2,2x
Assets under Management at End of Period (€ bn)	26	25
Number of Employees at End of Period (FTE)	709	675

[1] Aggregate Revenues & Gains include Revenue from Real Estate Investment Management, Share of Profit and Loss from Associates and Joint Ventures, Dividends from other Alignment Capital, Gains/Losses from fair value measurement of financial instruments related to real estate and Total Income from Real Estate Operations / Warehousing.

[2] Adjusted Net Profit is calculated based on the Net Profit for the period, net of (deferred) tax effects and depreciation mainly resulting from purchase price allocations (capitalized asset management contracts).

[3] Net Profit post minorities.

[4] Adjusted by IFRS 16 financial liability

Letter to Our Shareholders

Dear Shareholders,
Ladies and Gentlemen,

The year 2019 has been another very eventful and also a very successful one for Corestate. We not only fully integrated CRM Students – acquired in 2018 – but we took further important steps in institutionalizing and internationalizing our operations, platform and also our client base.

Regulatory demands from authorities and clients alike is steadily growing and burdens our industry. The smaller the asset manager is, more pressure it gets. Thus, the crucial point is scale and an institutionalized platform with well-running sourcing, execution and reporting functions. This is also reflected in a very professional leadership structure of the company. Therefore, we have established effective decision-making committees focusing on operational items, holding functions and on ESG. In parallel the circle of senior advisors and related contracts were consistently ceased.

With this, we have kept the ability to act effectively on entrepreneurial opportunities, but we also introduced a high level of Corporate Governance.

We realized in the reporting period ongoing strong tailwind from the markets and from clients. Investors, especially institutional ones, are seeking profitable safe havens for their money, European real estate can offer this and since years we have these assets ready for them. We expect these long-term positive market drivers to remain in place, although, the extent and impact of the corona pandemic on our operations and the real estate investment market cannot yet be judged reliably.

Guidance reached

In 2019, we fulfilled again what we have planned. We expected at the beginning to reach aggregated revenues and gains of between € 285m and € 295m – the final figure was € 303m. Our guidance for EBITDA was between € 165m and € 175m and we delivered exactly the upper end: € 175m. We promised to reach an adjusted Net Profit of between € 130m and € 140m and ended up at € 130m. Our Real Estate Assets under Management grew organically by more than 10% from the end of 2018 to the end of 2019, so we once again grew impressively in our core business. All our subsidiaries have done their share to these good figures, but especially our mezzanine-financing business HFS has shown another very solid year with growing fund volumes and stable margins. Once again, the fund volumes were fully committed and a tangible project pipeline as well as the demand from clients gives us confidence for our mezzanine financing business; nevertheless, we continue to monitor the current "Corona" pandemic very closely and in a diligent way.

Another important step in de-risking the company from past acquisitions was made when we announced on Q3 the release of provisions predominantly based on expiring liabilities from Hannover Leasing's legacy portfolio.

Corestate´s year-end leverage ratio of 2.7x was also in-line with our target range of 2x to 3x. Our financial management prompted the rating agency Standard & Poor´s in November to improve our corporate credit rating from BB+, outlook 'stable' by one notch to outlook 'positive'. Our balance sheet has been cleaned up in the last two years massively and due to financing instruments with maturities no earlier than end of 2022, the company is standing now on solid grounds.

Internationalization and ESG

We have made several important steps in 2019 to enlarge our client base and our product offerings. For example, we have acquired new assets for micro living in Spain, in Poland and in Denmark, and we have invested on clients´ behalf also in the BeNeLux countries. Our strong believe and commitment to the Netherlands and Belgium is also underlined by our newly opened office in Amsterdam.

In our business, promising client relations follow the ability to offer profitable assets. Therefore, we broadened our offerings into further European countries and we took several large new international clients on board. Crucial also for these new partners is our ability to grant access to profitable assets, but also – and this is crucial for us – our clear stance on sustainability. We published our first ESG report in June 2019 and we put a lot of emphasize into our ability to clearly define, control and reduce the ecological footprint of every single clients´ investment. This is not only as we strongly believe in our responsibility for the future of our planet, but it also has a very concrete business ankle. We are absolutely convinced that a reliable and specific ESG-strategy will be a prerequisite for all international investments. We already deliver on it as of today and will benefit even further from this first mover advantage in the years to come.

STAM Europe Acquisition

Beyond performing operationally in 2019, we made the company even fitter for the future. This put us in the position to offer a broader range of products for a steadily growing client base. Thus, one further step was the acquisition of STAM Europe, signed in July 2019 and closed after the final approval from the French authorities in January 2020. STAM fits perfectly into our M&A criteria. We now have direct access to a range of new institutional clients who have made business with STAM before. Additionally, we have a foot on the ground with very experienced people in France, a very promising market for us – and these people were willing to commit themselves to work for us in the upcoming years. So STAM brings in clients, knowledge and a new asset class for us: Logistics.

Expectations for 2020

So, the company is in very good shape to perform successful also in the year 2020 with another rise in all relevant financials. Thus, we expect aggregated revenues of between € 325m and € 335m, an EBITDA of between € 180m and € 190m and our adjusted net profit will be in the range of € 145m and € 155m. Nevertheless, the direct and indirect consequences of the new "Corona" virus and a corresponding global pandemic wave on the real estate investment management industry cannot yet be conclusively assessed. Various sectors and locations within real estate will show different exposure and vulnerability to potential public shut-downs or other measures taken to contain the further spreading of the virus. We'll consistently monitor this development and the impact on our business in a very diligent, prudent and transparent way.

We would like to thank the entire Corestate team for their strong commitment, dedicated work and contribution to driving our business forward. Finally, we would like to thank all of our clients, partners and shareholders for their continued support.

Lars Schnidrig
Chairman of the Management Board
and Chief Executive Officer

Thomas Landschreiber
Member of the Management Board
and Chief Investment Officer

Report of the Supervisory Board

Dear Shareholders,
Ladies and Gentlemen,

2019 was another outstanding year for Corestate, with a focus on institutionalization and internationalization of the operational business and the platform, the successful integration of CRM and the acquisition of STAM Europe.

Our duties

During the financial year 2019, the Supervisory Board carefully performed all its duties and monitored the activities of the Management Board in accordance with legal requirements and the Articles of Association of Corestate. Throughout the whole year, the Supervisory Board and the Management Board maintained close and regular contact. The Supervisory Board advised the Management Board on strategic and operational decisions as well as governance topics and decided on any matters requiring approval by the Supervisory Board. The Management Board reported regularly, promptly and extensively in verbal and written form to the Supervisory Board on any relevant business matters and the continuous performance of the Corestate Group.

Furthermore, the Management Board informed the Supervisory Board on a regular basis about the business strategy and the organizational setup of the Group. The Supervisory Board held in total ten plenary meetings and in addition, numerous meetings on specific issues and important matters.

The Supervisory Board was actively involved in all strategic projects of the company, in particular in the acquisition of STAM Europe.

Furthermore, throughout the business year, the Management Board continuously informed the Supervisory Board on any other relevant business matter, growth activities and opportunities - both organically and inorganically.

During the year the Supervisory Board receives a monthly reporting from the Management Board focusing on financial development, liquidity and a capital markets update.

Changes in the Management Board

After the termination of the employment of Michael Bütter at the end of 2018, Lars Schnidrig temporarily assumed the function of the Chairman of the Management Board and was appointed as Chairman of the Management Board and Chief Executive Officer (CEO) for a four-year term effective 1 April. Furthermore, the Supervisory Board extended the appointment of Thomas Landschreiber as Chief Investment Officer.

Audit Committee

The Audit Committee held five meetings in 2019. In its meeting on 18 March 2019, the group auditor Ernst & Young ("EY") reported about the audit of the consolidated financial statements, the financial statements and the management report of Corestate and the key audit matters for 2019. On the basis of the unqualified audit opinions of EY, the Audit Committee prepared the approval of the Financial Statements and the Consolidated Financial Statements of Corestate, which were adopted by the Supervisory Board accordingly.

At the Audit Committee meeting on 11 November 2019 it discussed the risk and compliance management and the internal audit work. It also performed the efficiency test persuant to Subsection 5.6 of the Codex ("Effizienzprüfung des Aufsichtsrats") and measures of gender diversity.

The risk management system encompasses regular – at least semi-annual – reporting of the main risks to the Supervisory Board.

One main result of the efficiency audit was to set up the aim to enlarge the Supervisory Board from currently four to at least five people in the midterm. So, we are searching for the best candidates, offering extensive real estate and asset management expertise, independence and ideally gender diversity.

The efficiency audit revealed that the remuneration of the Supervisory Board is representing market standards, but could potentially be enlarged by a component linked to the development of the share price.

At its meeting on 11 November 2019, the Audit Committee dealt with the assignment of the independent auditors for the financial year 2019 and the key audit matters to be performed by the auditors. It recommended to assign EY as auditors for 2019.

The Supervisory Board is in agreement with the combined management report and, in particular, with the assessment of the convincing future potential of the Group. The Board also supports the current dividend policy and the decisions concerning earnings retention by the company.

Promotion of Women

Another topic on the Supervisory Board´s agenda is the promotion of women in the Corestate Group and in the bodies of the company. We strongly believe in gender diversification and the benefits of equally-represented bodies for the sustainable development of our company and the ability to achieve our goals. Amongst various other initiatives, bringing women in as decision makers has become one of our official company principles. Thus, we aim to install a female Member of the Supervisory Board.

The Supervisory Board would like to express our sincere thanks to all Shareholders for their continuous trust and the Management Board and to all employees of the Corestate Group for their dedication and hard work in 2019.

Micha Blattmann
Chairman of the Supervisory Board

2019 – Our driving market trends

Interview with **Jürgen Michael Schick,** President of Immobilienverband Deutschland IVD Bundesverband der Immobilienberater, Makler, Verwalter und Sachverständigen e.V.:

What market trends are you currently observing in the German real estate market?

The German real estate market is continuing to develop positively, even if current recession concerns make forecasts for the real estate year 2020 considerably more challenging. According to our estimates, the transaction volume rose by a record eleven percent last year, leading to an entire market volume of more than € 300bn. Consumer demand for residential and commercial space in the major cities and metropolitan areas in particularly continues to exceed supply. In the top 7 cities, there are only very few vacancies, and in view of the interest rate environment, real estate remains an essential component of the investment strategy for both small and large investors. At the same time, the construction of residential and office space continues to progress slowly.

However, especially in the residential sector, the increasingly stagnant development of rental prices is a strong indicator that the purchase price dynamics are likely to decline sooner or later. In many places, yields are already so low that there is less leeway. Politics is also a decisive factor as it has tightened the regulatory framework to such an extent that rents can hardly rise at all in some cases; I am not only referring to "rent price brake" and rent caps, but also to the rent index reform, which ensures that the customary comparative rent, and thus the basis for rent increases in existing and re-letting contracts, loses all its dynamics. Something similar could soon happen in the commercial sector; the "rent price cap" on commercial rents is not only being given more thought, but is already being discussed intensively.

What challenges does this pose for market participants?

The biggest challenge will be to deal with the current global uncertainty in the markets. And then it will be necessary to reconcile the high investment pressure with the low supply and ever-decreasing returns. And, of course: to adapt to the politicians, who cannot and will not avoid the current trend towards greater political intervention. In this respect, it is above all the lack of predictability that is causing market participants problems. This can be seen, for example, in the responses to the rent cap in Berlin: investments are at least being postponed, some international investors are even withdrawing completely.

Nevertheless, there are still only very few alternatives to real estate as an investment. The enormous volatility on the world's stock markets against the background of the corona virus shows that real estate is needed as a "safe haven". At the same time, the top 7 metropolises in Germany and the large cities in their surrounding areas are of course still the first choice for many.

Which concepts are gaining in importance in light of this development?

New construction in the residential and office sectors will become even more important. In the residential segment, it can already be observed that many market players are investing additional or even initial resources in new construction in view of the rent regulation, but also the increasing restrictions on housing privatization. However, politicians also play a key role in this area, and must adopt new approaches to land mobilization and the simplification of approval procedures. However, it will also be interesting to see to what extent serial and modular construction actually succeeds in being more time- and above all cost-efficient than conventional construction. The integration of the type approval into the model building regulations last year opened at least one door for this.

It is also quite possible that other markets will continue to gain in importance due to the increased compression of yields in the residential and office property sector. Demographic change, in turn, will bring rising demand for senior citizens' and healthcare properties as well as barrier-free living. In the long term, this segment is likely to show high growth potential. On the urban development side, we are increasingly seeing district developments with mixed use of residential, retail and office space. This allows organic diversification and efficient asset management.

The Corestate Share

Performance

In 2019, the Corestate shares showed positive development. Closing of the Corestate shares on 30 December 2019 was € 37.50 and the closing on the last trading day of 2018 was € 30.30, thus showing an increase of nearly 24%. The SDAX increased during 2019 by more than 31%. The year-low point was reached on 14 June with an intraday price of € 25.50; the intraday-high was marked on 15 April and 23 April with € 39.45.

On average, more than 16,500 Corestate shares were traded on XETRA every day in 2019 with a clearly increasing tendency towards year-end. The average daily trading volume in November and December alone was more than 34,400 shares on XETRA.

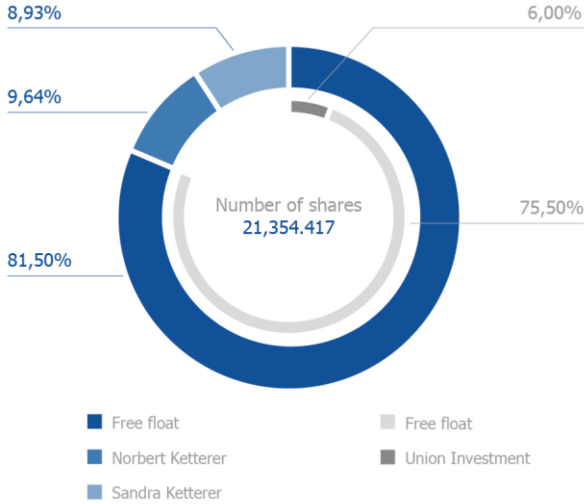
2019 Share Price Development in %

Analyst Coverage

Very important multipliers for the shares remain the equity analysts. Having started 2018 with three covering analysts, Corestate has now increased this number to nine by the end of the reporting period. Latest joiner was on 6 August 2019 Hauck & Aufhäuser´s Julius Stinauer with an in-depth initiation on our shares called "Europe´s leading micro-living provider on a broad footing" and a buy-recommendation.

So now analysts from the following brokers publish research on the shares: Baader, Berenberg, Commerzbank, Jefferies, Kepler Cheuvreux, Lampe, Oddo, BHF, Pareto and Hauck & Aufhäuser. All recommend to buy our shares with an average target price of around € 60.

Shareholder Structure as of last notification of voting rights



(Number of Shares as of 31 December 2019)

Interaction with investors

Company´s Management and Investor Relations department was intensely marketing the shares with ongoing Road Show activities and Conferences.

Another important event was the second Capital Markets Day, held in September in Frankfurt. The participants got a first-hand insight into various basics of the company´s growth story from Senior Management and product experts.

Increase in free float

On 16 December, Corestate founder Ralph Winter sold the majority of his shares to the market, thus increasing the free float to more than 80%. This led quite immediately to a rise in interest from international institutional investors in our shares.

Distribution

Corestate´s Management aims to establish the company as an ambitious growth story with an attractive distribution policy. Thus, the company payed € 2.50 per share in April 2019 for the year 2018.

Basic Share Data

WKN / ISIN	A141J3 / LU1296758029
Ticker symbol / Reuters code	CCAP
Trading segment	Prime Standard
Stock exchange	Frankfurt
Type of stock	No-par value bearer shares
Number of shares	21,354.417
First day of trading	4 October 2016
Share price as of 28 December 2018	€ 30.30
Share price as of 30 December 2019	€ 37.50
Change in percentage	23.76%
2019 high (15 April 2019)[1]	€ 39.20
2019 low (14 August 2019)[1]	€ 26.00
Distribution for fiscal year 2019 (planned)	€ 2.60
Index	SDAX

[1] Based on Xetra closing prices

Group Management Report

Preliminary Remarks

The management report and consolidated financial statements of Corestate Capital Holding S.A. (hereinafter "Corestate" or "the Company") cover the reporting period from 1 January 2019 until 31 December 2019, unless otherwise indicated. Information on market and product offering developments pertains to 2019 as well, unless otherwise indicated.

The 2019 financial statements have been subject to an external audit. Certain statements contained herein may be statements of future expectations and/or other forward-looking statements that are based on our current views and assumptions. These involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those expressed or implied in such statements. Corestate does not intend and does not undertake any obligation to revise these forward-looking statements.

Company Background

Corestate is a public limited liability company (*Société Anonyme*) incorporated under Luxembourg law, with registered office at 4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. The Company was registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under B 199 780 on 7 September 2015 and was originally established on 21 August 2015. Corestate Capital Holding S.A., Luxembourg does not have any branches.

Corestate is one of the leading listed investment managers for real estate equity and debt in Germany and selected European countries. The market focus is predominantly on Germany covering the entire lifecycle of investments in real estate. In our fully integrated business model we are active as co-investor and manager for our clients applying our experience and expertise to a wide range of real estate investment product offerings. Our business generates revenues from three segments, namely:

- Real Estate Investment Management
- Alignment Capital Management
- Real Estate Operations and Warehousing.

In the Real Estate Investment Management segment our activities encompass the sourcing and acquisition of relevant real estate opportunities and investments, structuring and implementing investment products, performing management services for real estate investments held in separate vehicles established by respective clients together with Corestate and related to our Real Estate Investment Management Business (Investment Structures), as well as for assets held for warehousing purposes, i.e. assets which we acquire on our own balance sheet for a certain (short) term in order to convert them into investment products and – to a lesser extent – assets with the aim of actively value-enhancing and optimizing the assets and, ultimately, structuring the exit from such real estate investments. Our Alignment Capital Management segment is an integral part of our business model and serves to co-invest alongside our clients to align our interests with those of our clients. Our Real Estate Operations and Warehousing segment serves as a facilitating element for our products in which we warehouse real estate investment opportunities prior to converting or transferring them into an investment product tailor-made for clients.

The Group's main market is Germany, and it has selected activities in other European countries such as Austria, Switzerland, UK, Spain, Denmark, Poland or the Benelux countries. It operates principal offices in Germany, Switzerland, Spain, and the UK, as well as a German network of branch offices of its property management platform. As of 31 December 2019, the Group employed about 709 FTE (previous year: 675 FTE).

In the year under review, Corestate signed the acquisition of STAM Europe, a leading French asset manager, based in Paris, with around € 2bn assets under management. This acquisition was signed in July 2019 and closed on 15 January 2020.

Such strategic growth transactions are only possible thanks to Corestate’s good capital market access, which forms an integral part of its long-term growth strategy. After the successful issuance of a € 200m convertible bond in November 2017, Corestate placed its first senior unsecured bond with a nominal amount of € 300m with institutional investors in March 2018. The bond has a maturity of five years and an annual coupon of 3.5%. The proceeds of this issue were used to refinance existing loans and thus reduce average financing costs, extend the maturity profile and to finance its warehouse business and growth. In Fiscal Year 2019 Corestate acquired 180.000 own shares via a share buy-back program, the total consideration paid by the Group amounted to € 6.68m. These own shares (minus 5032 shares used as part of a remuneration package for an employee) were held by the Group as of 31 December 2019 (2018: nil).

On 1 April 2019 Lars Schnidrig was appointed Chairman of the Management Board and CEO for a four-years´ term.

In 2019 Corestate expanded key functions such as equity raising or asset management.

Market Development

Corestate's market environment remained very positive in 2019. Supported by continued robust demand, the investment volume on the European real estate market amounted to around € 315bn, almost at the record level. The German real estate market, which is the company's most important market, also developed positively, reaching the highest transaction volume ever at € 88bn. The European Central Bank ECB left key interest rates at their historically low level, which benefited the real estate markets. Institutional investors such as pension schemes and insurance companies invested in the stable and sustainable investments. Germany is considered a "safe haven" for investors with a long-term investment horizon.

Thus, the market environment for Corestate’s business remained positive in 2019. Given the German economy’s stable fundamental data – although with slowing growth rates (German Federal Statistical Office) –, demand in the German real estate investment market remains solid. The sole constraint remains the lack of property suitable for investment. Faded signs of increasing interest rates, a growing scarcity of houses and a robust labor market lead to continuously rising property prices.

According to the Real Estate Industry Report 2019 (by the Immobilienweisen Expert Panel, by ZIA German Property Federation, the leading professional association and the regulatory-policy and economic-policy interest group for Germany’s entire real estate industry), especially the market for long-stay concepts, that appeal to the employees of larger international corporations needing accommodation for a limited period of time, and student apartments is experiencing increasing demand rates. With its three micro living platforms, JOYN, YOUNIQ and Linked Living, Corestate, as an early mover in this market, is set to benefit from this trend.

Business and Product Offering Development

In the year 2019, Corestate made significant progress in its business and product offering, especially internationalizing the range of assets for our clients.

On the residential side, Corestate especially expanded its micro-living portfolio significantly. This includes the following investments:

- New apartment buildings in Berlin (183 units) and Bremen (86 units)
- 163 micro apartments in Cologne
- New property in Barcelona (257 units)
- 207 apartments in Madrid

Outside of micro living, the footprint in German residential was enlarged, among other deals, by the acquisition of the "Bootshafen" project in Kiel and by a new open-ended Special AIF "Corestate Residential Germany III".

The so-called Tempelhof Twins in Berlin, a first-class value-add office property, was acquired for the new clients Carlyle and Bluerock Group.

Another new client, a leading German primary insurance group invests in the new urban development project "Clouth 104" in Cologne.

In December, Corestate placed a large mixed portfolio of 27 properties across Germany on behalf of a client.

Corestate has structured for a new US-client (major multi-asset alternative investment company with more than $ 100bn AuMs) a transaction on an office property in Munich Hallbergmoos.

Corestate advised HSBC on the purchase of an award-winning passive office building in Brussels.

Corestate in December acquired for the first time a property for the large Danish pension and insurance company PFA Pension in Den Haag.

In December, Corestate and Bain Capital Credit agree to a strategic partnership for Micro Living assets in Poland.

Also in December, Corestate acquired a new residential portfolio in Leipzig for its open-ended special AIF "Corestate Residential Germany III".

Results of Operations

Consolidated total revenues of the Group (including total revenues from real estate investment management, net rental income, revenue from service charges from real estate operations and warehousing and income from other warehousing activities) increased to € 250.9m compared to € 204.4m in the financial year 2018.

Aggregate Revenues and Gains by Income Lines

Including the share of profit and loss from associates and joint ventures, dividends from other alignment capital and net gain from selling property holding companies, the Group's aggregate revenues and gains grew to € 303.4m (2018: € 292.2m). Main driver of this increase were the total earnings from Real Estate Investment Management, driven by strong growth in Revenues from Asset and Property Management and from Development Fees.

€ thousand	2019	2018
Revenue from Acquisition Related Fees	35.074	41.644
Revenue from Asset and Property Management*	175.316	135.016
Income from Mezzanine Loans	17.058	8.549
Revenue from Promote Fees realised	8.757	0
Net Rental Income	11.160	17.809
Revenue from Service Charges	3.548	1.413
Consolidated Total Revenues of the Group	**250.913**	**204.431**
Share of Profit and Loss from Associates and Joint Ventures	11.931	11.898
Dividends from other Alignment Capital	10.321	16.472
Gains/losses from fair value measurement of financial instruments related to real estate	11.591	-
Net Gain from Selling Property Holding Companies	18.671	59.366
Aggregate Revenues and Gains	**303.427**	**292.168**

*) including € 56.7m Coupon Participation Fee (2018: € 53.6m)

Real Estate Investment Management

As in the previous years, the Real Estate Investment Management segment generated the largest revenue share, which was € 236.2m, up from € 185.2m in 2018.

Acquisition Related Fees were € 35.1m in 2019 (€ 41.6m in 2018).

A strong increase was shown in the Revenues from Asset and Property Management to € 175.3m from € 135.0m in 2018. This figure shows a significant improvement in fee quality from our Assets under Management as well as an increase in our Revenues from Development Fee based on the growing number of micro-living projects currently in ramp-up phase.

Income from mezzanine loans (up from € 8.5m in 2018 to € 17.1m in 2019 and now shown in Real Estate Investment Management) once again proofs the ongoing strong demand for our private debt/mezzanine financing business.

Real Estate Operation and Warehousing

The reduction of the total income contribution from Real Estate Operations and Warehousing from € 78.6m in 2018 to € 33.4m in 2019 was affected by the sale of 2 trophy assets at attractive conditions in Q3/2018 as an aftermath of the acquisition of Hannover Leasing.

Real estate operations and warehousing delivered earnings of € 14.2m, down from € 59.1m in 2018.

Alignment Capital Management

The share of profit from associates and joint ventures was kept stable at € 11.9m, the dividends from other alignment capital went down from € 16.5m in 2018 to € 10.3m. Total earnings from Alignment Capital were up to € 21.6m compared to € 18.8m in 2018.

Earnings and Adjusted Earnings

Given the growth of the Group, total expenses (excluding financial expenses, as well as depreciation and amortization) increased to € 151.2m (2018: € 127.1m). This increase can mainly be attributed to higher operational expenses and an increase in general and administrative expenses due to the set-up of enhanced institutionalized and international corporate structures.

The Group EBITDA came out at € 175.0m compared to € 174.1m in 2018 (unadjusted).

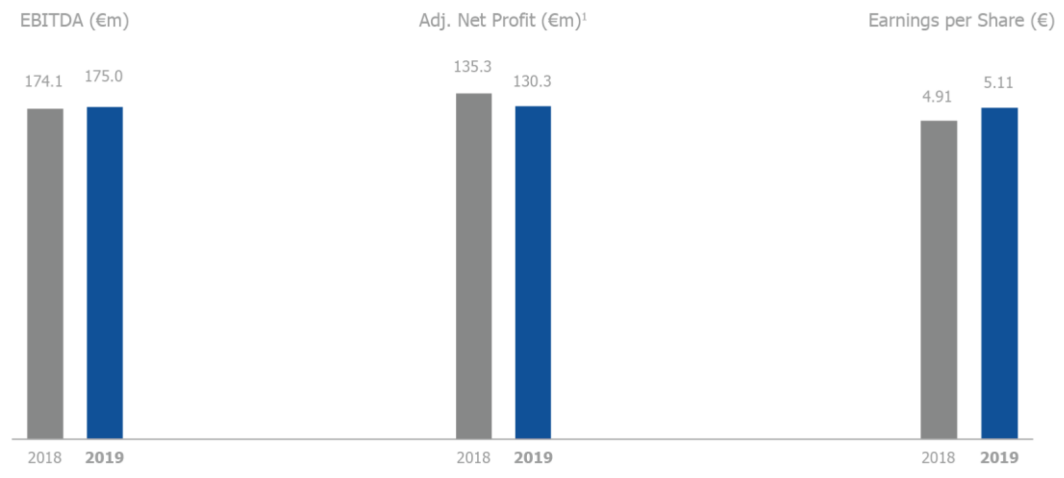
Depreciation and Amortization were characterized by the depreciation of € 25.1m resulting from the purchase price allocations of HFS, ATOS, CRM and HL (amortization of capitalized asset management contracts).

The financial result came out at € -23.5m (2018: € -29.2m).

The Group's Net Profit post non-controlling interests increased to € 108.5m (from € 104.6m in 2018), which translates on an undiluted basis into Earnings per Share of € 5.11 (2018: € 4.91).

On Net Profit level adjustments mainly for the depreciation on management contracts of € 25.1m and for deferred taxes and non-controlling interest of € -3.6m lead to an adjusted net profit of € 130.3m.

Year-on-Year Earnings Development



1 Adjusted Net Profit is calculated based on the Net Profit for the period, adjusted for set-up cost for corporate structure net of (deferred) tax effects (only in 2018) and depreciation mainly resulting from purchase price allocations of capitalized asset management contracts)

Balance Sheet

€ thousand	31/12/2019	31/12/2018
Non-Current Assets	1,080,277	984,920
Current Assets	338,142	405,758
Total Assets	**1,418,419**	**1,390,678**
Total Equity	676,347	620,949
Non-Current Liabilities	572,525	626,072
Current Liabilities	169,547	143,657
Total Equity and Liabilities	**1,418,419**	**1,390,678**

As of 31 December 2019, Total Assets amounted to € 1,418.4m, an increase of more than 2% compared to the figure as of 31 December 2018 (€ 1,390.7m).

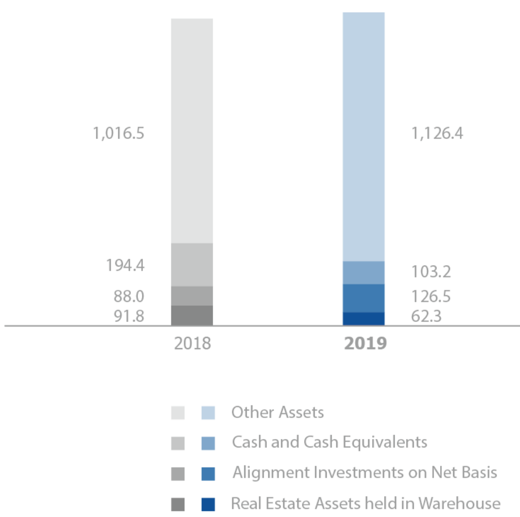
Total Non-Current Assets amounted to € 1,080.3m (end of 2018: € 984.9m), the largest component of which is the Goodwill created mainly in association with the acquisition of HFS, HL, CRM Students and ATOS, with an unchanged € 567.1m.

Total Current Assets were at € 338.1m versus € 405.8m as of 31 December 2018. Inventories, i.e. assets held for warehousing, were down as planned from € 91.8m to € 62.3m; cash, cash equivalents and restricted cash decreased from € 196.9m to € 105.8m. This figure follows the growing alignment capital and the impact of postponed transactions with relevant shares of alignment, but also the temporary increase in interest from assets in placement process.

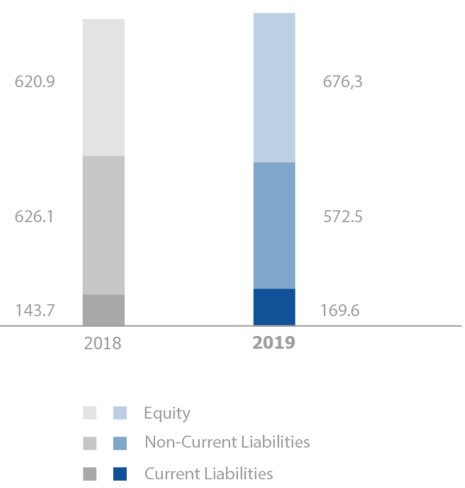
Total Equity amounted to € 676.3 at 31 December 2019 (end of 2018: € 620.9m). The equity ratio of Corestate increased to 47.7% (previous year: 44.7%).

Total Liabilities went further down from € 769.7m at the end of 2018 to € 742.1m at the end of the reporting period.

Balance Sheet – Assets (€m)



Balance Sheet – Equity and Liabilities (€m)



Material Events after the Reporting Date

On 15 January 2020, the acquisition of STAM Europe was closed following the final approval by the French regulatory authorities. In this context, the number of shares was increased by 125k as part of the purchase price payment.

The recent outbreak of Coronavirus (SARS-CoV-2), a virus causing potentially deadly respiratory tract infections spreading all over the world, may negatively affect economic conditions regionally and globally, disrupt operations, affect supply chains or otherwise impact our businesses. This is clearly concerning and we are monitoring developments very closely; however, the extent and impact of this pandemic on the course of business in 2020 cannot yet be conclusively assessed. The safety and well-being of our employees has been the overriding priority. We are also doing all we can to ensure business continuity and our teams are working highly focused to meet the targets of our investors and achieve our corporate objectives. However, there is a certain risk that we will see an adverse impact on the business and the Real Estate sector, and therefore may affect Group's performance and its asset recoverable amounts. To this point of time the company cannot estimate the impact it may have on our markets and our operations.

Business Development and Outlook

The Group management expects the long-term drivers of the market development for real estate investments to remain widely unchanged compared to 2019: The low interest environment and the increasing demand from international investors will drive the Group's business forward, while the real estate market's continued consolidation could increase competition among real estate investment managers. Thanks to its broad and diversified product offering including mezzanine financing vehicles, Corestate is well positioned to generate revenues across multiple streams. The Company foresees an expansion of its business from a solid basis in Germany, across Europe more broadly. Corestate is well placed to continue its sustainable organic growth and to integrate potential bolt-on acquisitions.

After raising the Assets under Management to approx. € 28bn, Corestate expects a further increase in its investment volume. This will be fueled in particular by the launch of additional investment product offerings, as well as the implementation of the investment strategy for our currently managed accounts and the additional accounts granted by institutional investors. Consequently, acquisition-related fees as well as revenues from asset and property management are expected to continue to grow.

Corestate focused early on the latest trends in the European real estate market. These include micro living, for example. The company thus offers its clients additional investment alternatives beyond the established markets. As the company has generated a large part of its sales in the German-speaking region to date, there is enormous growth potential in other European markets.

For the financial year 2020, Corestate expects aggregated revenues in the range of € 325m to € 335m, an EBITDA of between € 180m and € 190m and an adjusted net profit of between € 145m and € 155m. Nevertheless, the direct and indirect consequences of the new SARS-CoV-2 ("Corona") virus and a corresponding global pandemic wave on the real estate investment management industry cannot yet be conclusively assessed. Various sectors and locations within real estate will show different exposure and vulnerability to potential public shutdowns or other measures taken to contain the further spreading of the virus. We'll consistently monitor this development and the impact on our business in a very diligent, prudent and transparent way.

Non-Financial Statement

Brief description of our business model

Preliminary remark: Please refer also to our ESG report available on our webpage.

Corestate is a fully integrated investment manager covering the entire lifecycle of an investment. With its Group companies, Corestate offers the full range of real estate investment management services, such as investment, fund, asset, property and facility management. Clients include semi-institutional investors as well as institutional investors. As an integral part of its investment philosophy, Corestate co-invests in its product offering, usually via alignment capital. The company´s main market is Germany, additional activities focus on other European countries such as Austria, Switzerland, UK and Spain as well as the BeNeLux countries.

Environmental considerations

Buildings are responsible for approximately 40% of energy consumption and 36% of CO_2 emissions in the EU, making them the single largest energy consumer in Europe. Efficiency measures in new and existing buildings provide an enormous opportunity to reduce energy intensities while simultaneously driving improvements in public health, labour productivity, and job creation.

Changing weather patterns will bring both chronic and acute climate effects that will vary depending on the asset's geographic location. To support the identification of risk and action needed in investment decision-making, we have integrated the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations and committed to disclosing climate-related activities around governance, strategy, risk management, and metrics and targets.

Corestate has started a structured process to anchor sustainability aspects into the entire life cycle of its real estate investments. Our commitment to sustainability has three dimensions: an environmental, a social, as well as a governance dimension (ESG). Environmental criteria have been integrated in core business functions in various ways: We have implemented an ESG investment policy and defined quantitative environmental targets for our managed assets, we set up a comprehensive IT-platform to track and manage building performance and emissions, and we use the Carbon Risk Real Estate Monitor to anticipate stranded asset risk across the portfolio. As the realization of our ESG targets implies a gradual shift of managed assets and places funds towards improved environmental and social performance, Corestate expects to attract investors who have aligned ESG strategies in place. Moreover, we are striving to offer an EU-taxonomy compliant real estate impact fund.

As a provider of fully integrated real estate solutions, we cover and ensure compliance with ESG criteria across large parts of the value chain. To integrate ESG criteria into the acquisition phase, we carry out environmental and social due diligence for new assets. The findings are used to develop object-related ESG measures. New project developments are also carried out under defined ESG criteria and equipped with ESG action plans. From 2020 onwards, Corestate equips each new fund with object-related ESG action plans and a holistic ESG strategy. During the holding period of a property, the asset management team implements the individual ESG action plan. Before the disposal of an asset, Corestate carries out a final assessment to determine which ESG targets we have achieved. To transparently communicate ESG risks and developments to our clients, Corestate has introduced ESG services such as GRESB reporting for managed assets.

We have committed to reducing CO_2 emissions per square meter in our currently managed assets of more than € 26bn by at least 20% over the next five years. The same applies to water and waste consumption. During this period, Corestate aims to increase energy efficiency by 30%. These measures require not only reliable data management but also adequate human resources. The Group Sustainability Officer (GSO) and his team drive ESG integration across different business areas. They are supported by the Executive Board and an ESG Committee which consists of the CEO, the GSO and various managers such as Sales, Investments, Asset Management and Human Resources. The ESG Committee meets monthly. The ESG analysts continuously provide the managing board with technical knowledge and information about changing environmental regulations. To ensure that our asset managers utilise tools like the sustainability IT-platform to implement the full optimisation potentials of individual buildings, we organize regular workshops. Corestate's bonus scheme is currently under review, and it is planned to include an ESG target component.

Corestate has developed its ESG goals together with a leading consulting firm. We took both the current market environment and global standards for sustainability and environmental protection into account. Corestate is a signatory of the United Nations Principles for Responsible (PRI). Corestate is a member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), the BAMBI (German Circle of Real Estate) ESG initiative which aims to establish a common understanding of "sustainability" in the German real estate industry and of the PRI's EU Taxonomy Practitioners Group.

Corestate as an employer

Corestate is taking care of all relevant aspects when it comes to diversity. Since 2019 we are focusing, especially embedded in the overall ESG-Strategy, on the development of women in leadership positions. We have set up the goal to increase the percentage of women in leadership position year-by year of 5% for the next period of five years.

We are employing around 53% of female and 47% of male employees of many different nationalities throughout Europe.

Employee rights and as well the communication with employee representatives are core and in the center of all our activities. We have established a foundation in November 2019 where we as a company as well as our employees can start giving back and supporting our local communities. The new foundation intends to provide employees with the opportunity to get involved in various social projects by donating money or working time to special projects.

In 2019 we established and launched Group-wide a new set of five Company Values:

Integrity:
We act with integrity in all aspects of our work to ensure honesty, transparency, trustworthiness and reliability in all we set to achieve. That means we:

- Match our action and behavior with our words
- Share information openly with our colleagues
- Care about and support each other, our clients and stakeholders as well as our environment
- Are loyal and trust each other

Respect:
We promote a working environment in which we act with appreciation and due regard to the needs and rights of our clients, stakeholders and colleagues. That means we:

- Foster diversity and equality
- Treat others in the same way we like to be treated ourselves
- Reflect on our own behavior and improve it
- Give and receive feedback with respect and understanding

Team Spirit:
We work together as one team across the group, supporting, helping and developing each other. That means we:

- Listen to each other, share our knowledge and enjoy learning from each-other
- Help out each other as needed to best service our clients
- Work hands-on with everyone contributing to our success
- Are passionate about what we do and take ownership

Sustainability:
We develop long-term solutions for our clients, stakeholders and colleagues working to preserve the environment and to achieve continuous improvement and business growth. That means we:

- Are forward-thinking and have a long-term view
- Develop lasting relationships
- Are considerate about the environment and natural resources
- Care about people, their health and personal development

Professionalism
We promote competence, efficiency and quality in our day to day activities with our clients, stakeholders and colleagues. That means we:

- Value our knowledge and grow it constantly
- Interact in a constructive, collaborative and solution-oriented way
- Respond to requests and communicate expectations
- Deliver what we promise

The roll-out was done by training all managers and employees in live-sessions. That training was combined with a Group-wide training program on our new Performance Management approach which is called Success Management. The Success Management approach is focusing on four different, important dimensions (Orientation – Regulations and Responsibilities; Creation – Competence and know-how; Cooperation – Leadership and Collaboration; Innovation – Creativity and Integration) and the performance of all employees is matched against the dimensions.

In addition – the proactive focus on giving and receiving feedback for managers and employees is an important part of a future oriented management approach which is focusing on team success and sustainable leadership.

Human Rights

We feel the strong commitment to our people, as our employees do make the difference for us and for our clients. Our colleagues are always willing to walk the extra mile for our stakeholders, but this is only possible when our people are highly valued and find the perfect working environment. This of course includes a policy to treat our people with only the highest respect and of course this includes the full consideration of all human rights.

Corruption and Bribery

Corestate capital and all its subsidiaries are strongly committed to fair and transparent competition in a free market. We believe, we have a compelling range of products and services for our clients, and thus we do not need and strongly oppose any corruption and bribery attempt. We have a clear no-tolerance policy against these crimes and any allegation in this respect would be treated with the highest gravity.

Risk Management

Risk Management System

1. Risk Management

a. Risk Management

Corestate has established a risk management system at Group level which considers the risks of the holding company as well as the risks of the subsidiaries. For this purpose, Corestate has appointed a Group Chief Risk Officer, to whom a team is assigned, but who can also draw on dedicated persons in all subsidiaries of the Corestate. In application of the "three lines of defense" theory, the risk management department operates within the second line of defense.

b. Definition of risk

A risk results cause-related from the uncertainty of future events and a mostly incomplete level of information. In terms of impact, a risk is (mostly) reflected in a negative deviation from a defined target value.

c. Concept, objective and fundamental orientation of risk management

Risk management is seen as the totality of all organizational regulations and measures for identifying and handling risks. The term risk management thus encompasses all methods, systems and systematic measures for identifying, analysing, assessing, controlling and monitoring significant risks that affect the objectives and expectations of the Group. It also includes the further development of risk management instruments and cross-process monitoring and control.

The aim of risk management as a whole is, on the one hand, to sustainably secure or increase the value of the company, to secure the strategic and operative corporate objectives, to secure the future success of the company and to optimize the medium and long-term risk costs by dealing with risks appropriately.

Only by recording all risks sitting in the company the necessary transparency of the existing risks can be achieved. Prior to a business transaction or implementing any new process, all risks possibly inherent are assessed and evaluated. However, there are risks that are generally not acceptable for the Group. These are in particular:

- risks resulting from actions that violate applicable laws (laws, ordinances, regulations);
- risks resulting from actions that violate the internal guidelines of the Group or, at the level of individual companies, also the internal guidelines of the respective individual subsidiary;
- risks resulting from actions that cannot be reconciled with market practices in markets where the Corestate operates and therefore entail a not inconsiderable reputational risk;
- risks resulting from actions that could endanger the continued existence of the Corestate or individual companies of Corestate.

For all other risks, it is ensured that these are within the limits set by the Management Board of Corestate and, if applicable, by downstream management bodies.

d. Risk concentrations and diversification

Concentrations of risk (e.g. concentration exclusively on the real estate market of a single city) are avoided at all levels wherever possible. Where this is not possible, special attention is paid to such concentrations, and measures to reduce such concentrations are continuously reviewed and - where appropriate - implemented.

Risk diversification, e.g. spreading the investments across various asset classes, markets or addressing different groups of investors (family offices, institutional investors, investors from the DACH region, from Asia, Africa, the Americas), is implemented where possible to keep dependencies as low as possible.

e. Risk management and controlling process

To ensure an effective risk management, appropriate risk management and controlling processes have been set up in all individual companies to identify, assess, manage, monitor and communicate material risks and associated risk concentrations.

The risk management and controlling processes ensure that the material risks - including those of outsourced activities and processes - are identified at an early stage, fully recorded and presented in an appropriate manner.

The following sub-processes exist for the Corestate in the area of risk management and risk controlling activities:

The risk management and controlling processes are adjusted promptly to changing conditions as required. Accordingly, the documentation specifying the risk process is updated at least annually, more frequently if necessary.

Risks are also regularly reviewed to determine whether they are acceptable in the context of the respective business. In case of doubt, the responsible member of the management body or Group Risk Management is consulted.

Risks that are within unacceptable limits are examined to see whether they can be reduced or whether the risk acceptance needs to be changed. If neither of these is the case, it is examined whether the transaction based on such a risk can be continued or should be terminated.

f. Risk identification

Risk identification is an ongoing process and deals with the question of what risks exist.

The following risk type scheme, which is based on the regulatory minimum requirements for the regulated subsidiaries and is therefore also applied at Group level, serves as the identification grid. Accordingly, a distinction is made between the following types of risk, which are defined for the Corestate as shown below. All identified risks are meaningfully sorted into one of the following four risk categories.

i. Market price risks

Market price risk is the possibility of negative changes in value due to unexpected changes in the underlying market parameters. The term market price risk therefore covers risks that arise because investments initiated by the Corestate do not develop as forecasted. This directly affects investments made by a group company itself, i.e. separate investment funds are out of scope (see below). These investments can be used to be sold into an investment fund later (so-called warehousing). Risks of investments of investment funds do not affect individual companies or the Corestate per se. These risks only have relevance beyond the investment assets if they radiate to the companies of the Corestate, e.g. via damage to reputation or lost legal disputes. In these cases, the radiance to the Corestate is usually accompanied by a previous product, system or process deficiency or by human error within the Corestate. Consequently, such risks are included in the category "operational risk".

Market price risks can comprise all investment classes (i.e. real estate, other real assets, equities, commodities, fixed income and credit). They therefore include interest rate risks.

Within the market price risks, the general market risk must be distinguished from investment-specific risks (specific market risk and event risk). The general market risk is the risk arising from the development of the market in which the Corestate operates.

Specific market risk and event risk relates to developments in individual companies or assets or sub-groups of companies or assets.

ii. Address default risks

Address default risks are defined as risks that involve the danger of partial or complete default of contractually agreed payments. They include the counterparty risk.

As with market price risks, address default risks in the investment assets (e.g. default of tenants in commercial properties or lessees of moveable assets) do not affect the Corestate per se for the time being. Only if there are suspected spillover effects on the Corestate, corresponding risks are included in this category.

iii. Liquidity risks

Liquidity risks are dangers that arise from the lack of sufficient financial resources. On the one hand, this includes liquidity risk in the narrower sense, which consists of the risk that companies in the Corestate will not be able to meet their current and future payment obligations in full or on time (e.g. due to the loss of existing sources of financing). On the other hand, it contains risks resulting from the increase in the cost of financing sources (funding risk).

Here, too, a corresponding distinction is made between risks of the investment assets and risks of the Corestate, as already mentioned.

iv. Operational risks (including compliance risks)

Operational risk is defined as the risk of losses caused by the inadequacy or failure of technology and infrastructure, employees, internal processes or external influences. The definition includes legal risks, because the business activities of the Corestate are subject to the general conditions of tax, environmental, investment, rental and construction law, among others.

Operational risk generally consists of many possible risk scenarios that are attributable to very different failure aspects of individual risk causes, or several of those at the same time.

A sub-risk is the so-called compliance risk. This involves the risk of violation or infringement of internal or external rules. Risk consequences can be:

monetary losses resulting from inadequate procedures or processes (e.g. fines or loss of licenses and approvals);

Damage to reputation (e.g. because companies of the Corestate are subject of official investigation proceedings).

v. Procedure for identifying sub-risk types and individual risks

The existence and exact nature of the risk types described above and the sub-risks to be subsumed under them are checked by means of risk identification. As part of risk identification, the causes and effects of the risk are described in each case.

Not only currently known but also potential future risks are considered. In addition, it is ensured that all material risks are fully recorded and appropriately presented.

vi. Classification of ESG risks

In accordance with the various supervisory bodies regarding the consideration of ESG risks, the Corestate considers these risks within the framework of the existing risk landscape and risk inventory, as well as in case of new risks as a part of these. Only in those cases where the risks are purely ESG risks and there is no relation to existing risks, these risks are newly and separately registered and integrated into the existing risk landscape using the existing risk categories.

vii. Loss event database

Incidents of damage that have occurred can provide a basis for identifying and assessing risks. Claims are therefore recorded. A loss event is the occurrence of an operational risk (no matter whether or not already registered) which is claimed in the form of a loss.

Known loss events above a certain amount are considered when assessing operational risks. In addition to the costs incurred, opportunities in the form of additional internal expenses and measures to limit or avoid damage are also recorded.

g. Risk assessment

Risk assessment is of crucial importance for risk management measures. It describes the importance of the individual risks and is determined from the probability of occurrence (measure of the probability of the risk occurring), the impact (potential damage measure before measures are taken) and the measures already implemented and planned (control options). It thus represents the basis for planning and controlling risks.

i. Entry and update cycle

The initial recording of a risk is carried out ad hoc when it is identified. An update shall be carried out no later than twelve months after the date of its entry or last update. If necessary, the data is entered or updated ad hoc.

In the event of a significant change in the risk situation, a written ad hoc report is submitted to the risk management of the Corestate.

ii. General valuation rules

Risks are assessed net, i.e. considering measures that have been implemented. To determine an expected loss, the formula

Damage equals probability of occurrence

- multiplied by the expected loss frequency in the event of a loss according to the Poisson distribution
- multiplied by the average amount of damage

is applied. In the case of risks that can only occur individually, the factor for the expected frequency of losses in the event of a claim is always 1, in order to rule out overestimation of risks.

i. Quantitative risk assessment

The quantitative risk assessment requires precise figures for the amount of loss (impact) in the respective currency (e.g. EUR, USD) and the probability of occurrence in % for the basic data.

Individual risks are assessed based on their probability of occurrence and the impact/loss they cause. Wherever possible, historical values or planned figures and relevant indicators are used for this purpose. In cases where no corresponding data basis is available, the best educated guesses of the decentralised risk managers are used. If a single risk event can occur more than once or in several cases, this circumstance is appropriately considered in the probability of occurrence and the amount of loss, using the Poisson distribution.

ii. Quantification via qualitative risk assessment

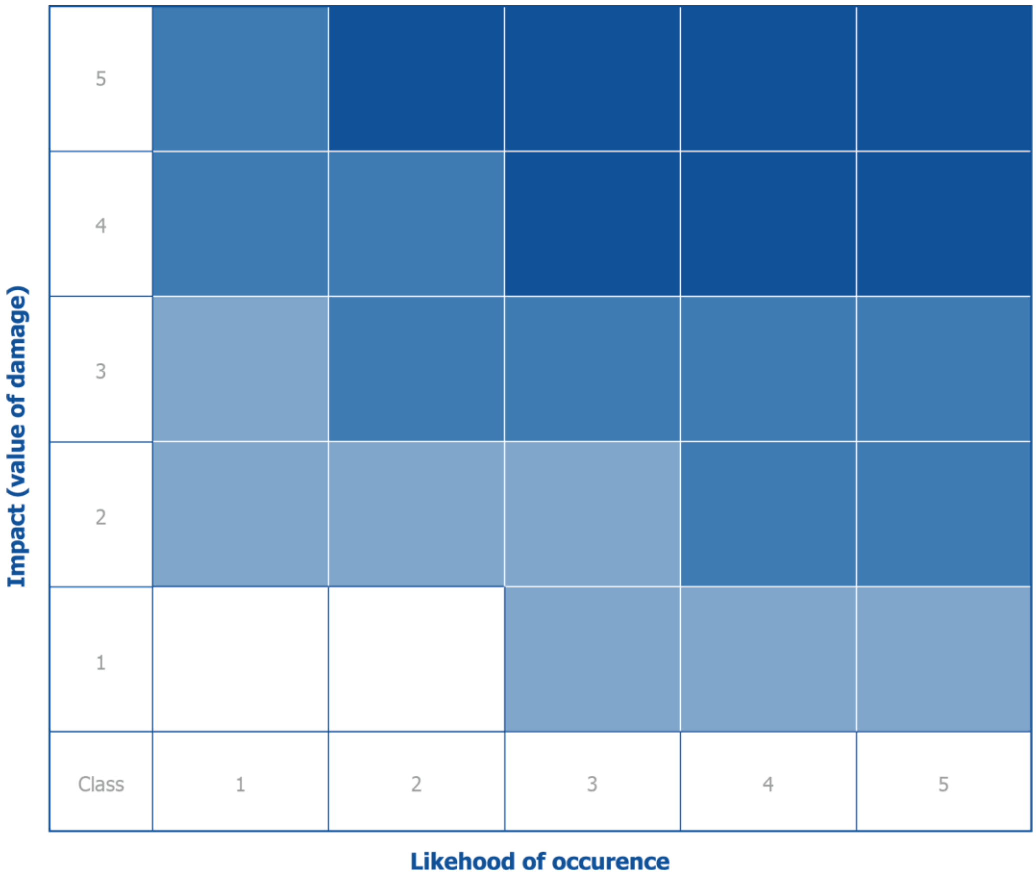
Qualitative assessment is used if it is not possible to quantify a risk objectively or reliably subjectively. A grid was developed for the probability of occurrence and extent of damage in these cases which enables those responsible for risk to determine appropriate quantitative values for this purpose.

iii. Combination of quantitative and qualitative risks

If risks are assessed both qualitatively and quantitatively, the highest category of both assessments shall be used for the overall risk categorisation.

iv. Control priorities

All risks are depicted on a 5x5 matrix in a standardised manner regarding the extent of damage and probability of occurrence:



This matrix reflects the following with regard to the management priorities of risks:

White fields represent negligible control priorities, green fields low control priorities, yellow fields medium control priorities and red fields high control priorities.

i. Risk management

Risk management comprises the timely, situation-dependent, appropriate, and efficient selection and implementation of risk management tools.

The Corestate applies various management approaches in dealing with risks, namely avoiding, spreading, limiting, minimizing/reducing, passing on and accepting the respective risk.

ii. Major risks

At Group level, risks are considered material if they have a high control priority, although non-substantial risks are of course also included in the risk management process.

h. Risk reporting

i. Regular reporting

Reports on the risk situation are submitted to the Management Board at least quarterly. This includes the top risks as well as the significant risks, for which a detailed risk description is provided, including changes to the last report.

The Supervisory Board is informed about the risk situation at least every six months. This report also includes the top risks as well as the significant risks, for which a detailed risk description is provided, including changes to the last report.

ii. Ad-hoc reporting

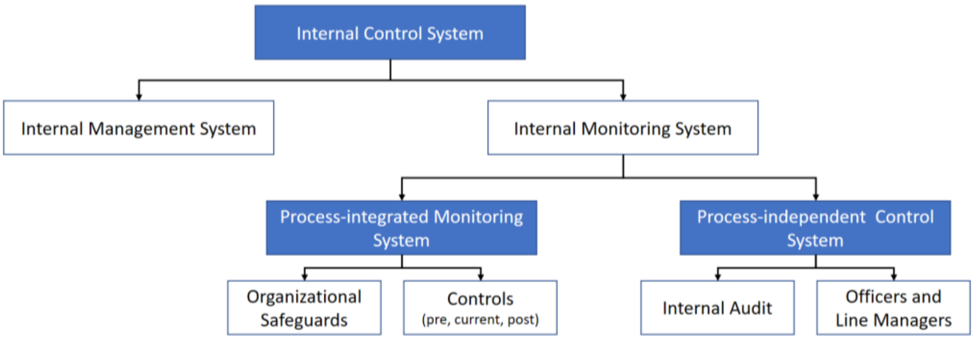
Both significant risks identified outside the reporting dates and known risks whose assessment changes after a reporting date in such a way that the risk is classified as "material" are reported ad hoc to the Management Board and, if applicable, to the Supervisory Board.

2. Description of the main features of the internal control system

a. Elements of the control system

The internal control system (ICS) consists of regulations for managing the activities of the Corestate (internal management system) and regulations for monitoring compliance with these regulations (internal monitoring system). It is ordered as required by management and set up by the responsible departments and process owners. Its functionality and effectiveness is periodically reviewed and adjusted. The internal monitoring system includes process-integrated (organizational security measures, controls) and process-independent monitoring measures, which are primarily carried out by Internal Audit.

By defining objectives and controls to provide assurance, management can gradually explore the overall need for controls.



b. Organizational measures

Organizational security measures are carried out by automated facilities. They comprise error-preventing measures that are integrated into both the structural and procedural organization of the companies and are intended to guarantee a specified level of security (e.g. separation of functions, access restrictions in the IT area, payment guidelines).

- When processing business transactions with the help of IT, significant asset items can be accessed. In addition to access authorizations/restrictions and data protection measures, work instructions for data entry, input control and the handling of incorrect entries are particularly necessary in the IT area. There must also be rules for system development and maintenance that guarantee a correct workflow.
- Work instructions contain precise descriptions of the work, their personnel assignment (structure, function, role and position) and, if applicable, regulations for their execution. They ensure that operational processes that occur in large quantities are handled uniformly.

The internal document system, including the defined process flows, is used for the identical processing of similar business transactions and the complete recording of data in the operational accounting system. Its organization includes measures for the design of the documents, the organization of the document flow and the securing of the document storage.

i. Controls

Controls are carried out by means of measures that are embedded in the work and operating procedures of the companies of the Corestate as a process, i.e. integrated into the work flow, because operations involving the risk of loss of assets, information or value or the risk of errors acting externally (towards clients and suppliers) should not remain uncontrolled. Controls by managers and employees are intended to ensure that existing risks are identified and managed. They are also intended to ensure that the unit concerned (e.g. department, group, company in the group) achieves its objectives in the context of fulfilling its tasks.

Checks may be carried out before, during or after the operation to be checked. They can be carried out both by process-dependent persons and by automatic facilities, especially by IT (e.g. plausibility checks). The control associated with the work process has the aim of finding and preventing errors, if possible before the work process (or parts of it) is completed. As far as possible, upstream controls should therefore be preferred to downstream controls.

ii. Basic elements and principles

- process descriptions that define standardized procedures and clear responsibilities for the core business processes
- the documentation of processes and controls to make the actions traceable and verifiable

- functional segregation, which ensures for relevant and risk-oriented measures that decision-making, execution and control are not exclusively in the hands of one person or sub-organizational unit;
- the dual control principle for sensitive transactions; as well as rules on bias and incompatibility; detailed rules for dealing with potential conflicts of interest are laid down in further Group guidelines.
- updates and further development of the ICS in the sense of an analysis of and reaction to deficiencies and the need for adjustments.
- Transparency: Target concepts have been defined and set up for the processes, which contain clear, detailed and comprehensible regulations for the workflows (documents and activities) and are documented in written form.
- Four-eye principle: No essential process is possible without counterchecking. These cross-checks are established through the implementation of the dual control principle, but also automatically, e.g. through IT-supported system checks.
- Separation of functions: The separation of functions considers the incompatibility of functions and tasks or the subdivision of work processes. One and the same person or unit (e.g. job group or department) can never carry out and control all phases of a business transaction alone without another person or unit intervening in the business transaction. If the separation of functions is removed (e.g. in dialog applications), an equivalent takes its place, e.g. an automatic sampling procedure and/or random downstream checks.
- Minimum rights: The principle of minimum rights means that employees should only have access to the information they need for their work. This also includes the corresponding security measures for IT systems, i.e. access and access authorizations adequate to the tasks and responsibilities are adequately restricted. Furthermore, only those authorizations for sensitive data are granted that are absolutely necessary for the fulfilment of the tasks.

c. Documentation of the controls

The controls are defined, established and documented in the processes. As part of risk management, the decentralised risk managers identify, record, assess, regularly review and update risks in a regular process and in cooperation with the respective specialist departments. The risks are regularly recorded by the decentralised risk managers. Regular reports on the risks are provided.

In Q3 2018 CORESTATE Capital Holding S.A. initiated a project concerning the implementation of an efficient and comprehensive group wide Internal Audit function. This role is performed by the experienced and well-established Internal Audit function of HANNOVER LEASING GmbH & Co. KG. Throughout 2019, the group-wide audit function has served as "Third Line of Defense" and integral part of CORESTATE's internal control system. Special focus has been put on the regulated entities of the CORESTATE Group while at the same time a best-practice risk-based audit plan for all entities has been worked out.

Disclosure pursuant to article 11 of the Luxembourg law on takeovers of 19 May 2006

The information required by article 10.1 of Directive 2004/25/EC on takeover bids which has been implemented by article 11 of the Luxembourg law on takeovers of 19 May 2006, as amended, is set forth here below:

A. The Company has issued a single category of shares (ordinary shares). For information regarding the capital structure, reference is made to www.Corestate-capital.com under "Shareholders", "Share and Share Buyback", "Shareholder Structure" where the shareholding structure chart is regularly updated.

B. The articles of association of the Company do not contain any restriction on the transfer of the shares of the Company. Certain members of senior management may, from time to time, obtain certain shares as part of a compensation package, which may be subject to a lock-up limited in time.

C. The Company's shareholding structure showing each shareholder owning 5% or more of the Company's capital share is available on www.Corestate-capital.com under "Shareholders", "Share", "Shareholder Structure".

D. The control rights of any shares issued in connection with employee share schemes are exercised directly by the respective employees.

E. Consequently, with respect to item D. above, no control mechanism with respect to such employee share schemes was instituted.

F. The articles of association of the Company do not contain any restrictions on voting rights.

G. There are no agreements among shareholders which are known to the Company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004/109/EC, as amended (the "Transparency Directive").

H. Rules governing the appointment and replacement of board members and the amendment of the articles of association of the Company:

- The management board members are appointed by the supervisory board, or in the case of a vacancy, by way of a decision of the remaining management board members until the next supervisory board meeting.
- Management board members serve for a term not exceeding 4 years and are eligible for re-appointment.
- Management board members may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the supervisory board.
- Resolutions to amend the articles of association of the Company may only be passed in a general meeting where at least one half of the share capital is represented and the agenda indicates the proposed amendments to the articles of association and, as the case may be, the text of those which pertain to the purpose or the form of the Company. If the quorum is not reached, a second general meeting may be convened in accordance with applicable law. Such convening notice shall reproduce the agenda and indicate the date and the results of the previous general meeting. The second general meeting shall deliberate validly regardless of the proportion of the capital represented. At both meetings, resolutions, in order to be passed, must be carried by at least two-thirds of the votes expressed at the relevant general meeting.

I. Power of the management board:

- The Company is managed by a management board under the supervision of a supervisory board.
- The management board is vested with the broadest powers to perform or cause to be performed any actions necessary or useful in connection with the purpose of the Company.

- All powers not expressly reserved by the law of 10 August 1915 on commercial companies as amended, or by the articles of association of the Company to the general meeting or to the supervisory board fall within the authority of the management board.

- Certain transactions and measures are subject to the prior approval of the supervisory board on the terms set out in the articles of association of the Company.

- The management board is also authorized to appoint a person, either a director or not, to the exclusion of any member of the supervisory board, for the purposes of performing specific functions at every level within the Company.

- The management board may also appoint committees or sub-committees in order to deal with specific tasks, to advise the management board or to make recommendations to the management board and / or, as the case may be, the general meeting, the members of which may be selected either from among the members of the management board or not, to the exclusion of any member of the supervisory board.

- Under the articles of association of the Company, the management board, with the prior consent of the supervisory board, is authorized to issue shares, grant options and grant any other instruments convertible into shares, within the limit of the authorized capital, for a period expiring on 28 April 2022.

- At the occasion of the Annual General Meeting held on 26 April 2019, the management board was granted an authorization to buy back shares of the Company for a period of 5 years following the date of such Annual General Meeting (i.e. 26 April 2024). The aggregate nominal amount of the shares of the Company which may be acquired may not exceed 10% of the aggregate nominal amount of the issued share capital of the Company from time to time, at the date of exercise of the authorization.

- In each individual case, the buyback is to be conducted, at the choice of the Management Board, (i) through the stock exchange or (ii) by means of a purchase offer addressed to all shareholders:
- (i) To the extent that the buyback is conducted through the stock exchange, the repurchase price per share (excluding any ancillary buyback costs and without any tax gross-up obligation) paid by the Company may not exceed or fall short of, by more than 10%, of the volume-weighted average of the auction closing prices of shares of the same class of the Company in Xetra trading (or a functionally comparable successor system to the Xetra system) at the Frankfurt Stock Exchange on the last three exchange trading days before the respective commitment to acquire.

- (ii) To the extent that the buyback is conducted through a purchase offer addressed to all shareholders (the Offer), the repurchase price per share (excluding any ancillary buyback costs and without any tax gross-up obligation) offered and paid by the Company may not exceed or fall short of by more than 10% of the volume-weighted average of the auction closing prices of shares of the same class of the Company in Xetra trading (or a functionally comparable successor system to the Xetra system) at the Frankfurt Stock Exchange on the last three exchange trading days before the date of the publication of the Offer.

- In the event that a significant change in the share price occurs after the publication of the Offer, the Offer may be adjusted. In this case, the relevant reference period is the last exchange trading day before the date of the publication of the adjustment, and the 10%-limit for the exceeding or falling short shall be applied to this amount. In the event that an Offer is oversubscribed, the buyback may be conducted in accordance with the proportion of the shareholdings held by the tendering shareholders in relation to each other (shareholding quotas) or in accordance with the proportion of the tendered shares (tendering quotas). In addition, (i) in order to avoid calculational fractions of shares, rounding may be applied and (ii) a preferential acceptance of small numbers of shares (up to 50 tendered shares per shareholder) may be provided for. The Offer may also stipulate additional conditions.

- Any such acquired shares shall be held as treasury shares by the Company with their voting and dividend rights being suspended for an unlimited period of time and are available for distribution by the Management Board at its discretion (without applying a principle of equality among shareholders).

- The authorisation may be exercised, in compliance with statutory requirements, for any legally permissible purpose in the corporate interest of the Company.

J. There are no significant agreements (other than, from time to time, certain external financing arrangements) to which the Company is party of and which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

K. Without prejudice to any mandatory severance payments in accordance with applicable Luxembourg labour law, there are no agreements between the Company and its management board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

Group Remuneration System

Principles of the remuneration system

The Corestate has a remuneration system and policy that is consistent with the business strategies, objectives, values and interests of all Corestate companies and stakeholders.

For the management of capital management companies, additional supervisory regulations regarding remuneration are observed. These capital management companies have implemented corresponding concrete regulations in addition to the Group-wide standards.

The uniform alignment of the remuneration system with the strategic and operational corporate objectives of the Corestate represents the main element of the remuneration policy. The variable remuneration for all companies of the Corestate focuses on sustainable performance and avoids incentives to take inappropriate risks. In addition, compliance with all legal requirements is an important component of the remuneration policy.

The remuneration policy is also subject to additional framework conditions:

- It is transparent and comprehensible.
- It contains measures to avoid conflicts of interest.
- It does not encourage the taking of risks that are incompatible with the risk profiles of the individual companies of the Corestate.
- It ensures the Group's future economic performance and earnings power in the long term.

All employees of the companies of the Corestate receive a fixed basic annual salary. The basic annual salary system is generally based on the value of the position or the function performed in accordance with market conditions. The requirements relating to the employee's qualifications and skills are also relevant to remuneration. The amount of the annual base salary ensures that employees are not dependent on variable compensation.

The ranges of the basic annual salary and the total remuneration per employee are reviewed regularly, taking into account the economic situation of the Group, to determine whether they still allow the representation of remuneration in line with market conditions for the functions assigned to them. Adjustments are made where necessary.

The basic annual salary is paid in twelve equal monthly installments, unless statutory or company regulations provide for payment in 13 or 14 monthly installments.

In addition to the basic annual salary, some employees are also granted other variable and fixed remuneration components such as company cars, tax-free benefits, travel allowances, capital formation benefits, benefits, etc.

The total compensation may in principle include a variable salary component. Variable remuneration is performance-related. The amount is determined on the basis of the achievement of the company's objectives and the employee's performance and achievement of his or her objectives usually within one fiscal year.

With regard to the tasks and responsibilities of the respective employee, an appropriate mix of quantitative and qualitative targets as well as corporate, compliance and personal goals is taken into account when drawing up the employment contract or defining individual targets. For all objectives, a value for the achievement of 100% is defined and a corridor for the deviation downwards and upwards is defined, if necessary.

An upper limit is defined for employees within the meaning of the German Investment Code (Kapitalanlagegesetzbuch/KAGB) and the Institutional Compensation Ordinance.

As part of a long-term remuneration policy, the Corestate has implemented a five-year share scheme for the second management level and key persons in the organization since 2019.

Principles of the remuneration system for Management Board members

The Corestate has a remuneration system and a remuneration policy for Management Board members that is consistent with the business strategy, objectives, values and interests of all stakeholders and is reviewed regularly by the company's Supervisory Board.

In particular, the following principles are taken into account:

- Comprehensibility and transparency
- The economic situation, success and sustainable development of the company
- Combining shareholders' interest in value enhancement and profit distribution with appropriate performance incentives for Management Board members
- Competitiveness for highly qualified executives in the market
- Adequacy and orientation to the tasks, responsibilities and success of each individual member of the Management Board, also in a relevant environment of comparable international companies
- Linking a significant portion of total compensation to the achievement of ambitious long-term performance targets
- An appropriate ratio between the amount of the fixed remuneration and the performance-related remuneration

The necessary highly qualified Management Board members are to be recruited and retained for the development and implementation of the company strategy. The remuneration shall correspond to the abilities, experience and tasks of the individual Management Board member. In determining the fixed remuneration, the Supervisory Board takes particular account of the relevant and aforementioned general principles.

The fixed compensation is to be paid in twelve equal installments at the end of each month. If the employment contract begins or ends in the course of the financial year relevant for the payment of the remuneration, the fixed remuneration for this financial year shall be paid pro rata temporis.

The performance-related, short-term and long-term performance-related remuneration is intended to motivate Management Board members to achieve ambitious and challenging financial, operational and strategic goals during one and more financial years. The objectives reflect the company strategy and are aimed at increasing the value of the company.

An individual target amount has been agreed in the employment contract for each Management Board member. Overall, the short-term and long-term performance-related remuneration for each Management Board member is defined by an individual upper limit.

The remuneration system does not contain any malus or repayment clauses.

Management Board members receive the following fringe benefits:

- D&O and E&O insurance with conditions customary in the industry
- Criminal legal expenses insurance covering the Management Board members for defense in criminal and administrative offence proceedings if the Management Board members have committed an act or omission in the performance of their duties for the Group

A customary post-contractual non-competition clause has been agreed with the Management Board members, during the term of which the payment of a monthly compensation is envisaged. The company may unilaterally waive compliance with the post-contractual non-competition clause.

Report on Corporate Governance

Corporate Governance

Corestate Capital Holding S.A. (hereinafter "Corestate" or the "Company") strongly supports the principles of good corporate governance as a basis of responsible and transparent management that is focused on the long-term growth of Company value. We feel that good corporate governance is a prerequisite for gaining and cultivating the trust of national and international investors and financial markets, business partners, employees as well as the general public.

The Company is a Luxembourg public limited company (société anonyme) listed on the regulated market (regulierter Markt), sub-segment with additional post-admission obligations (Prime Standard), of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse). As of 19 March 2018, the Company is admitted to the German SDAX index. The Company is neither legally required to adhere to the Luxembourg Principles of Corporate Governance of the Luxembourg Stock Exchange mandatory for companies listed in Luxembourg nor to the German Corporate Governance Codex ("Codex") applicable to stock corporations organised in Germany.

Nonetheless, the Company has voluntarily followed and to a very broad extent implemented, the Codex set of rules. Important steps taken towards Codex compliance since 2018 inter alia include (i) establishment of regular reporting schemes of the management board to the supervisory board, (ii) detailed review, gap analysis and set-up of a modern and efficient compliance management, (iii) detailed review, gap analysis and set-up of modern and efficient risk management and risk controlling procedures oriented towards relevant IDW standards, (iv) implementation of state-of-the art rules of procedures (Geschäftsordnungen) for the management board and the supervisory board, (v) establishment of a nomination committee of the supervisory board, (vi) implementation of an efficiency test of the supervisory board pursuant to Subsection 5.6 of the Codex (Effizienzprüfung des Aufsichtsrats) and (vii) measures taken towards gender diversity.

Compliance

As an integral part of Corestate's group corporate governance, our compliance management system is geared to strict compliance with laws and regulations as well as internal rules and policies. Adherence to and compliance with laws and internal policies is an essential prerequisite for ensuring the sustainable success of the Group. Corestate's Group compliance management system is constantly under review and is being updated based on national and international compliance standards. Each year, existing policies and internal processes are updated and new policies and processes are established, if necessary. Furthermore, we have introduced an E-Learning program with various individual training modules for the whole Corestate Capital Group in 2019. A key objective of our compliance management system is to identify risks that may arise from violations of laws and regulations and to train employees on the content and significance of relevant laws and regulations. The content and monitoring of compliance on the basis of the compliance management system is designed to support all employees and bodies of the Corestate Capital Group in acting in compliance with the law and internal policies and thus to avoid reputational damage and liability consequences for Corestate, its bodies and employees.

Further remarks concerning Corporate Governance

With the annual general shareholders' meeting, the supervisory board and the management board, Corestate has three corporate management bodies the tasks and powers of which are essentially derived from the law of 10 August 1915 on commercial companies (as amended from time to time) and the Company's articles of association.

The shareholders exercise their rights at the annual general meeting, where they resolve, in particular, on the appropriation of profits, measures concerning the share capital, amendments to the articles of association, discharge of the management board and the supervisory board and on the appointment of statutory auditors. The annual general shareholders' meetings are held, in accordance with Luxembourg law, at the registered office or any other place in Luxembourg indicated in the convening notice for the general shareholders' meeting. Convening notices, agendas of the meetings, proposed resolutions, ballot papers, proxies and any documents to be submitted to the general meeting shall be available as from the day of convening of the general meeting on the Company's website (www.Corestate-capital.com). After the general shareholders' meeting, the results of the votes and the minutes are published on the Company's website.

In managing Corestate, the management board and the supervisory board perform their tasks in a two-tier board structure, each with separate duties and powers. The supervisory board appoints members to the management board, determines their remuneration and monitors and advises the management board in its management of the Company. The supervisory board, as provided for under applicable laws and regulations, has a control function within the Company and is not authorized to take any operational management measures for the business.

The management board is responsible for independently managing the Company. In particular, the management board defines the corporate strategy, coordinates and agrees on this approach with the supervisory board and implements such corporate strategy. In line with established reporting obligations, the management board regularly informs the supervisory board promptly and comprehensively, and requests the latter's approval for certain key business transactions.

Composition, powers, operating mode of the Supervisory Board and its committees

According to the articles of association of the Company, the supervisory board must be composed of at least three members. The members of the supervisory board shall be elected by the general meeting of shareholders for a term not exceeding six years and shall be eligible for re-appointment. The general meeting of shareholders shall also determine the number of members of the supervisory board, their remuneration and the terms of their office. A member of the supervisory board may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the general meeting of shareholders.

- The supervisory board must be composed of at least three individuals, and currently consists of the following members:
- Micha Blattmann (chairman of the Supervisory Board, manager and lawyer, whose professional address is General-Guisan Strasse 15, CH-6300 Zug/Switzerland) – since 23 September 2015;
- Dr. Urs Felder (self-employed tax and accounting expert, whose professional address is at FELUR Swiss Treuhand AG, Sihlamtsstrasse 5, CH-8001 Zurich/Switzerland) – since 21 August 2015;
- Ulrich Plett (chairman of the audit committee, certified auditor (Wirtschaftsprüfer), whose professional address is Clausewitzstr. 7, D-10629 Berlin/Germany) – since 23 September 2015, and
- Jonathan Matthew Lurie (founder and managing partner of the real estate investment and consulting company Realty Corporation Ltd., whose professional address is at 1 Heddon St, Regent St, Mayfair, London W1B 4BD/England, UK) – since 26 April 2019.

At the Company's annual general meeting held on 28 April 2017, it was resolved to extend the mandates of Micha Blattmann, Dr. Urs Felder and Ulrich Plett until the annual general meeting of shareholders of the Company held in 2020. The term of the supervisory board mandate of Jonathan Matthew Lurie will, in accordance with the resolution of the annual general meeting held on 26 April 2018, last until after the annual general meeting of the Company in 2021.

Members of the supervisory board of Corestate are to be appointed such that they, on the whole, have the knowledge, skills and experience that are necessary to properly perform the board's duties.

The supervisory board shall carry out the permanent supervision of the management board, without being authorized to interfere with such management. The supervisory board may validly deliberate and make decisions only if at least one half of its members are present or represented. Decisions are made by the majority of the votes of the members present or represented. The chairman of the supervisory board has a casting vote in case of ties.

The supervisory board may require the management board to provide information of any kind which it needs to exercise its supervision. The supervisory board may undertake or arrange for any investigations necessary for the performance of its duties.

The chairman of the supervisory board coordinates the work of this board, as well as convokes and conducts supervisory board meetings. Furthermore, the chairman of the supervisory board is the first point of contact for the management board and externally represents the matters of the supervisory board. The supervisory board regularly reviews the efficiency of its work based on a questionnaire sent in advance and by a discussion of the results of this questionnaire in a plenary session.

The audit committee is responsible for the consideration and evaluation of all material questions concerning the auditing and accounting policies of the Corestate group and its financial controls and systems, together with related recommendations to be made to the management board. The current members of the audit committee are Micha Blattmann, Dr. Urs Felder and Ulrich Plett as chairman.

Beside the audit committee, the supervisory board has established a nomination committee which meets only as necessary. Its function is to propose suitable candidates to the supervisory board for the latter's election proposals submitted to the annual general shareholders' meeting. The current members of the nomination committee are Micha Blattmann (chairman), Dr. Urs Felder and Ulrich Plett.

Composition, powers and operating mode of the Management Board

According to the articles of association, the management board must be composed of at least two members which are appointed by the supervisory board. The supervisory board shall also determine the number of members of the management board, their remuneration and the terms of their office. The members of the management board shall be elected for a term not exceeding four years. The members of the management board shall be eligible for re-appointment. A member of the management board may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the supervisory board.

In the opinion of the supervisory board, the basic qualification criteria for appointments to positions on the management board are professional qualifications for heading each particular area of responsibility, a proven track record in the individual's career path and convincing management skills. In addition, the supervisory board also considers the aspect of diversity in its appointment decisions. Therefore, the supervisory board strives to appoint people with complementary profiles, professionals and personal life experiences. Considering the small size of the management board the establishment of a rigid gender quota can be problematic. The current members of the management board are male.

The management board members are jointly responsible as collegiate body for matters of special significance. As for the management board's remaining responsibilities, each member independently manages the area assigned to him according to the plan for allocation of responsibilities and is required to notify the chairman of the management board of all material transactions and events.

The management board of the Company is a committee that consisted of two members throughout 2019:

Lars Schnidrig

- Chief Financial Officer since 1 April 2017 until 31 March 2019
- Interim Chief Executive Officer since 31 December 2018 until 31 March 2019
- Chief Executive Officer since 1 April 2019

Thomas Landschreiber

- Chief Investment Officer since 21 August 2015

The management board manages Corestate under its own responsibility, with the goal of sustainably increasing the Company's value. The management board develops the Company's strategy, coordinates it with the supervisory board and ensures the implementation of such strategy. The management board is vested with the broadest powers to perform or cause to be performed any actions necessary or useful in connection with the purpose of the Company. All powers not expressly reserved by the law of 10 August 1915 on commercial companies as amended, or by the articles of association of the Company to the general meeting or to the supervisory board fall within the authority of the management board.

Decision-making is implemented by the management board at regular meetings, which are convoked and conducted by the chairman of the management board. If required, further specialists and managers are invited to provide advice. The management board meets as often as the business and interests of the Company require.

At least every three months, the management board must submit a written report to the supervisory board, in which it describes the status of the Company's business activities and the provisional development. In addition, the management board must inform the supervisory board of any events that might have a noticeable effect on the Company's situation.

Management diversity

For the first and second management levels below the Management Board, the aim is to increase the percentage of women in management positions in line with the Act on Equal Participation of Women and Men in Management Positions (Participation Act). In the future, positions will be filled and replaced at these hierarchical levels with particular attention being paid to promoting female executives in order to ensure an increase in the share of women.

Evolution of governance structures

In addition to management board adjustments, Corestate has implemented a second management level, the C-Level, in 2019. Therefore, as of 1 January 2019, Daniel Löhken holds the position of the Chief Legal Officer. As of 1 April 2019, Martin Bassermann has been appointed as Chief Financial Officer and Dr. Florian Sander exercises the role as Chief Operating Officer, while Dr. Kai Gregor Klinger is responsible for investor relations and capital markets matters as Chief Markets Officer.

Corestate's strategy is clearly defined and is being efficiently implemented by the steering committees "Operations Committee" (OpCom), "Executive Committee" (ExCom) and "ESG Committee". They support the entire Corestate group in its efforts to act effectively on an operational level.

The ExCom addresses the most important topics surrounding strategy, acquisitions, group finances, the capital market, legal, compliance and governance. The OpCom coordinates all essential issues concerning customers, products, asset and investment management processes. Besides the management board, the Head of Transactions, the Chief Operations Officer and the Head of Equity Raising are represented on it. The ESG Committee coordinates the implementation of environmental, social and corporate governance issues in all core group divisions.

Furthermore, Corestate has driven the development of its organizational structures below the management board and the C-Level forward in 2019. The management structure is now supplemented by the new "Senior Leadership Team" (SLT) and the "Advanced Leadership Team" (ALT). The SLT currently consists of 25 members in senior management positions and covers all operationally significant divisions of the Group. The maximum 30 members of the ALT will be appointed at the extended management level in the first quarter of 2020. The ALT will serve to promote top talents, experts and performers across the entire Group and therefore help to develop employees to assume senior management positions.

A further committee which has a huge impact on the professional strategy of the Company is the "Investment Committee" (IC). The Investment Committee is the central decision-making body that deals with all major buying and selling decisions. It consists of voting and informational members. Its composition ensures that all decisions are made on a sufficiently informed basis and that all relevant functions are involved in the decision-making process.

The Investment Committee's decisions are the basis on which the management board makes decisions on acquisitions and disposals as well as other transactions (such as future further M&A deals).

Further Corporate Governance Practices

Risk Management

Corestate maintains a risk management system covering all Corestate group entities including regular reporting into both the management board and the supervisory board. It enables the management to have a full view on the risks sitting with Corestate, and to actively manage all risks. For the regulated companies within the Corestate group the local risk management systems also fulfill the regulatory requirements set by the relevant local supervisory authority. Corestate‵s risk management meets highest market standards. Our risk management framework and elements of internal control systems are discussed in our group management report.

Transparency

Corestate as company listed on the Prime Standard of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), places great importance on disclosing complete and consistent information in order to duly and comprehensively inform participants in the capital market and interested members of the public at large. Information about the economic position of Corestate and its group companies and any new developments is consequently released regularly and without delay. Current developments and material events are publicized as press releases and, where appropriate, ad hoc announcements. This information is usually made available in German and English languages simultaneously and published via suitable media and on the internet. The annual report, the half-yearly financial report and quarterly reports are published on the Corestate website under ‵Shareholders'.

The key recurring events and publications, such as the annual general meeting, road shows, relevant real estate conferences, the annual report and interim reports, are listed on a financial calendar that may be viewed at any time on the Corestate website.

Managers' Transactions

As required under the Market Abuse Regulation (EU) No 596/2014 members of the management board and the supervisory board of the Company in particular as well as any other persons with regular access to inside information who take important managerial decisions, duly comply with their notification requirements relating to shares or relevant debt instruments. Such trading activities are disclosed on the Corestate website under ‵Shareholders', ‵Share and Share Buyback'.

In 2019 there were three share trading activities of a supervisory board member. In January 2019, Dr. Urs Felder bought shares in three tranches – details to the trading volume are disclosed on the Corestate website.

Accounting and independent statutory audit

The consolidated financial statements of the Company and its group companies (the "**Consolidated Group Financial Statements**") for the year ended 31 December 2019 have been prepared in compliance with International Financial Reporting Standards (IFRS) adopted by in the European Union. The stand-alone financial statements of the group companies as at 31 December 2019 have been prepared in addition with Local GAAP.

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ASSETS

€ thousand	Notes	31.12.2019	31.12.2018
Non-Current Assets			
Property, Plant and Equipment	F.1	24.197	18.833
Other Intangible Assets	F.2	109.553	132.424
Goodwill	F.3	567.120	567.124
Investment in Associates and Joint Ventures	F.4	126.470	87.975
Other Financial Instruments	F.5	172.229	93.715
Long-term Receivables	F.6	35.502	54.467
Long-term Loans to Associates	F.7	23.004	8.169
Deferred Tax Assets		11.843	22.213
Total Non-Current Assets		**1.069.917**	**984.920**
Current Assets			
Advance Payments		6.308	13.780
Other short-term Financial Instruments		3.175	118
Inventories	F.8	62.295	91.769
Receivables from Associates		31.729	7.452
Trade Receivables	F.9	48.479	32.511
Other short-term Receivables		12.950	7.498
Contract Assets		22.986	12.731
Current Income Tax Assets		1.990	1.706
Other Short-term Assets	F.10	52.776	41.271
Restricted Cash	F.11	2.596	2.498
Cash and Cash Equivalents	F.11	103.218	194.424
Total Current Assets		**348.502**	**405.758**
TOTAL ASSETS		**1.418.419**	**1.390.678**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

€ thousand	Notes	31.12.2019	31.12.2018
Equity			
Share Capital	F.12	1.588	1.600
Other Reserves	F.13	563.327	515.984
Net Profit/(Loss) for the Period		108.530	104.632
Equity attributable to shareholders of parent company		673.445	622.216
Non-controlling Interests		2.902	(1.267)
Total Equity		**676.347**	**620.949**
Non-Current Liabilities			
Other long-term Provisions	F.14	1.276	6.040
Long-term Financial Liabilities to Banks	F.15	7.042	69.683
Other Long-term Financial Liabilities	F.16	538.118	514.484
Deferred Tax Liabilities		9.723	23.328
Other non-current Liabilities		6.365	12.537
Total Non-Current Liabilities		**562.525**	**626.072**
Current Liabilities			
Other Short-term Provisions	F.17	13.908	33.443
Short-term Financial Liabilities to Banks		47.657	468
Other Short-term Financial Liabilities		3.198	2.479
Short-term Liabilities to Associates		8.473	821
Trade Payables	F.18	14.283	11.664
Current Income Tax Liabilities		46.785	42.706
Other Current Liabilities	F.19	45.244	52.077
Total Current Liabilities		**179.547**	**143.657**
SUBTOTAL LIABILITIES		**742.072**	**769.729**
TOTAL EQUITY AND LIABILITIES		**1.418.419**	**1.390.678**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

€ thousand	Notes	01.01.2019–31.12.2019	01.01.2018–31.12.2018
Revenue from Acquisition Related Fees	G.1	35.074	41.644
Revenue from Asset and Property Management	G.2	175.316	135.016
Income from Mezzanine Loans	G.3	17.058	8.549
Revenue from Promote Fees realised		8.757	-
Total Revenue from Real Estate Investment Management		*236.204*	*185.209*
Total Expenses from Real Estate Investment Management	G.4	*(95.163)*	*(71.202)*
Total Earnings from Real Estate Investment Management		**141.042**	**114.008**
Share of Profit or Loss from Associates and Joint Ventures	G.5	11.931	11.898
Dividends from other Alignment Capital	G.6	10.321	16.472
Gains/losses from fair value measurement of financial instruments related to real estate		11.591	-
Expenses from Management of Associates and Joint Ventures	G.7	(12.225)	(9.550)
Total Earnings from Alignment Capital Management		**21.618**	**18.820**
Net Rental Income	G.8	11.160	17.809
Revenue from Service Charges		3.548	1.413
Net Gain from Selling Property Holding Companies/Inventories	G.9	18.671	59.366
Total Income from Real Estate Operations/Warehousing		*33.379*	*78.588*
Expenses from Real Estate Operations/Warehousing	G.10	*(19.179)*	*(19.524)*
Total Earnings from Real Estate Operations/Warehousing		**14.200**	**59.064**
General and Administrative Expenses	G.11	(24.650)	(26.830)
Other Income		22.817	9.064
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)		**175.027**	**174.125**
Depreciation and Amortisation	G.12	(31.102)	(27.063)
Earnings before Interest and Taxes (EBIT)		**143.925**	**147.062**
Financial Income	G.13	10.076	14.178
Financial Expenses	G.14	(33.564)	(43.377)
Earnings before Taxes (EBT)		**120.437**	**117.863**
Income Tax Expense	H.	(11.645)	(14.375)
Net Profit/(Loss) for the Period		**108.792**	**103.488**
of which attributable to equity holders of parent company		108.530	104.632
of which attributable to non-controlling interests		262	(1.144)
Total Revenues [1]		**250.913**	**204.431**
Total Expenses [2]		**(151.217)**	**(127.107)**

[1] not including Share of Profit or Loss from Associates, Net Gain from Selling Property Holding Companies and not including Dividends from other Alignment Capital

[2] excluding Financial Expenses and Depreciation and Amortization

€ thousand	2019	2018
Earnings per Share (in €):		
Basic, Profit for the Year attributable to Ordinary Equity Holders of the Parent	5,11	4,91
Diluted, Profit for the Year attributable to Ordinary Equity Holders of the Parent	5,11	4,91
Net Profit/(Loss) for the Period	**108.792**	**103.488**
Other Comprehensive Income (in k€)		
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):		
Exchange differences on translation of foreign operations	191	(3.146)
Income tax effect	-	678
Net (loss)/gain on cash flow hedges	-	2.470
Income tax effect	-	(123)
Net Other Comprehensive Loss to be Reclassified to Profit or Loss in Subsequent Periods	191	(121)
Other Comprehensive Income/(Loss) for the Period, Net of Tax	**191**	**(121)**
Total Comprehensive Income for the Period, Net of Tax	**108.983**	**103.367**
of which attributable to equity holders of parent company	108.721	104.685
of which attributable to non-controlling interests	262	(1.318)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Notes	SHARE CAPITAL	Legal Reserve	Additional Capital Paid In	Retained Earnings	Other Re-valuations	OTHER RESERVES	NET PROFIT/ (LOSS) FOR THE PERIOD	SUBTOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY	Non-controlling interests in Paid-In Capital and Capital Reserve	Non-controlling interests in Profit for the period	NON-CON-TROLLING INTERESTS	**TOTAL EQUITY**
Closing Balance of Capital Accounts as at 31 December 2017 (audited)		**1.597**	**0**	**436.754**	**60.373**	**(3.511)**	**493.616**	**55.717**	**550.930**	**(214)**	**718**	**503**	**551.433**
Adopting of the new IFRS 15 standard		0	0	0	8.062	0	8.062	0	8.062	0	0	0	8.062
Profit for the period		0	0	0	0	(4)	(4)	104.632	104.628	0	(1.144)	(1.144)	103.484
Other comprehensive income		0	0	0	0	53	53	0	53	0	(174)	(174)	(121)
Total Comprehensive Income for the Period		0	0	0	0	49	49	104.632	104.681	0	(1.319)	(1.319)	103.363
Acquisition of Non-controlling interests		0	0	0	(337)	0	(337)	0	(337)	(452)	0	(452)	(789)
Equity-settled share-based payment		3	0	0	1.466	0	1.466	0	1.469	0	0	0	1.469
Dividends paid		0	0	0	(42.588)	0	(42.588)	0	(42.588)	0	0	0	(42.588)
Reclassification/others		0	95	0	55.622	0	55.717	(55.717)	(0)	717	(718)	(0)	(0)
Closing Balance of Capital Accounts as at 31 December 2018 (audited)		**1.600**	**95**	**436.754**	**82.598**	**(3.462)**	**515.984**	**104.632**	**622.216**	**52**	**(1.319)**	**(1.267)**	**620.949**
Profit for the period		0	0	0	0	0	0	108.530	108.530	0	262	262	108.792
Other comprehensive income		0	0	0	0	191	191	0	191	0	0	0	191
Total Comprehensive Income for the Period		0	0	0	0	191	191	108.530	108.721	0	262	262	108.983
Repurchase of own shares		(13)	0	(6.667)	0	0	(6.667)	0	(6.680)	0	0	0	(6.680)
Equity-settled share-based payment		2	0	0	1.940	0	1.940	0	1.942	0	0	0	1.942
Dividends paid	B.1	0	0	0	(52.936)	0	(52.936)	0	(52.936)	0	0	0	(52.936)
Reclassification/others		0	66	0	104.748	0	104.814	(104.632)	182	2.588	1.319	3.907	4.088
Closing Balance of Capital Accounts as at 31 December 2019 (audited)		**1.588**	**161**	**430.087**	**136.350**	**(3.270)**	**563.327**	**108.530**	**673.445**	**2.640**	**262**	**2.902**	**676.347**

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	Notes	FY 2019	FY 2018
Earnings before Taxes (EBT)		**120.437**	**117.863**
Adjustments:			
Amortisation of intangible assets	F.2	30.161	24.613
Depreciation/write-ups of property, plant and equipment	F.1	941	1.372
Equity-settled share-based payment		1.942	1.466
Effect from valuation on derivatives		0	1.757
Net loss/(gain) on disposal of property, plant and equipment		9.980	(26)
Net loss/(gain) on disposal of intangible assets		(3.647)	64
Net loss/(gain) on disposal of Group companies		(8.631)	6.084
Financial Expenses		33.564	26.102
Financial Income		(10.076)	(4.037)
Provisions		(24.037)	(9.785)
Share of results from Associates and Joint Ventures	F.4	(11.931)	(11.898)
Total adjustments		**18.267**	**35.712**
Operating cash flows before changes in working capital		**138.704**	**153.575**
Total changes in working capital		**(49.504)**	**109.237**
Cash flows from operations		**89.200**	**262.812**
Income taxes received/(paid)		(11.137)	(11.480)
Net cash flows from operating activities		**78.064**	**251.332**
Acquisition of Subsidiaries (Share purchase price net of cash balance at date of acquisition)		0	(11.418)
In-/ Outflow for Alignment Capital Investments (Associates and Loans)		(54.001)	(12.063)
Inflow from repayment of Alignment Capital Investments (Associates and Loans)		27.495	10.326
Proceeds from disposal of property, plant and equipment		20.282	1.815
Purchase of financial instruments		(65.486)	(42.947)
Sale of financial instruments		0	16.662
Purchase of property, plant and equipment		(12.927)	(1.402)
Additions to intangible assets	F.2	(3.639)	(8.706)
Net cash flows generated from / (used in) investing activities		**(88.277)**	**(47.733)**

€ thousand	Notes	FY 2019	FY 2018
Share repurchase		(6.680)	-
Distributions to the equity holders of parent company	B.1	(52.936)	(42.588)
Distributions paid to non-controlling interests		0	(25.939)
Repayment of lease liabilities		(2.675)	-
Purchase/Settlement of Derivatives		0	(8.749)
Sale/(Acquisition) of non-controlling interest		-	(543)
Proceeds from loans and borrowings		6.794	346.183
Repayment of loans and borrowings		(1.909)	(365.213)
Finance Expenses		(33.564)	(23.456)
Finance Income		10.076	4.037
Net cash flows (used in) / from financing activities		**(80.894)**	**(116.268)**
Net increase/ (decrease) in cash and cash equivalents		**(91.108)**	**87.331**
Cash and cash equivalents at beginning of period	**F.11**	**196.922**	**109.575**
Net increase/ (decrease) in cash and cash equivalents		(91.108)	87.347
Cash and cash equivalents at end of period	**F.11**	**105.815**	**196.922**

Notes to the Consolidated Financial Statements

A. CORPORATE INFORMATION

Corestate Capital Holding S.A. (hereafter "CCH SA" or "the Company") is a limited liability company (*Société Anonyme*) incorporated under Luxembourg law, with registered office at 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. The Company was registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) under number B 199 780 on 7 September 2015.

Since 2017 the Company's shares are traded on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

CCH SA is a real estate investment manager specializing in the creation and subsequent realization of real estate related investments in Europe for private and institutional clients. CCH SA and its subsidiaries (the Group) are active as a co-investor and asset and property manager and are focused on residential and commercial (primarily retail and office) real estate as well as micro-living projects. Geographically, the Group primarily concentrates on the German market but also is selectively active in other attractive markets in Europe such as UK, Austria and Spain. Its investment product offering covers the full range of the risk / return curve, i.e. from value-add / opportunistic to core, and, in each case, is tailor made to the specific requirements of its clients. As a key element of its business model, the Group is actively warehousing certain real estate in order to seize opportunities both in competitive situations as well as in order to establish seed portfolios for institutional products.

As per 31 December 2019, the Group employs 709 FTE (previous year 675 FTE) real estate experts across 42 offices in 7 countries, providing direct access to local markets.

The consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries (the Group) for the year ended 31 December 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 23 March 2020. The consolidated financial statements are subject to approval by the Annual General Meeting.

The consolidated financial statements of Corestate Capital Holding S.A. are published according to the provisions of the Luxembourg Law and the exchange rules of the Frankfurt Stock Exchange. They will be available on the Company's website and at the Company's offices at 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg.

In accordance with Luxembourg Company Law, the annual financial statements (in accordance with Luxembourg GAAP) of the Company will also be filed with the Companies Register and an extract will be published in the *Recueil Electronique des Sociétés et Association*.

The recent outbreak of Coronavirus (COVID-19), a virus causing potentially deadly respiratory tract infections spreading all over the world, may negatively affect economic conditions regionally and globally, disrupt operations, affect supply chains or otherwise impact our businesses. This is clearly concerning and we are monitoring developments very closely. The safety and well-being of our employees has been the overriding priority. We are also doing all we can to ensure business continuity and our teams are working highly focused to meet the targets of our investors and achieve our corporate objectives. However, there is a certain risk that we will see an adverse impact on the business and the Real Estate sector, and therefore may affect Group's performance and its asset recoverable amounts. To this point of time the company cannot estimate the impact it may have on our markets and our operations.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards ("IFRS") adopted by in the European Union ("EU") for the year ended 31 December 2019.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value. The consolidated financial statements are presented in euros, which is the presentation currency of the Group and the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using the functional currency. The group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method. All values are rounded to the nearest thousand (k€), except when otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial data set out in these consolidated financial statements, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available, but has been rounded to or equals zero.

B.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of CCH SA and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, it has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

B.3 Summary of significant accounting policies

B.3.1 Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquisition. For each business combination, the Group measures the non-controlling interests in the acquisition at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses or management expenses.

The acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units.

B.3.2 Current versus non-current classification

The Group presents assets and liabilities in its statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

B.3.3 Investment in Associates and Joint Ventures

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A Joint Venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its Associates and Joint Venture (in the segment Alignment Capital Investments) are accounted for using the equity method.

Under the equity method, the investment in an Associate or a Joint Venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the Associate or Joint Venture since the acquisition date. Goodwill relating to the Associate or Joint Venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of profit or loss reflects the Group's share of the results of operations of the Associate or Joint Venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the Associate or Joint Venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the Associate or Joint Venture are eliminated to the extent of the interest in the Associate or Joint Venture.

The aggregate of the Group's share of profit or loss of an Associate or a Joint Venture is shown in Share of Profit or Loss from Associates or Joint Venture on the face of the consolidated statement of profit and loss.

The financial statements of the Associate or Joint Venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Typically, adjustments are made to account for the investment properties held by the Associates or Joint Venture at fair value rather than at cost.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its Associate or Joint Venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the Associate or Joint Venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associate or Joint Venture and its carrying value, and then recognizes the loss as Share of profit/(loss) of an Associate or Joint Venture in the statement of profit and loss.

Upon loss of significant influence over the Associate or joint control over the Joint Venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the Associate or Joint Venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss

B.3.4 Fair value measurement

The Group measures some financial instruments such as derivatives and some non-financial assets such as investment properties in associates at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following Notes:

Fair value measurement

Disclosures for valuation methods, significant estimates and assumptions	Note E
Disclosures of fair value measurement hierarchy	Note E
Investment properties	Note B.3.19
Investment in unquoted equity shares	Note E
Financial instruments (including those carried at amortized cost)	Note E

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (comparable transactions),
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (Valuation models).

For assets and liabilities that are measured at fair value on a recurring basis in the financial statements, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Executive Committee ("ExCom") determines the policies and procedures for both recurring fair value measurement, such as investment properties and certain financial assets (in particular derivatives).

At each reporting date, the ExCom analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the ExCom verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Generally external valuers are involved for valuation of significant assets, such as investment properties and derivative financial instruments. Involvement of external valuers is determined annually by the ExCom. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

B.3.5 Revenue recognition and other earnings

The Group generates revenues and other earnings in each of its three key business segments being:

- Real Estate Investment Management
- Alignment Capital Management
- Real Estate Operations and Warehousing

B.3.6 Revenue from Real Estate Investment Management

Revenues from Real Estate Investment Management result from fees from the operating business of the Group, such as:

- Acquisition Related Fees,
- Asset and Property Management Fees,
- Sales Fees,
- Coupon participation fees,
- Income from mezzanine loans and
- Promote Fees,

and are recognized with reference to the relevant individual contractual terms and on accrual basis.

Acquisition Related Fees and **Sales Fees** relate to fees earned in relation to the acquisition or divestment of real estate assets by the Associates or third parties. Acquisition related fees amount to 1.0% and 1.5% of the purchase price of the underlying assets of the portfolio, and in certain situations also a lump-sum on-Boarding fee amounting to up to k€ 500 is agreed with the clients. These fees are paid for sourcing and structuring of the transaction, conducting the due diligence, administrating and supervising the step-by step acquisition of the real estate asset or the establishment of real estate products and are typically received and paid at the conclusion of the transaction documentation. The Group's contracts with customers for these types of services generally include one performance obligation. Revenue from Acquisition related Fees and Sales Fees is recognized at a point in time when the services are provided because none of the criteria in IFRS 15.35 is met.

Asset Management Fees are determined in a range of 0.35% and 0.60% of the value of the real estate assets of the projects and third-party assets managed and differ between investment products offered to private clients and those offered to institutional clients. **Property Management Fees** are derived from the provision of property management services. The Group's contracts with customers for these types of services generally include one performance obligation. The Group has concluded that revenue from these services should be recognized over time when the services are provided because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. As the Group's efforts and inputs are expended evenly throughout the performance period, the Group recognizes revenues on a straight-line basis.

Coupon Participation Fees are generated through sustainable and significant excess returns of HFS products (mezzanine financing) above a certain pre-agreed hurdle rate. The Group's contracts with customers for these types of services generally include one performance obligation. The Group has concluded that revenue from Coupon Participation Fees should be recognized over time when the services are provided because the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group uses an output method to measure progress towards complete satisfaction of the return on investment of the HFS Funds based on monthly fair value valuating of the mezzanine financing.

Income from mezzanine loans comprises the interest income from short-term bridging activities of mezzanine loans to Real Estate development Companies in the German speaking region. The Group's contracts with customers for these types of services generally include one performance obligation. The Group has concluded that income from these services should be recognized over time when the services are provided. Such loans are transferred to the Mezzanine Funds managed by the Group as soon as a corresponding cash return or equity contribution in the funds takes place.

In certain projects, CCH SA is entitled to receive a **Promote fee** between 15% and 20% of the net project returns at the end of the life of the fund as consideration for services provided in connection with the sale of the properties. Net project returns are defined as operating income, aggregate proceeds from sales and re-financing proceeds, in each case net of all principal repayments, working capital requirements and after any debt service, and in each case actually incurred on a cash basis relating to the transaction, and irrespective of whether these will be paid by way of capital repayment, dividends or by any other means to the investors (the Promote fee is basically being paid out as a disproportional profit allocation). The Group's contracts with customers for these types of services generally include one performance obligation. The Group has concluded that revenue from promote fee should be recognized at a point in time, when the relevant transaction documentation resulting in a net project return has been validly entered into, and the transaction has been closed and becomes payable after all investor commitments have been fully repaid to the investors

Contract Balances
Contract Assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are related to Coupon Participation Fee of HFS.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

B.3.7 Earnings from Alignment Capital Management

Share of Profit or Loss from Associates and Joint Ventures

Share of Profit or Loss from Associates and Joint Ventures relates to the Group's alignment capital investments and comprises the Group's share of the results of operations of the Associates using the equity method as well as gains and losses from the disposal of shares in Associates (see B.3.3). The periodic results of operations of the Associates typically includes the recurring result from rental operations as well as results from sales of real estate assets and potential fair value adjustments of the underlying properties, net of costs, financial expenses and taxes.

Dividends from other Alignment Capital

Dividends from other Alignment Capital reflect the Group's share of the cash distribution of the investment and are recognized in the statement of profit or loss when the right of payment has been established. This is generally when shareholders approve the dividend.

B.3.8 Revenue and other earnings from Real Estate Operations/Warehousing

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Contingent rental income is recognized when it arises.

Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Income arising from expenses recharged to tenants (in particular Revenue from Service Charges) is recognized in the period in which the respective services are rendered.

Service and management charges and other such receipts are recorded separately gross of the related costs, as the directors concluded that the Group acts as a principal in this respect.

Net Gain from Selling Property Holding Companies/Inventories

Net Gain from Selling Property Holding Companies/Inventories comprises the proceeds from selling real estate holding companies/inventories, less selling costs, less carrying value of the assets and liabilities. Such real estate holding companies were established to purchase investment property for the sale in the ordinary course of business in the course of the Group’s warehousing activities. The gain is recognized when control over the relevant real estate holding company is transferred to the buyer.

B.3.9 Financial Income and Financial Expenses

Financial Income comprises interest income from bank balances and loans granted and gains on the disposal of financial assets as well as foreign currency gains and losses. Interest income is recognized as it accrues in profit or loss, using the effective interest rate method (EIR-method).

Financial Expenses mainly comprise interest expenses on financial liabilities, fees incurred in connection with the arrangement of debt facilities, foreign currency gains and losses, impairment losses recognized on financial assets (other than trade receivables) and financial expenses attributable to partnership NCIs.

B.3.10 Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

B.3.11 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, Associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

B.3.12 Foreign currencies

The Group's presentation currency is the Euro (€), which is the presentation currency of the Group and the functional currency of the parent company and for the majority of the subsidiaries which were fully consolidated. For CRM the functional currency is GBP. The Group's performance and its liquidity management is evaluated in Euro. Therefore, the Euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

B.3.13 Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at ex-change rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

B.3.14 Intangible assets (incl. Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Amortization is calculated on a straight-line basis over the estimated useful lives of the intangible assets with a finite life, as follows:

- Software 3 to 5 years
- Asset Management Agreements 2 to 17 years
- Corporate brand “YOUNIQ” 14 years

Intangible assets with indefinite useful lives relate to goodwill and trademarks. Goodwill and Trademarks are not amortized but are tested for impairment annually at the cash-generating unit level.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

B.3.15 Property, plant and equipment

Property, plant and equipment is recognized at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Owner-occupied buildings 33 to 50 years,
- Cars 3 to 5 years,
- IT equipment 2 to 3 years,
- Office equipment 3 to 10 years.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on sale of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is presented net in the income statement.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

B.3.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. Corestate does not apply IFRS 16 to leases of intangible assets.

B.3.17 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

The Group’s right-of-use assets are included in tangible assets, i.e. in the same line item as that within which the corresponding underlying assets would be presented if they were owned.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

B.3.18 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

B.3.19 Investment properties

Investment Properties are only held indirectly (i.e. these properties are owned by Associates or Joint Ventures).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee (Red Book).

Investment properties are derecognized when they are sold. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

B.3.20 Inventories

Inventories are primarily related to the Group’s warehousing activities and comprise real estate acquired with the intention of selling it within the normal business cycle in the normal course of our warehousing business. In this respect, the "normal business cycle" may be a period of up to three years.

Inventories are valued at the lower of cost and net realizable value.

The costs include freehold and leasehold rights for land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held indirectly (i.e. these properties are owned by Associates or Joint Ventures) concern properties under construction by the Associates or Joint Venture.

Inventories held indirectly (i.e. these properties are owned by Associates or Joint Ventures) concern properties under construction by the Associate or Joint Venture).

B.3.21 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in the following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, other receivables and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Currently the Group has no financial assets measured at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Currently the Group has no investments in equity instruments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes long-term receivables, other financial instruments and loans to associates.

De-recognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or when a financial instrument is written off.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in Note C.2.7

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Group determines that a debt instrument has significantly increased in credit risk when its contractual cash flows and the underlying contractual agreements are amended adversely.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for mass business transactions that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment as well as supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables relating to one single debtor that constitute more than ten percent of total balance as of 31st December are separated and evaluated either on individual credit ratings if available or based on corresponding sector indices.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector where the Group operates, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Credit assessment is performed on a regular basis both by accounting department as well as fund and asset management in consent with executive management. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

B.3.22 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as

- “financial liabilities at fair value through profit or loss” (financial liabilities at FVTPL)
- “financial liabilities at amortized cost”, or
- derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

The Group's financial liabilities include mainly:

- long-term and short-term financial liabilities to banks,
- other long-term and short-term liabilities (mainly bonds and convertible bonds),
- trade payables,
- other non-current and current liabilities (mainly loans).

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at amortized cost

This is the category most relevant to the Group. After initial recognition, the respective liabilities (e.g. interest-bearing payables, loans and other liabilities, e.g. convertible bonds) are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are subsequently measured at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

B.3.23 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Currently the Group has no derivative financial instruments.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Before 1 January 2019, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as a finance cost. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss as a finance cost.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

B.3.24 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

B.3.25 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

B.3.26 Cash distribution to equity holders of the parent

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Luxembourg, a distribution is authorised when it is approved by the annual general meeting of shareholders or in case of an interim dividend, by the Management Board as per the articles of incorporation of the Company and subject to the conditions of the corporate law of Luxembourg. A corresponding amount is recognised directly in equity.

B.3.27 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan’s main features.

Contingent liabilities recognized in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

B.3.28 Short-term benefits for employees

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or contractual obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

B.3.29 Share-based payments

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in note I.1).

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model.

B.4 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Annual Consolidated Financial Statements for the year ended 31 December 2018 except for the new standards applied for the first time (see below). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new standards, interpretations and amendments to existing standards and interpretations are applicable for the first time for financial years beginning on 1 January 2019:

IFRS 16 Leases

Application of the new standard is mandatory for fiscal years beginning on or after 1 January 2019. The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The adoption of IFRS 16 Leases resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements.

The Group adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

In the context of the transition to IFRS 16, right-of-use assets and lease liabilities of k€ 13,363 were recognized as at 1 January 2019. During 2019 additional lease liabilities were recognized in financial liabilities. Corestate transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior-year figures were not adjusted. As part of the initial application of IFRS 16, we did not choose to apply the relief option, which would allow it to account for expiring leases (i.e., leases whose term will end within twelve months of the date of initial application) as short-term leases. The following reconciliation to the opening balance for the lease liabilities as at 1 January 2019 is based upon the operating lease obligations as at 31 December 2018:

Reconciliation

€ thousand	01.01.2019
Operating lease obligations at 31 December 2018	12,126
Additional lease obligations due to the fact that it is reasonably certain to exercise an extension option, or not to exercise a termination option	7,379
Relief option for short-term leases	-7
Relief option for leases of low value assets	-177
Lease obligations for non-lease components	275
Lease obligations for leases for which the underlying asset had not been made available until 1 January 2019	-4,870
Other	683
Gross operating lease obligations at 1 January 2019	**15,409**
Discounting	-2,045
Lease liabilities at 1 January 2019	**13,363**

The lease liabilities were discounted at the incremental borrowing rate as at 1 January 2019. The weighted average discount rate was 4.0%.

New standards issued but not yet effective

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

B.5 Change in Accounting Presentation

Management has decided to reclass income from mezzanine loans from Segment Real Estate Operations and Warehousing to Segment Real Estate Investment Management following internal management and segment reporting change. The reason for reclassification is that financing is only provided for clients in the Real Estate Investment Management Segment.

Accordingly, income from mezzanine loans (2019: k€ 17,058) is now reported in a separate line included in Total Earnings from Real Estate Investment Management in the Consolidated Statement of Profit and Loss and other Comprehensive Income. In 2018 this Income (k€ 8,549) was reported as Income from other warehousing activities included in Total Earnings from Real Estate Operations / Warehousing.

C. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes

- Financial risk management and policies: Notes I.4
- Sensitivity analyses disclosures: Notes C.2.4

C.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

C.1.1 Assessing significant influence on associates

Generally, entities are classified as Associates in case the Group holds more than 20% and less than 50% of the voting rights. However, the Group classifies entities as an Associate also if it considers that it has a significant influence on such entity based on the underlying investment documentation.

If the entity holds less than 20% of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated.

Significant influence is usually evidenced in one or more of the following ways:

- Representation on the Board of directors or equivalent governing body of the investee,
- Participation in policy-making processes, including participation in decisions about dividends or other distributions,
- Material transactions between the entity and its investee,
- Interchange of material personnel,
- Provision of essential technical information (The Group entered into an asset management agreement with all parties involved. A significant part of these asset management services is to provide the investee with the Group's expertise which also involves technical information, i.e. market information, asset management and business plan expertise).

C.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

C.2.1 Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair value. One of the most significant estimates relates to the determination of the fair value of these asset and liabilities. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market price. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Group either consults with an independent external valuation expert or develops the fair value internally, using an appropriate valuation technique which is generally based on a forecast of the total expected future net cash flows. These evaluations are linked closely to the assumptions made by the ExCom regarding the future performance of the assets concerned and any changes in the discount rate applied (see Note F.3).

C.2.2 Recoverability of Goodwill and Trademarks

The Group tests annually and, in addition, if any indicators exist, whether goodwill and trademarks have suffered an impairment loss. If there is an indication, the recoverable amount of the cash-generating unit has to be estimated which is the greater of the fair value less costs to sell and the value in use. The determination of the recoverable amount involves making adjustments and estimates related to the projection and discounting of future cash flows. Although the ExCom believes the assumptions used to calculate recoverable amounts are appropriate, any unforeseen changes in these assumptions could result in impairment charges to goodwill which could adversely affect the future financial position and operating results (see Note F.3).

C.2.3 Promote and Coupon Participation Fee

In some projects, the Group is entitled to receive a success fee ("Promote fee") equalling to approx. 15% to 20% of the net project returns. The claim for the Promote fee is only recognised when the relevant transaction documentation resulting in a net project return has been validly entered into and becomes payable after all investor commitments have been fully repaid to the investors. At this time, it is probable that the Promote fee will flow to the Group. Promote fees represent a compensation for the Group's investment management services rendered in relation to a particular investment, and predominantly is an element in the fee pattern of investment products for private clients. In case, certain amounts of the net project return are withheld at closing of a transaction for escrow purposes, the payment of the pro-rated Promote fee is also deferred until the amounts in escrow are released.

Coupon Participation Fees, included in Asset and Property Management line item, generated through sustainable and significant excess returns of HFS products (mezzanine financing) above a certain pre-agreed hurdle rate. The Group's contracts with customers for these types of services generally include one performance obligation. The Group has concluded that revenue from Coupon Participation Fees should be recognized over time when the services are provided because the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group uses an output method to measure progress towards complete satisfaction of the return on investment of the HFS Funds based on monthly fair value valuating of the mezzanine financing.

C.2.4 Valuation of Investment properties of Associates and Joint Ventures

The fair value of investment property as the main assets of the Associates is determined by using recognised valuation techniques. Such fair value measurement has a significant impact on the Group's Investment in Associates. The valuation technique comprises mainly the income method (DCF based).

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value.

This involves the projection of future cash flows which are discounted by a market-derived discount rate in order to determine the property's present value. The fair value measurement of investment property is considered to be Level 3.

Main key input parameters used in the DCF models include:

- Discount rate
- Cap-rate
- Market rents
- Vacancy rate (current/long-term)
- Fluctuation rate
- Annual rent adaptation

- Maintenance costs
- Inflation rate
- Costs to sell

The net cash flow for the planning period is discounted to the valuation date using an appropriate discount rate for each property.

The discount rate is used to forecast future cash flows into perpetuity following the ten-year planning period (as it is assumed that properties are held for a 10-year period). The individual capitalization rate is based on each property's discount rate in year 10, which accounts for all potential risks related to a property.

Key input parameters may vary depending on the real estate property usage (i.e. commercial or residential building, student homes and developments), on the location and condition of the property and the current market trends.

If the property market or general economic situation develops negatively, there is a risk that the measurements might have to be adjusted. If the real estate assets have to be impaired, this would have a negative effect on the Group's Investment in Associates and Joint Ventures, Loans to Associates and Joint Ventures and Receivables from Associates or Joint Ventures.

The following sensitivity analysis shows how the Group's Investment in Associates and Joint Ventures and Loans to Associates and Joint Ventures (carrying value) would have been affected if the relevant property value of the Associates and Joint Ventures increased / decreased by 5% and 10% (as a result of changes in the main key input parameters stated above):

Sensitivity analysis to determine the change in Investments in Associates or Joint Ventures

€ thousand	Property value (+10%)	Property value (+5%)	**Carrying value**	Property value (-5%)	Property value (-10%)
31.12.2019	136.210	131.404	**126.470**	121.454	116.062
31.12.2018	92.313	90.128	**87.975**	85.653	83.125

C.2.5 Other provisions

The recognition and measurement of other provisions are based on the estimation of the probability of a future outflow of resources as well as empirical values and the circumstances known at the reporting date. This means that the actual later outflow of resources may differ from the other provisions. For further disclosure regarding provisions see Note F.14 and F.17.

C.2.6 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model.

C.2.7 Financial Instruments

Financial instruments measured at fair value through profit and loss are subject to estimates and judgement, as its fair value is based on level 3 inputs. In addition, financial assets measured at amortized cost require estimates and judgement with regards to the determination of appropriate impairment allowances.

C.3 Business combination

There were no business combinations in 2019. However, one business combination occurred after the end of the reporting period but before the consolidated financial statements for 2019 are authorized for issue.

On 15 January 2020, Corestate closed the acquisition of STAM Europe, a leading independent real estate investment manager in Europe by purchasing 100% of its share capital. Through this transaction Corestate expands its micro-living platform to France leading to a broader product range. In addition, Corestate offers its clients an improved market entry and increases its basis of institutional investors.

The acquisition date fair value as of 15 January 2020 of the fixed consideration amounts to k€ 37,902 and comprises the following elements:

(1) Fixed amount of cash (k€ 25,423),

(2) A number of 337,730 shares of CORESTATE Capital Holding S.A. (k€ 12,479) – measured at XETRA stock price.

As part of the purchase agreement an additional contingent consideration has been agreed. The amount of contingent consideration depends on future net income and future warehousing transactions of the STAM entity.

Determination of contingent consideration: The aggregate relevant net income for the three years 2020 to 2022 for the STAM entity is divided by 3 and reduced by a hurdle rate of k€ 2,885. The resulting difference is then multiplied by 13 and constitutes the first part of the contingent consideration. In addition, the after-tax warehousing margin of STAM for the three years 2020 to 2022 will be added to the purchase price. The warehousing margin represents the transfer price of the warehoused assets less the all-in acquisition cost of the warehoused assets less an equity charge. The aggregate contingent consideration is capped at k€ 12,500.

In addition, Corestate undertakes to pay in cash to the sellers an amount corresponding to the percentage attributable to the sellers of any dividend received as a result of Co-investments and embedded performance fees as well as an amount of 100% of the tax attributes definitely obtained by STAM relating to specific tax disputes. Furthermore, Corestate undertakes to pay in cash a potential one-off fee in relation to the origination or the acquisition of a certain investment project.

The initial accounting of the STAM acquisition in 2020 is incomplete and subject to changes. Until the 2019 consolidated financial statements of Corestate were authorized for issue the company had not recorded any amounts for that acquisition. Therefore, actual amounts recorded upon the finalization of the purchase price allocation may differ materially from the provisional information including the fair value of contingent consideration. Provisional information is based upon management's best estimate as a result of preliminary analysis.

Due to the incomplete purchase price allocation disclosures with respect to amounts recognized as of the acquisition date for goodwill, assets acquired and liabilities assumed (paragraph B64 of IFRS 3 e, h, I, j, k) cannot be made for the STAM acquisition in the 2019 consolidated financial statements of Corestate.

There were no transactions recognized separately from the acquisition of assets and assumption of liabilities in the business combination in accordance with paragraph 51 of IFRS 3.

In 2018, the Group accounted for the following business combination:

Fair value of net assets and liabilities recognized	Business Combination: CRM Students Ltd. € thousand
Acquisition date	4 October 2018
Total Cost of the combination (in €m)	20,429
thereof purchase prices (in €m)	19,757
thereof other consideration transferred	0.672
Number of shares acquired	
Voting rights acquired (%)	100.00%
Property, plant & equipment	898
Intangible assets	7,394
Other financial instruments	116
Receivables	4,649
Other assets	911
Cash and cash equivalents	2,654
Total assets	**16,623**
Deferred tax liability	1,442
Current tax liabilities	376
Trade payables	298
Other (financial) liabilities	4,409
Total liabilities	**6,525**
Fair value of net assets acquired	**10,098**
Non-controlling interests	-
Recognized Goodwill	**(10,256)**
Realized bargain purchase ("lucky buy")	**-**
Revenues generated since acquisition date	**2,849**
Profit / loss since acquisition date	**(750)**

To strengthen the market leadership position of the Group in the micro- and Student-living segment, on 4 October 2018 (date of the purchase contract), the Group purchased a 100% stake in CRM Students Ltd., Oxford, UK. CRM Students Ltd. is the leading provider of Student Accommodation in the UK and currently operates about 26,250 student accommodations.

The fair values of the identifiable assets and liabilities as at the date of the acquisition are presented in the table above.

The fair value of the receivables amounts to k€ 4,649 which equals its gross amount. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill of k€ 10,256 comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the Real Estate Investment Management segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

Transaction costs of k€ 1,152 were expensed and are included in general and administrative expenses.

From the date of acquisition, CRM contributed k€ 2,849 of revenue and minus k€ 750 to profit before tax from continuing operations of the company. If the combination had taken place at the beginning of the year 2018, revenue would have been k€ 10,531 and profit before tax from continuing operations for the company of k€ 868 for the fiscal year 2018.

The consideration transferred is presented in the table above and includes an earn out component (contingent consideration) of k€ 3,258. The contingent consideration depends on relevant net income of CRM exceeding a defined threshold (earn out agreement). The earn out component is reviewed and recalculated on an annual basis. For 2019 no earn out has been considered. The annual threshold of GBP 2.2m has not been achieved. Based on the current business plan for 2020 until 2021, prepared and agreed in January 2020 it is unlikely that any earn out payment for the years 2020 and 2021 will be triggered (no threshold achievement). Thus, the existing liability for the contingent consideration has been remeasured to an expected value of zero in 2019. Thus, the existing provision has been released in 2019.

For the year ending 31.12.2019, CRM Students Ltd. is exempt from the requirements of this Act relating to the audit of accounts under section 479A of the Companies Act 2006. CORESTATE Capital Holding S.A. guarantees all outstanding debts and liabilities of CRM Students Limited (registered Company number 04886412 – registered address Hanborough House Wallbrook Court, North Hinksey Lane, Botley, Oxfordshire, OX2 0QS) on 31 December 2019 to third parties.

D. SEGMENT INFORMATION

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

- Real Estate Investment Management,
- Alignment Capital Management,
- Real Estate Operations and Warehousing.

The segment definition and reporting in the Group corresponds to internal reporting to the operating decision-maker and is based on operating business divisions ("management approach"). The operating decision-maker is the ExCom.

The Group generates the major part of its revenues and income in Germany, because the Group and/or its associates are primarily concentrated on the German real estate market.

D.1 Real Estate Investment Management

The Group acts as a real estate investment manager and covers every stage of the lifecycle of a real estate investment. As an integral part of its investment philosophy, the Group has an in-depth understanding of the details and dynamics of the underlying real estate assets and markets and focuses on value creation by way of hands-on management. The services provided by the Group throughout the lifecycle of an investment mainly include:

- the origination, structuring and execution of investment products tailored to the needs of its clients and in line with regulatory requirements,
- ongoing and day-to-day asset, fund and property management over the holding period as well as
- the management of the realization of the investment product through multiple exit channels (asset-by-asset sales, portfolio sales, auctions, etc.).

Along the real estate investment lifecycle, the Group generates a variety of fees such as acquisition-related fees, management fees, coupon participation fees, as well as success fees (Promote fees). Such fees are typically based on the volume of the underlying assets under management and the management performance measured as cash profits generated for the clients from the underlying investment product.

In addition, Income from Warehousing activities comprises the interest income from short-term bridging activities of mezzanine loans to Real Estate development companies.

D.2 Alignment Capital Management

A key element of the business model of the Group are alignment capital investments, in particular investment products for its semi-institutional and private clients. Typically, such alignment capital investments range between 5% and 10% (with certain exceptions for particular transactions) of the total equity capital invested into an investment product. As a result, in addition to the fee-based income generated through its real estate investment management services; the Group also participates in the performance of the investment products by way of dividend payments, and realizes capital gains upon successful exit from the investment products.

D.3 Real Estate Operations and Warehousing

As a complementary element to its real estate investment and alignment capital management, the Group also engages in identifying and securing real estate investment opportunities prior to converting or transferring them into an investment product tailor-made for investors (Warehousing). By acquiring such as-sets for its own account and balance sheet, the Group is able to secure asset supply especially in competitive market situations and build up seed portfolios in particular for institutional clients while setting up and structuring the investment product for the clients in parallel. Warehousing provides the Group with a key competitive advantage. Over the holding period, the Group is managing the assets, implements value enhancement measures and receives and consolidates the income from the underlying real estate operations. Upon transfer/conversion into an investment structure/product, the Group typically realizes a margin over the initial purchase price (warehousing gain/premium).

D.4 Segment information

Segment Information for the period from 1 January to 31 December 2019

€thousand	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	Total Segments	Overhead (not allocated)	Consolidated Financial Statements
Revenues:						
Total revenues	**236.204**	**0**	**14.708**	**250.913**	**0**	**250.913**
Income/expenses						
Expenses from Real Estate Investment Management	(95.163)	0	0	(95.163)	0	(95.163)
Share of Profit or Loss from Associates and Joint Ventures	0	11.931	0	11.931	0	11.931
Dividends from other Alignment Capital	0	10.321	0	10.321	0	10.321
Gains/losses from fair value measurement of financial instruments related to real estate	0	11.591	0	11.591	0	11.591
Expenses from Management of Associates and Joint Ventures	0	(12.225)	0	(12.225)	0	(12.225)
Net Gain from Selling Property Holding Companies / Inventories	0	0	18.671	18.671	0	18.671
Expenses from Real Estate Operations	0	0	(19.179)	(19.179)	0	(19.179)
Total earnings	**141.042**	**21.618**	**14.200**	**176.860**	**0**	**176.860**
General and Administrative Expenses	0	0	0	0	(24.650)	(24.650)
Other income	0	0	0	0	22.817	22.817
Depreciation & Amortisation	(23.609)	(93)	(242)	(23.944)	(7.157)	(31.102)
Financial Income	0	0	0	0	10.076	10.076
Financial Expenses	0	0	0	0	(33.564)	(33.564)
Income Tax Expense	0	0	0	0	(11.645)	(11.645)
Segment Net Profit/(Loss)	**117.433**	**21.525**	**13.958**	**152.915**	**(44.123)**	**108.792**
Total Assets (31 December 2019)	**839.515**	**268.263**	**124.606**	**1.232.384**	**186.035**	**1.418.419**
Total Liabilities (31 December 2019)	**522.729**	**95.094**	**98.243**	**716.066**	**26.006**	**742.072**
Other disclosures						
Investment in Associates and Joint Ventures	0	126.470	0	126.470	0	126.470

Segment Information for the period from 1 January to 31 December 2018

€ thousand	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	**Total Segments**	Overhead (not allocated)	Consolidated Financial Statements
Revenues:						
Total revenues	**176.660**	**0**	**27.771**	**204.431**	**0**	**204.431**
Income/expenses	0	0	0	0	0	0
Expenses from Real Estate Investment Management	(71.202)	0	0	(71.202)	0	(71.202)
Share of Profit or Loss from Associates and Joint Ventures	0	11.898	0	11.898	0	11.898
Dividends from other Alignment Capital	0	16.472	0	16.472	0	16.472
Expenses from Management of Associates and Joint Ventures	0	(9.550)	0	(9.550)	0	(9.550)
Net Gain from Selling Property Holding Companies / Inventories	0	0	59.366	59.366	0	59.366
Expenses from Real Estate Operations	0	0	(19.524)	(19.524)	0	(19.524)
Total earnings	**105.459**	**18.820**	**67.613**	**191.891**	**0**	**191.891**
General and Administrative Expenses	0	0	0	0	(26.830)	(26.830)
Other income	0	0	0	0	9.064	9.064
Depreciation & Amortisation	(23.470)	0	(282)	(23.752)	(3.310)	(27.063)
Financial Income	0	0	0	0	14.178	14.178
Financial Expenses	0	0	(1.824)	(1.824)	(41.553)	(43.377)
Income Tax Expense	0	0	0	0	(14.375)	(14.375)
Segment Net Profit/(Loss)	**81.988**	**18.820**	**65.507**	**166.315**	**(62.827)**	**103.488**
Total Assets (31 December 2018)	**1.004.531**	**128.604**	**149.375**	**1.282.510**	**108.168**	**1.390.678**
Total Liabilities (31 December 2018)	**401.609**	**72.543**	**121.914**	**596.066**	**173.663**	**769.729**
Other disclosures						
Investment in Associates and Joint Ventures	0	87.975	0	87.975	0	87.975

The Group operates currently with a focus on Germany, Austria, United Kingdom, Switzerland, Spain and Poland. The Group has segmented its capital allocation by geographical area based on the location of the properties in its Real Estate Investment Management as well as Real Estate Operations/Warehousing business. The following table sets forth the Group's capital allocation (comprising Investment in Associates or Joint Ventures, Long-term Loans to Associates, Receivables from Associates or Joint Ventures and Inventories) and revenues by geography for the periods indicated:

Geographical Segment Information (Secondary Segments)

€ thousand	2019	2018
Capital Allocation	**243.498**	**195.365**
Germany	182.426	162.669
Benelux	4	-
UK	21.144	18.416
Spain	22.831	7.434
Poland	11.635	2.086
Switzerland	3.612	3.480
Austria	1.846	1.280
Revenues	**250.913**	**204.431**
Germany	207.508	181.429
UK	14.125	3.311
Spain	8.080	808
Austria	6.072	4.535
USA	5.132	2.562
Benelux	4.621	6.177
Switzerland	4.406	5.152
Asia	499	334
Poland	470	-
Italy	-	123

The Group’s revenues comprise the revenue from segment Real Estate Investment Management (acquisition and sales fees, asset- and property management fees, coupon participation fees, realized promote fees, income from Mezzanine Loans) as well as the net rental income and the revenues from service charges from segment Real Estate Operations/ Warehousing.

The ExCom monitors 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 profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The Group's General and Administrative expenses, other income and Income Taxes (including Deferred and Current Taxes) are managed on a Group basis and are not allocated to operating segments.

The following projects and customers account for more than 10% of consolidated revenue. These revenues are completely recognized in the segment Real Estate Investment Management and mainly relate to the coupon participation fees.

Information about Projects and customers with more than 10% of the Group‘s revenues

€ thousand	2019	2018
Stratos IAF II	74,805	73,847

E. FAIR VALUE OF ASSETS AND LIABILITIES

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of available inputs. The Group has determined the following Fair Value Hierarchies:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (comparable transactions),
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (Valuation models).

As in previous year the Group's fair value measurements of assets and liabilities are all within Level 3.

The ExCom considers the appropriateness of the valuation methods and inputs and may request that alternative valuation methods are applied to support the valuation arising from the method chosen. Any changes in valuation methods are discussed and agreed with the Group's board of directors.

The table below summarizes the financial instruments that the Group holds and compares the carrying amount with the fair value of each class of financial instrument.

€ thousand	Carrying amount 31 Dec 2019	Measurement in accordance with IFRS 9: Amortized cost	Fair value recognized through profit and loss	not applicable	Fair value 31 Dec 2019
Other Financial Instruments	172.229	5.320	166.910	0	172.229
Long-term Receivables	35.502	8.797	18.168	8.537	26.965
Long-term Loans to Associates	23.004	17.246	5.758	0	23.004
Other short-term Financial Instruments	3.175	3.175	0	0	3.175
Short-term Loans to Associates	31.729	31.729	0	0	31.729
Trade Receivables	48.479	48.479	0	0	48.479
Other Short-term Receivables	12.950	12.950	0	0	12.950
Other Short-term Assets	48.060	48.060	0	0	48.060
Restricted Cash	2.596	2.596	0	0	2.596
Cash and Cash Equivalents	103.218	103.218	0	0	103.218
Total Financial Assets	**480.944**				**472.407**
Long-term Financial Liabilities to Banks	7.042	7.042	0	0	8.644
Other Long-term Financial Liabilities	538.118	520.342	0	17.777	489.704
Short-term Financial Liabilities to Banks	47.657	47.657	0	0	47.657
Other Short-term Financial Liabilities	3.198	0	0	3.198	3.198
Short-term Liabilities to Associates	8.473	8.473	0	0	8.473
Trade Payables	14.283	14.283	0	0	14.283
Other current Liabilities	25.350	25.350	0	0	25.350
Total Financial Liabilities	**644.121**				**597.308**

€ thousand	IFRS 9 Category	Carrying amount 31 Dec 2018	Amortized cost	Fair value recognized through profit and loss	not applicable	IAS 17: Amortized cost	Fair value 31 Dec 2018
Other Financial Instruments	FVTPL	93,715	5,886	87,829	-	-	93,715
Long-term Receivables	FVTPL/AC	54,467	19,334	35,133	-	-	54,467
Long-term Loans to Associates	FVTPL	8,169	0	8,169	-	-	8,169
Receivables from Associates	AC	7,452	7,452	-	-	-	7,452
Trade Receivables	AC	32,511	32,511	-	-	-	32,511
Other Short-term Receivables	AC	7,498	7,498	-	-	-	7,498

Other Short-term Assets	AC	41,271	41,271	-	-	-	41,271
Restricted Cash	AC	2,498	2,498	-	-	-	2,498
Cash and Cash Equivalents	AC	194,424	194,424	-	-	-	194,424
Total Financial Assets		**442,007**					**442,007**
Long-term Fin. Liabilities to Banks	AC	69,683	69,683	-	-	-	69,683
Other Long-term Fin. Liabilities	AC	514,484	514,484	-	-	-	514,484
Other non-current Liabilities	AC/FVTPL	12,537	1,980	10,557			12,537
Short-term Fin. Liabilities to Banks	AC	468	468	-	-	-	468
Short-term Liabilities to Associates	AC	821	821	-	-	-	821
Trade Payables	AC	11,664	11,664	-	-	-	11,664
Other current Liabilities	AC	52,077	52,077	-	-	-	52,077
Total Financial Liabilities		**661,733**					**661,733**

The table below shows which level of the fair value hierarchy, for Assets and Liabilities, as at 31 December 2019 is used to measure fair value:

			Fair value measurement using		
€ thousand	Date	**Total**	Level 1	Level 2	Level 3
Assets measured at fair value					
Other Financial Instruments		**172.229**	-	5.320	166.910
Long-term Receivables		**26.965**		26.965	
Long-term Loans to Associates		**23.00422.9 95**	-	17.246	5.758
Assets for which fair values are disclosed					
Trade Receivables		**48,479**	-	48,479	-
Other short-term Receivables		**12.950**	-	12.950	-
Other short-term Assets		**28.060**	-	48.060	-
Restricted Cash		**2.596**	-	2.596	-
Cash and Cash Equivalents		**103.218**	-	103.218	-
Liabilities for which fair values are disclosed					
Long-term Financial Liabilities to Banks		**8.644**	-	8.644	-
Other Long-term Financial Liabilities		**489.704**	486.610	3.094	-
Short-term Financial Liabilities to Banks		**47.657**	-	47.657	-
Short-term Liabilities to Associates		**8.473**	-	8.473	-
Trade Payables		**14.283**	-	14.283	-
Other Current Liabilities		**25.350**	-	25.350	-

The table below reconciles all Level 3 financial instruments from the opening balance to the closing balance:

€ thousand	Other Financial Instruments	Long-term Loans to Associates
Fair Value as at 1 Jan 2019	**87.829**	**8.169**
Additions / Disposals	67.783	(1.825)
Changes in the fair value valuation through profit and loss	11.298	(586)
Fair Value as at 31 Dec 2019	**166.910**	**5.758**

Fair value changes are recognized in "Gains/losses from fair value measurement of financial instruments related to real estate" and "Other Income".

For the major positions within the balance sheet item "Other Financial Instruments" the Group uses third-party pricing information without adjustment. The remaining positions (k€ 35,560) are calculated by applying DCF method. Future cashflows deriving from the investments are discounted with the according discount rate. Forecasts for future cashflows are prepared by asset management. For each reporting date the discount rate is calculated on the basis of cost of capital method, using relevant risk-free interest rate, market risk premium and beta. If forecasts for future cashflows cannot be measured reliably, shares in investments will be disclosed at cost. The Group performed a sensitivity analysis by changing relevant input parameters in a reasonable way (i.e. forecasts -/+ 10%; discount rate +/- 100 bp). In these scenarios, the fair value would differ within a range of k€ -3,563 to k€ +3,587.

Long-term Loans to Associates are calculated by discounting expected cash flows with interest rates derived at the market. The most dominant input factor is the credit risk, where the Group uses judgement to determine the expected cashflows.

The table below summarizes per IFRS 9 category the net gains and losses resulting from financial instruments:

	At Amortized Cost		**FVtPL**	
m€	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Net results from disposal	0	0	-305	0
Net measurement effects	3.345	-2.372	3.480	-420
Impairment gain/loss	-872	0	11.590	0
Effective interest rate income	2.774	0	412	0
Effective interest rate expenses	0	-30.120	0	0
Total	**5.248**	**-32.492**	**15.178**	**-420**

F. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

F.1 Property, Plant and Equipment, Right of Use

€ thousand	Land and buildings	Office and other equipment	Assets under operating lease	2019 Total	2018 Total
Acquisition cost					
As of 1 January	15.795	5.977	1.182	22.954	33.417
IFRS 16 adjustment		13.363		13.363	
As of 1 January (adjusted)	15.795	19.340	1.182	36.317	33.417
Changes in scope of consolidated companies	(0)	10	-	10	898
Currency changes	-	63	-	63	-
Additions	3	12.924	-	12.927	1.402
Transfers to inventories	-	3.133	-	3.132	(2.440)
Disposals	(15.795)	(4.441)	(46)	(20.282)	(10.322)
As of 31 December	**3**	**31.029**	**1.136**	**32.168**	**22.954**
Amortisation and impairment losses					
As of 1 January	316	2.669	1.136	4.121	2.748
Changes in scope of consolidated companies	-	0	-	0	-
Currency changes	-	13	-	13	-
Additions to cumulative amortization	0	4.189	-	4.189	1.872
Impairment losses	-	0	-	0	(500)
Transfers	-	0	-	0	-
Disposals	(316)	(36)	-	(353)	-
As of 31 December	**0**	**6.835**	**1.136**	**7.971**	**4.120**
Total (Carrying amount)	**3**	**24.194**	**0**	**24.197**	**18.835**

Upon the adoption of IFRS 16 Leases as of 1 January 2019 property, plant and equipment includes right-of-use assets. For details on carrying amounts recognized and movements during the period with respect to right-of-use assets refer to section Leases below.

In 2019 the company entered into a sale and leaseback transaction on its office in Munich (owner-occupied by sub-group Hannover Leasing) with a carrying amount of k€ 15,479. The gain from the transaction amounted to k€ 5,697.

Office and other equipment are mainly referring to student accommodation management company CRM Students Ltd., Hannover Leasing KG, Corestate Capital Advisors GmbH and the Group's property management company CAPERA Immobilien Service GmbH ("CAPERA").

Leased Assets

The Group acts as a lessee with regard to office premises, office and other equipment and cars. Office premises have lease terms between 2 and 17 years, while cars and office equipment generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

€ thousand	Office premises	Office equipment	Other assets	Total
As of 31 December 2018	-	-	-	-
As of 1 January 2019	12.992	147	759	13.898
Additions	9.286	29	400	9.715
Depreciation	-2.457	-42	-409	-2.908
As of 31 December 2019	19.820	135	750	**20.705**

Set out below are the carrying amounts of lease liabilities (included under other financial liabilities) and the movements during the period:

€ thousand	**2019**	**2018**
As of 1 January	13.363	-
Additions	10.285	-
Accretion of interest	623	-
Payments	-3.297	-
As of 31 December	20.974	-

The maturity analysis of lease liabilities are disclosed in Note I.4.4 Liquidity risk.

The following are the amounts recognised in the profit or loss:

€ thousand	
Depreciation expense of right-of-use assets	2.908
Interest expense on lease liabilities	623
Expense relating to short-term leases	6
Expense relating to leases of low-value assets	176
Variable lease payments	3
Total amount recognised in profit or loss	3.716

Corestate had total cash outflows for leases of k€ 3,482 in 2019.

F.2 Other intangible assets

€ thousand	2019 Total	2018 Total
Acquisition cost		
As of 1 January	176.437	160.352
Changes of scope in consolidation	0	7.394
Currency changes	7	0
Additions	3.639	8.691
Disposals	(313)	0
As of 31 December	179.771	176.437
Amortisation and impairment losses		
As of 1 January	44.013	19.336
Currency changes	12	64
Additions to cumulative amortization	26.254	24.613
Disposals	(62)	0
As of 31 December	70.217	44.013
Total (Carrying amount)	**109.553**	**132.424**

Other Intangible Assets include mainly Trademarks and Asset Management contracts acquired through business combinations. The Asset Management contracts have useful lives between 1 and 16 years. The Trademarks have indefinite useful lives. As at 31 December 2019, these assets were tested for impairment as part of the annual impairment testing of CGUs of real estate investment management segment (see note F.3) resulting in no impairment losses.

F.3 Goodwill

Goodwill

€ thousand	2019 Total	2018 Total
Acquisition cost	-	-
As of 1 January	567.145	556.865
Changes in scope of consolidation	-	10.281
As of 31 December	**567.145**	**567.145**
Amortisation and impairment losses	-	-
As of 1 January	21	3
Impairment for the year	4	18
As of 31 December	**26**	**21**
Total (Carrying amount)	**567.120**	**567.124**

The Goodwill results from the following business combinations during the financial year 2018 and 2017.

Goodwill – Detailed composition

€ thousand	2019 Total	2018 Total
HFS Helvetic Financial Services AG	519.686	519.686
ATOS Capital GmbH	21.703	21.703
HANNOVER LEASING GmbH & Co. KG	15.024	15.024
CRM Students Ltd.	10.256	10.256
GENOST Consulting GmbH	449	449
others	3	7
Total	**567.120**	**567.124**

For purposes of impairment testing, goodwill acquired through business combinations was fully allocated to multiple CGUs within Real Estate Investment Management.

The Group performed its annual impairment test at year end.

The Group determines whether goodwill and other intangibles assets with indefinite useful lives are impaired at least on an annual basis. Since Trademarks do not generate independent cashflows they form part of the assets within the respective CGUs which are tested for impairment. The impairment test requires an estimation of the value in use of the cash-generating units (CGU) to which the goodwill and trademarks are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The following major assumptions have been applied for determining value in use:

CGU REIM of HFS Helvetic Financial Services AG	2019	2018
Growth rate p.a. (EBITDA)	-5.2%	2.0%-3.0%
Discount rate (before Tax) applied to cash flows within the next 4 years	8.8%	7.5%
Growth rate after year 4	1.0%	1.0%

CGU ATOS Capital GmbH	2019	2018
Growth rate p.a. (EBITDA)	4.5%	2.5%-5.0%
Discount rate (before Tax) applied to cash flows within the next 3 years	6.3%	8.4%
Growth rate after year 3	1.0%	1.0%

CGU Hannover Leasing GmbH & Co. KG	2019	2018
Growth rate p.a. (EBITDA)	-11.0 %	25.0%
Discount rate (before Tax) applied to cash flows within the next 3 years	7.6%	8.6%
Growth rate after year 3	1.0%	1.0%

CGU CRM Ltd.	2019	2018
Growth rate p.a. (EBITDA)	55%	25.0%
Discount rate (before Tax) applied to cash flows within the next 3 years	8.7%	8.6%
Growth rate after year 3	1.0%	1.0%

Compared to prior year assumptions of lower growth rates reflect lower growth assumption in the economy of the European Union, which will also have effect on the growth rate of the CGUs.

For CGU REIM of HFS after 4 years revenues, especially the Coupon Participation Fee, were considered to be on a conservative level of the general projection of the Mezzanine market.

As a result of this analysis, no impairment needs to be recognized as of 31 December 2019 (in 2018: no impairment needs have been recognized). A sensitivity analysis was performed on the most crucial valuation and planning assumptions on the impairment tests.

The following shows an analysis at what percentage these crucial assumptions have to change to result in a headroom of Zero:

EBITDA – The following changes in yearly planned EBITDA would lead to a headroom of zero in the CGUs:

- HL: EBITDA decrease of 45.63%,
- HFS: EBITDA decrease of 13.53%,
- ATOS: EBITDA decrease of 44.81%,
- CRM: EBITDA decrease of 37.32%.

WACC – The following WACCs (post tax) would lead to a headroom of zero in the CGUs:

- HL: WACC of 10.46% (instead of 5.96%),
- HFS: WACC of 8.94% (instead of 7.82%),
- ATOS: WACC of 23.08% (instead of 4.68%),
- CRM: WACC of 11.94% (instead of 7.20%).

Sustainable growth rate – The following Sustainable growth rates would lead to a headroom of zero in the CGUs:

- HL: Sustainable growth rate of -4.48% (instead of 1.00%),
- HFS: Sustainable growth rate of -0.43% (instead of 1.00%),
- ATOS: Sustainable growth rate of -30.20% (instead of 1.00%),
- CRM: Sustainable growth rate of -4.76% (instead of 1.00%).

F.4 Investment in Associates and Joint Ventures

Investments in Associates – Overview

				Economic participation quote*	
Project	Name of associate	Country of incorporation	Place of business	31 December 2019	31 Dec 2018
ECHO	Echo PropCo S.à r.l.	Luxembourg	Germany	38,1%	n.a.
HIGHSTREET VIII	Highstreet VIIUI TopCo Limited and Highstreet VIII TopCo II Limited	Guernsey	Germany	21,1%	37,3%
LIVER	Liver HoldCo Limited	Guernsey	Great Britain	35,1%	35,1%
QUARTIER WEST	HL Quartier West Darmstadt KG	Germany	Germany	39,3%	n.a.

* Participation quote according to Joint Venture and Co-Investment Agreement

Note: Participations less than € 10m carrying value are not shown separately.

Investments in Joint Venture – Overview

				Economic participation quote*	
Project	Name of Joint Venture	Country of incorporation	Place of business	31 December 2019	31 Dec 2018
Moviestar	Moviestar Zweitmarkt.Management GmbH	Germany	Germany	18,0%	18,0%

* Participation quote according to Joint Venture and Co-Investment Agreement

Note: Joint Ventures with less than € 10m carrying value are not shown separately.

Key Financial Information of the Group's investment in Associates & JVs in 2019 (by project)

€ thousand	HIGHSTREET VIII	LIVER	QUARTIER WEST	ECHO	OTHERS *
Investment Property	240.300	102.033	-	55.989	806.267
Other non-current assets	95	(17.893)	-	-	3.419
Cash (restricted and free cash)	19.837	1.209	1.482	7.380	157.744
Other current assets	8.013	3.594	33.766	551	46.091
Non-current financial liabilities	(147.742)	(36.110)	-	(28.000)	(376.081)
Other non-current liabilities	(48.611)	2.249	-	(1.698)	(26.538)
Current financial liabilities	(2.973)	-	-	(0)	(3.531)
Other current liabilities	(7.306)	(1.969)	(18.481)	(1.143)	(37.930)
Equity	**61.615**	**53.113**	**16.767**	**33.078**	**569.441**
Revenues	16.770	5.524	-	1.022	44.430
Net Operating Income from rental operations	9.374	2.335	-	(398)	20.009
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(28)	-	-	-	(9.027)
Profit/(loss) from changes in valuation of Investment Property	(929)	13.646	-	10.733	115.088
Interest income	-	214	-	-	257
Interest expenses	(3.914)	(1.388)	(786)	(283)	(5.984)
Income tax expense or income	(431)	(773)	-	(1.703)	(18.797)
Profit / (loss) from continuing operations	**684**	**11.428**	**(1.214)**	**8.118**	**88.824**
Total comprehensive income	684	11.428	(1.214)	8.118	88.824
Dividends received	-	-	-	-	184

* Others include investments < € 10m carrying value

Key Financial Information of the Group's investment in Associates & JVs in 2018 (by project)

€ thousand	HIGHSTREET VIII	LIVER	QUARTIER WEST **	ECHO **	OTHERS *
Investment Property	143.300	77.070	-	-	745.649
Other non-current assets	1.127	(8.201)	-	-	20.480
Cash (restricted and free cash)	39.214	5.965	-	-	70.266
Other current assets	6.381	1.031	-	-	45.452
Non-current financial liabilities	(91.529)	(32.422)	-	-	(416.229)
Other non-current liabilities	(39.633)	18	-	-	(17.164)
Current financial liabilities	(797)	-	-	-	(5.030)
Other current liabilities	(5.484)	(768)	-	-	(47.721)
Equity	**52.579**	**42.692**	**-**	**-**	**395.704**
Revenues	4.051	4.829	-	-	37.554
Net Operating Income from rental operations	3.498	2.779	-	-	48.045
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(674)	-	-	-	541
Profit/(loss) from changes in valuation of Investment Property	13.072	8.830	-	-	9.756
Interest income	-	-	-	-	291
Interest expenses	(1.408)	(1.027)	-	-	(5.816)
Income tax expense or income	(2.290)	(1.708)	-	-	(1.663)
Profit / (loss) from continuing operations	**9.501**	**8.072**	**-**	**-**	**(7.327)**
Total comprehensive income	9.501	8.072	-	-	(7.327)

* Others include investments < € 10m carrying value

** no financial information available as investments in Associates were acquired in 2019

Investment in Associates and Joint Ventures – Movement in carrying value 2019

Project	1 Jan 2019	Additions/ Transfers	Share of profit/ (Loss) for the period	Dividends and capital repayments received in cash	Disposals/ Transfers	Currency translation adjustments	31 December 2019
ACROSS	1,097	-	(27)	-	-	-	1,069
ANNAPURNA	1,460	-	1,641	(47)	-	-	3,054
BAIN	0	766	-	-	-	-	766
BOCHUM	0	1,807	27	-	-	-	1,834
CASSANDRA	0	1,305	(9)	-	-	-	1,296
CLG	53	-	-	-	(53)	-	0
CONDOR	1,280	-	566	-	-	-	1,846
CRG Fund III	0	1	-	-	-	-	1
DONALD	627	-	260	(15)	-	-	872
ECHO	0	9,909	3,135	-	-	-	13,043
ENERGY	94	-	-	(83)	(0)	-	11
FLIGHT 47	752	-	4	(319)	-	-	437
HABANA	130	-	6	-	-	-	136
HIGHSTREET PII	4,304	-	(85)	-	-	-	4,219
HIGHSTREET VI	5,210	-	109	(301)	-	-	5,018
HIGHSTREET VII	6,054	-	1,006	(366)	-	-	6,694
HIGHSTREET VIII	17,201	3,316	(668)	(13)	(8,539)	-	11,297
ISABELA	661	-	(135)	(51)	-	-	475
KING	618	-	(36)	-	-	-	581
LIVER	16,878	778	3,208	-	-	(25)	20,838
OLYMPIC	1,954	-	3,398	(86)	-	-	5,266
PALLARS	0	1,580	(233)	-	-	-	1,347
PLUTOS	0	2,896	(435)	-	-	-	2,461
POSEIDON	1,152	1,112	(104)	-	-	-	2,160
QUARTIER WEST	0	15,768	(212)	-	(3,004)	-	12,552
REGIA	11,556	-	290	(11,846)	-	-	0
ROSE	262	-	118	(206)	-	-	174
TABLAS	0	6,120	(316)	-	-	-	5,804
Tempelhof Twins	0	5,629	259	-	-	-	5,888
TURBO FRA	1,519	8	804	(60)	(2,271)	-	0
TURICUM	2,788	-	(52)	-	-	-	2,736
VOLARE	556	-	(448)	-	-	-	107
Venloer4711	1,196	-	(66)	-	-	-	1,130
Associates, total	**77,399**	**50,995**	**12,005**	**(13,392)**	**(13,866)**	**(25)**	**113,115**
Accontis Exporo	12	-	(3)	-	-	-	9
Moviestar	10,446	-	-	-	-	-	10,446
RAW	0	3,006	(134)	-	-	-	2,872
Santes Fair	115	-	64	(154)	-	-	25
SCORE	4	-	-	-	-	-	4
Joint Venture, total	**10,576**	**3,006**	**(73)**	**(154)**	**-**	**-**	**13,355**
Total	**87,975**	**54,001**	**11,932**	**(13,547)**	**(13,866)**	**(25)**	**126,470**

Investment in Associates and Joint Ventures – Movement in carrying value 2018

Project	1 Jan 2018	Changes from business combination and sales of subsidiaries	Additions / Transfers	Share of profit /(loss) for the period	Dividends and capital repayments received in cash	Disposals / Transfers	Currency translation adjustments	31 December 2018
ACROSS	1,132	-	-	(35)	-	-	-	1,097
ANNAPURNA	1,473	-	-	(13)	-	-	-	1,460
CLG	53	-	-	-	-	-	-	53
CONDOR	1,226	-	-	54	-	-	-	1,280
Denkmal Münster	0	-	5,201	(136)	-	(5,065)	-	0
DONALD	479	-	-	171	(24)	-	-	627
ENERGY	94	-	-	-	-	-	-	94
FLIGHT 47	1,781	-	-	2,956	(3,049)	-	(936)	752
FLIGHT 48	531	-	-	4,016	(3,281)	-	(1,266)	0
HABANA	61	-	-	69	-	-	-	130
HARBOUR	1,298	-	-	(31)	-	(1,267)	-	0
HIGHSTREET PII	3,649	-	303	351	-	-	-	4,304
HIGHSTREET VI	5,321	-	-	239	(351)	-	-	5,210
HIGHSTREET VII	6,053	-	-	65	(65)	-	-	6,054
HIGHSTREET VIII	0	-	15,503	1,698	-	-	-	17,201
Hotel Ulm	0	-	5,453	(35)	-	(5,418)	-	0
ISABELA	838	-	2	(163)	(16)	-	-	661
KING	651	-	-	(34)	-	-	-	618
LIVER	15,970	-	-	1,721	-	(814)	-	16,878
OLYMPIC	2,046	-	-	(43)	(49)	-	-	1,954
POSEIDON	0	1,088	64	-	-	-	-	1,152
REGIA	11,391	-	-	559	(394)	-	-	11,556
ROSE	270	-	-	(8)	-	-	-	262
TURBO FRA	1,135	-	-	384	-	-	-	1,519
TURICUM	2,839	-	-	(52)	-	-	-	2,788
VOLARE	358	-	-	198	-	-	-	556
4711	1,260	-	-	(64)	-	-	-	1,196
Associates, total	**59,910**	**1,088**	**26,525**	**11,868**	**(7,228)**	**(12,564)**	**(2,202)**	**77,398**
Moviestar	0	-	11,432	31	-	(1,017)	-	10,446
Santes Fair	0	115	-	-	-	-	-	115
Accontis Exporo	0	-	13	(1)	-	-	-	12
MARBURG	15	(15)	-	-	-	-	-	0
SCORE	4	-	-	-	-	-	-	4
Joint Venture, total	**19**	**100**	**11,445**	**30**	**-**	**(1,017)**	**-**	**10,576**
Total	**59,929**	**1,188**	**37,970**	**11,898**	**(7,228)**	**(13,581)**	**(2,202)**	**87,975**

F.5 Other Financial Instruments

Other Financial instruments mainly contain minority shares in partnerships, which are invested in real estate. Since shares in partnerships are treated as debt instruments, valuation changes are recognized in profit and loss.

Major positions for 2019 relate to Corestate Opportunity Fund (€ 58m; 2018: € 11m), Stratos funds from HFS with a total amount of € 41m (2018: € 26m) and several products in HL e.g. Private Invest of € 13m, Orion € 10m, Belgium € 11m and BelAir € 4m etc.

F.6 Long-term Receivables

€ thousand	**31 December 2019**	31 December 2018
Long-term Loans to third parties	21,957	35,319
Long-term Loans to former majority shareholder of HL	8,537	13,179
Long-term Loans other	5,008	5,969
Total	**35,502**	**54,467**

F.7 Long-term Loans to Associates

€ thousand	**31 December 2019**	31 December 2018
Loans granted by sub-group Hannover Leasing	21.646	7.198
Others	1.358	0
Loans granted to Project TURBO FRA	0	647
Loans granted to Project SAILING	0	324
Total	**23.004**	**8.169**

Loans granted by sub-group Hannover Leasing – details:

- Loans granted to Project HL Quartier West Darmstadt KG k€ 16,342.
- Loans granted to Project KANADA HAUS KG k€ 4,307.
- Loans granted to other Hannover Leasing sub-group Projects k€ 997.

The table below shows the movements of impairment losses within the period 2019:

€ thousand	
As at 1 January 2019	**10.522**
Provision for expected credit losses	586
Impairment Reversal	(2.469)
Write-off	-
Foreign exchange movement	-
As at 31 December 2019	**8.639**

The table below shows the movements of impairment losses within the period 2018 as well as the effect from IFRS 9 adoption:

€ thousand	
As at 31 December 2017	**9.378**
IFRS 9 Adjustment	-
As at 1 January 2018	**9.378**
Provision for expected credit losses	1.145
Impairment Reversal	-
Write-off	-
Foreign exchange movement	-
As at 31 December 2018	**10.522**

F.8 Inventories

€ thousand	**31 Dec 2019**	31 Dec 2018
Highstreet Giessen PropCo S.à r.l. (property located in Giessen)	57.650	57.216
Bego PropCo I S.L. (property located in Spain)	4.646	4.871
Highstreet Premium II PropCo III S.à r.l. (property located in Bochum)	-	27.242
GALENA Verwaltungsgesellschaft GmbH & Co. Vermietungs KG (property located in Pullach)	-	2.440
Total (Carrying amount)	**62.295**	**91.769**

Inventories comprise real estate properties of segment "Real Estate Operations and Warehousing" which are to be converted into client investment products by way of selling them into independent investment structures (real estate properties held for trading purposes).

In accordance with existing loan agreements, inventories totaling k€ 62,295 (previous year: k€ 91,769) are pledged as security and are related to the Projects Highstreet Giessen and Bego.

According to the underlying business plan, all real estate assets classified as inventories shall be sold in the normal business cycle respectively once the targeted lease up is completed.

F.9 Trade Receivables

Trade receivables of k€ 48,479 (previous year: k€ 32,511) result from various fee income streams generated by the Group's Real Estate Investment Management Business with third party clients and receivables from renting activities.

Risk provision for financial assets at amortised cost (€ thousand)	
As of 1 January 2019	**1,012**
Provision for expected credit losses	1,267
Impairment Reversal	(15)
Write-off	(579)
As of 31 December 2019	**1,685**

As of 31 December 2019, cumulative impairment losses of k€ 1,685 (prior year: k€ 1,012) are recognised for doubtful accounts.

F.10 Other short-term assets

Other short-term assets of k€ 52,776 (previous year: k€ 41,271) are mainly driven by mezzanine loans provided by Corestate for a total amount of k€ 29,020. The position contains financial instruments in a total amount of k€ 48,060.

F.11 Restricted Cash, Cash and Cash Equivalents

Restricted Cash (k€ 2,596; previous year: k€ 2,498) and Cash and Cash Equivalents (k€ 103,218; previous year: k€ 194,424) in the consolidated Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. The Group has included restricted cash as well as cash and cash equivalents as they are considered an integral part of the Group's cash management. Based on analysis performed expected credit loss risk is not material.

Restricted cash of k€ 2,596 (previous year k€ 2,498) is mostly in relation to PALMYRA Senc. and reflects the seller's warranty claims from the Share Purchase Agreement.

F.12 Share capital

F.12.1 Share capital

€ thousand	2019	2018
As of 1 January	**1.600**	**1.597**
Issue of share capital (contribution in cash)	2	3
Repurchase of shares	(13)	
As of 31 December	**1.588**	**1.600**

The Company's share capital as of 31 December 2019 is set at € 1,588,460 represented by 21,179,449 shares (excluding the treasury shares amounting to 174,968), all of which are fully paid up. All Shares are dematerialized shares without a par value (Dematerialized shares are only represented by a record in a securities account. Ownership in the Shares is established by such inscription in a securities account.). The Shares are freely transferable in accordance with the legal requirements for shares in dematerialized form, that is, through book-entry transfers. There are no prohibitions on disposals or restrictions with respect to the transferability of the Shares. All Shares are subject to and governed by Luxembourg law.

Each Share carries one vote at the Company’s shareholders’ meeting. There are no restrictions on voting rights.

All Shares carry the same dividend rights. In the event of the Company’s liquidation, any proceeds will be distributed to the holders of the Shares in proportion to their interest in the Company’s share capital.

F.12.2 Authorised capital

The Management Board may withdraw or limit the preferential subscription rights of the shareholders under the authorized capital in accordance with the Articles of Association. In 2017, the authorization of a new authorized capital in an amount of € 2,000,000 (represented by a maximum of 26,666,666 shares without nominal value in the Company) was given.

As per 31 December 2018, 35,294 shares representing a share capital increase of € 2,647.05 have been issued by the management board out of the authorized share capital.

As per January 2019, 25,000 shares representing a share capital increase of € 1,875 have been issued by the management board out of the authorized share capital.

In 2019 Corestate Capital Holding S.A. resolves on share buy-back program:

- Buy-back program for up to 500,000 shares in one or two tranches with a term up to and including 25 April 2019
- Tranche from 1 April 2019 to (and including) 12 April 2019 with a price ranging between € 33.49 and € 37.01
- Implementation of second tranche from 15 April 2019 to (and including) 25 April 2019 with a price ranging between € 36.17 and € 39.98 within the scope of the share buy-back program resolved
- Share buy-back to be done over the stock exchange (XETRA-trading of the Frankfurt stock exchange)

The management board of Corestate Capital Holding S.A. resolved, with the consent of the supervisory board, to make use of the authorisation to purchase treasury shares as resolved by the annual general meeting of the Company on 27 April 2018 and to purchase up to 500,000 treasury shares in the period from 1 April 2019 to (and including) 25 April 2019. The share buy-back program was divided into two tranches. The share buy-back was implemented by a credit institution independently. The treasury shares will be repurchased for legally permitted purposes. The Company intends in particular to use the repurchased treasury shares as acquisition currency for external growth.

End of April 2019 the transaction of the share buy-back program was completed to decrease the subscribed capital with an amount of € 13,500.

In May 2019 5,032 shares have been sold to employees with a share capital increase of € 377.

F.13 Other Reserves

The composition and development of the other reserves is shown in the consolidated Statement of Changes in Equity.

The shareholders’ share of profits is determined based on their respective interests in the Company’s share capital. In a Luxembourg public limited liability company (société anonyme), resolutions concerning the distribution of dividends for a given financial year, and the amount thereof, are adopted by the annual general meeting of shareholders related to such financial year.

The annual general meeting of shareholders decides on the allocation of the annual profit, if any. In accordance with the Company’s Articles of Association, every year at least 5% of the annual net income (based on the local statutory financial statements) of the Company has to be set aside in order to build up the “legal reserve until the amount of the legal reserve has reached an amount of one tenth of the Share Capital.

The remaining balance of the net profit is at the disposal of the annual general meeting of shareholders. The general meeting of shareholders may also allocate net profits to reserves other than the legal reserve, and, subject to compliance with all legal requirements, such reserves are available for distribution by a decision of the general meeting of shareholders.

No dividend distribution may be decided by the annual general meeting of shareholders when, on the closing date of the last financial year, the net assets as set out in the annual accounts are, or following such distribution would become, lower than the amount of the subscribed share capital plus the legal reserve or any other reserves that may not be distributed by virtue of the Articles of Association.

On 26 April 2019, the Company's annual general meeting resolved to pay a distribution for the financial year ended 31 December 2018 amounting to € 52,936,042.50 (corresponding to € 2.50 per issued share) out of the freely distributable reserves of the Company to the existing shareholders.

On 27 April 2018, the Company's annual general meeting resolved to pay a distribution for the financial year ended 31 December 2017 amounting to € 42,588,246.00 (corresponding to € 2.00 per issued share) out of the freely distributable reserves of the Company to the existing shareholders.

Equity-settled share-based payments result in an increase of the capital reserve in an amount of € 1,940,494.18 in the financial year 2019 (prior year: € 1,466,101.50).

Equity-settled share-based payments result in an increase of the capital reserve in an amount of € 1,466,101.50 in the financial year 2018 (prior year: € 1,152,996.71).

F.14 Other long-term Provisions

Other long-term Provisions – Detailed composition

€ thousand	01 Jan 2019	Utilization	Reversals	Additions	31 Dec 2019
Rental Guarantees	2.027	(1.169)	(470)	19	406
Guarantees and other commitments	3.662	(3.028)	(114)	-	520
Other provisions	351	-	-	-	351
Total	**6.040**	**(4.197)**	**(585)**	**19**	**1.276**

€ thousand	01 Jan 2018	Utilization	Reversals	Transfer	Additions	31 Dec 2018
Onerous contract provision for Media funds	4,017	(4,537)	-	520	-	0
Rental Guarantees	-	-	-	-	2,027	2,027
Guarantees and other commitments	1,953	-	(384)	(936)	3,029	3,662
Archiving costs	235	(20)	-	(35)	20	200
Other provisions	-	-	-	-	151	151
Total	**6,205**	**(4,557)**	**(384)**	**(451)**	**5,227**	**6,040**

F.15 Long-term Financial Liabilities to Banks

Financial liabilities to banks with a remaining term of more than one year are presented as long-term financial liabilities to banks. In 2019, all liabilities with a maturity in 2020 were reclassified as short-term financial liabilities to banks.

F.16 Other Long-term Financial Liabilities

€ thousand	31 Dec 2019	31 Dec 2018
Bonds 2018	294.934	293.403
Convertible bonds 2017	191.814	189.150
Bonds of HFS Helvetic Financial Services AG	30.500	30.500
IFRS 16 liability	17.776	-
Others	3.094	1.431
Total	**538.118**	**514.484**

Convertible bonds

The Company has issued unsubordinated and unsecured convertible bonds in the aggregate principal amount of € 200m. The bonds are issued in bearer form with a principal amount of € 100,000 each, which rank pari passu among themselves. The Group used the net proceeds for the refinancing of existing debt as well as for general corporate purposes.

The bonds with a maturity of 5 years were issued at 100% and will be redeemed at 100% of their principal amount, unless previously converted or repurchased and cancelled. The bonds were placed with a coupon of 1.375% per annum, payable semi-annually in arrear and the conversion price was set to € 61.9580, representing a premium of 27.5% above the reference share price at the bond issue date. The settlement of the bonds took place around 28 November 2017.

The bonds have an equity- and debt component. The equity component has an amount of € 9.72m and reflects the value of the conversion right (written call option).

The Company as the issuer may, on giving not less than 30 nor more than 60 days' prior notice to the bondholders, redeem all, but not some only, of the outstanding bonds with effect from the redemption date (which shall be no earlier than 19 December 2020). However, such notice may only be given if the share price on each of not less than 20 trading days during an observation period of 30 consecutive trading days is equal to or exceeds 130% of the conversion price in effect on each such trading day.

The issuer grants to each bondholder the right (the “conversion right”) to convert each bond in whole, but not in part, at the conversion price into settlement shares on any business day during the conversion period (period from 8 January 2018 to the earlier of the following days: the 35th Business Day prior to the maturity date or if the bonds are redeemed by the issuer the 10th Business Day prior to the redemption date).

Bonds

The Company has issued senior unsecured bonds in the aggregate principal amount of € 300m. The bonds are issued in denomination with a principal amount of € 100,000 each, which rank pari passu among themselves. The Group used the net proceeds for the refinancing of existing debt as well as for general corporate purposes.

The bonds with a maturity of 5 years were issued at 98,857% and will be redeemed at 100%. The bonds were placed with a coupon of 3.5% per annum, payable semi-annually in arrears. The issuance of the bonds took place on 23 March 2018.

F.17 Other Short-term Provisions

Other short-term Provisions – Detailed composition

€ thousand	01 Jan 2019	Utlilization	Reversals	Change in scope of consolidated companies	Transfer	Additions	31 Dec 2019
Litigation costs	14.522	(200)	(11.289)	0	(80)	450	3.402
Restructering	6.202	(1.186)	(3.210)	(460)	0	0	1.346
Tax law procedures and risks	6.307	(3.120)	(392)	0	0	3.008	5.804
Rental Guarantees	1.944	(1.924)	(20)	0	-	0	(0)
others	4.467	(769)	(2.598)	(827)	(920)	4.003	3.356
Total	**33.443**	**(7.200)**	**(17.510)**	**(1.287)**	**(1.000)**	**7.461**	**13.908**

Other short-term provisions decreased by k€ 19,535 mainly due to utilizations as well as reversals related to a decreased risk exposure. The provision for Litigation Costs for example was reversed in an amount of k€ 11,289 mainly based on reduced risks because of a successful disposal of a property in one of managed the third-party funds. Furthermore, the restructuring provision was reversed in an amount of k€ 3,210 based on the successful disposal of property planned and equipment, which was planned to be refurbished.

F.18 Trade Payables

Trade payables (k€ 14,283; previous year k€ 11,664) mainly consist of amounts due to external service providers as well as capital raising agents.

F.19 Other Current Liabilities

€ thousand	31 Dec 2019	31 Dec 2018
Liabilities from other loans	17.587	20.053
Liabilities from employee benefits	7.299	9.434
Others	7.898	13.371
Short-term liabilities from other taxes (VAT, stamp duty)	5.235	4.731
Deferred income	7.226	4.489
Total	**45.244**	**52.077**

The position contains financial instruments in a total amount of k€25,350.The prior year liability from other loans are substantially related to the supplier Apollo from HFS and was fully repaid in 2019.

The renewed decrease in liabilities from other loans mainly results from the payment obligation of the placement company HL Quartier West Darmstadt KG, which is only included at equity in the fourth quarter and not fully consolidated.

G. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

G.1 Revenue from Acquisition Related Fees

€ thousand	2019	2018
Revenue from Acquisition Fee	30.398	23.464
Revenue from other Acquisition Related Fees	4.676	18.180
Total	**35.074**	**41.644**

Increasing Revenue from Acquisition Fee in 2019 was driven by higher transaction volume in 2019 compared to 2018.

G.2 Revenue from Asset and Property Management

€ thousand	2019	2018
Revenue from Coupon Participation Fees	56.747	53.555
Revenue from Asset Management Fee	67.901	51.735
Revenue from Property Management Fee	29.894	20.243
Revenue from Sales Fee from third parties	0	4.614
Revenue from Development Fee	15.907	3.131
Revenue Other Fees	4.866	1.739
Total	**175.316**	**135.017**

HFS and Corestate Capital Advisors with its products "Stratos" and "Corestate Opportunity Fund" drive the increase in Revenue from Asset Management Fee.

Increase in Property Management Fee results from full year effect of CRM acquisition (in Q4 2018).

The increasing Revenue from Development fee corresponds with the progress in certain Residential projects.

G.3 Income from Mezzanine loans

Income from mezzanine loans of €k 17,058 (in 2018: k€ 8,549) comprises the interest income from short-term bridging activities of mezzanine loans to Real Estate development Companies in the German speaking region.

G.4 Total Expenses from Real Estate Investment Management

Expenses from Real Estate Investment Management of k€ 95,163 include both personnel and overhead expenses (e.g. rent and leasing expenses, IT and telecommunication expenses, travel expenses, legal and other advisory fees) relating to the Group's Real Estate Investment Management activities.

Personnel expenses account for k€ 50,707 (previous year: k€ 40,987) and overhead expenses account for k€ 44,456 (previous year: k€ 30,215). The increase in personnel expenses is mainly driven by the FTE growth and the increase in overhead expenses is impacted by legal and consulting fees.

G.5 Share of Profit or Loss from Associates

Share of profit/loss for the year comprises the Group's share of the results of operations of the Associates or the Joint Ventures using the equity method as well as gains and losses from the disposal of shares in Associates or Joint Venture.

G.6 Dividends from other Alignment Capital

Dividends reduced in comparison to prior year mainly due to reduced dividend payments related to project "Private Invest" of Hannover Leasing Group.

G.7 Expenses from Management of Associates and Joint Ventures

Expenses from Management of Associates include both personnel and overhead expenses allocated to the Management of Associates. Such allocation is based on the pro-rated management fees incurred on the Group's alignment investment in the relevant projects of k€ 12,225 (previous year k€ 9,550).

G.8 Net Rental Income

Net rental income of in total k€ 11,160 (2018: k€ 17,809) relates to income from properties classified as inventory. Lower inventory volume during 2019 drives the lower income in 2019.

G.9 Net Gain from Selling Property Holding Companies/ Inventories

The gains from selling property holding companies/inventories reflect the realized margin from the Group's warehousing activities. In 2019 the net gain from selling property holding companies/ inventories amounted to k€ 18,671 (2018: k€ 59,366). The decrease is due to lower deal volume in 2019 (in 2018: sale of three trophy assets at attractive conditions/ comprises total proceeds from sale (m€ 228) offset by the carrying amount of net assets sold (m€ 125) and taxes (m€ 44)).

G.10 Expenses from Real Estate Operations/Warehousing

Expenses from Real Estate Operations/Warehousing of in total k€ 19,179 (2018: k€ 19,524) include direct expenses in relation to the operation of the assets while in warehouse (k€ 7,772; 2018: k€ 9,626) and allocated costs of (k€ 11,407; 2018: k€ 9,898).

G.11 General and Administrative Expenses

General and Administrative Expenses of k€ 24,650 (2018: k€ 26,830) include both personnel and overhead expenses not allocated to either Expenses from Real Estate Investment Management, Expenses from Management for Associates or Expenses from Real Estate Operations.

G.12 Depreciation and Amortization, Depreciation of Rights of Use

€ thousand	2019	2018
Intangible assets - scheduled depreciation	(25.602)	(24.696)
Intangible assets - non-scheduled depreciation	(602)	(494)
Property, plant and equipment - scheduled depreciation	(1.281)	(1.872)
Depreciation on Rights of Use Assets	(2.908)	0
Others	(709)	0
Total	**(31.102)**	**(27.062)**

G.13 Financial Income

€ thousand	2019	2018
Interest income	3.189	4.037
SWAP valuation income	0	1.757
Foreign currency income	3.345	6.493
Other financial income	3.542	1.890
Total	**10.076**	**14.177**

G.14 Financial Expenses

€ thousand	2019	2018
Interest expenses	(30.120)	(26.379)
Profit or loss attributable to NCIs	(337)	(11.943)
Foreign currency expenses	(2.372)	(5.687)
Others	(735)	632
Total	**(33.564)**	**(43.377)**

Interest expenses are mainly related to corporate bonds issued in 2017 and 2018. The remaining interest expenses include prepayment penalties for the sold warehousing assets and interest expenses for warehousing debt. Other financial expenses contain bank charges.

H. INCOME TAX

A breakdown of income tax is shown below:

Income tax (expense)/benefit

€ thousand	2019	2018
Current income tax expense	(15,023)	(22,427)
Deferred taxes	3,378	8,052
Total	**(11,645)**	**(14,375)**

Income from deferred taxes mainly results from temporary differences in the recognition of assets and liabilities of sub-group Hannover Leasing and HFS Helvetic Financial Services AG and from the capitalization of deferred tax assets on tax loss carry-forwards of CCH SA.

Tax rate reconciliation

The tax reconciliation statement below describes the relationship between the effective tax expense/benefit as recorded in the Group's Income Statement and the originally expected tax expenses based on the consolidated Earnings before Taxes (EBT) according to IFRS by applying the statutory income tax rate of 24.94% (previous year 26.01%) for CCH SA in Luxembourg.

€ thousand	2019	2018
Consolidated Earnings before Taxes (EBT) according to IFRS	120,437	117,863
Luxembourg statutory income tax rate for CCH SA	24.94%	26.01%
Projected income tax (gain) / burden	**30,037**	**30.656**
Adjustments in respect of current income tax of previous years	4,256	(2,794)
Effect from changes in tax rates	0	(14)
Effect from write-off of deferred tax assets	4,554	2,745
Effect from permanent differences	2,974	(325)
Effect from different tax rates	(9,284)	(8,931)
Effect from dividends and other income exempt from taxation	(20,364)	(6,949)
Other differences	(528)	(12)
Income tax reported in the Group's income statement	**11,645**	**14,375**
Effective tax rate	10%	12%

The tax loss carry-forward regarding corporation tax is based on the loss of the period of CCH SA. The Luxembourg tax rate of 24.94% (previous year 26.01%) was used to calculate these deferred taxes.

The Group has recognized deferred tax assets for most of its tax losses carried forward.

Deferred Tax assets and liabilities

€ thousand	31 Dec 2019	31 Dec 2018
Deferred Tax assets		
from tax loss carryforward	9,205	9,639
from temporary differences on accruals	990	2,444
from temporary differences on liabilities	5	1,813
from temporary differences on shares in subsidiaries	557	1,245
from temporary differences on properties	725	9
from at-equity valuation of associates	744	805
from temporary differences on receivables	3	86
from valuation of other assets	63	6,939
from temporary differences on financial liabilities	4,616	0
from temporary differences on share-based payments	0	73
Set-off of deferred tax liabilities	**(5,065)**	**(840)**
Total	**11,843**	**22,213**

€ thousand	31 Dec 2019	31 Dec 2018
Deferred Tax liabilities		
from temporary differences on financial assets	8,727	13,197
from at-equity valuation of associates	1,097	4,138
from temporary differences on liabilities	0	76
from temporary differences on receivables	154	256
from temporary differences on accruals	0	27
from temporary differences on properties	4,595	283
from temporary differences on other assets	215	6,047
from temporary differences on share-based payments	0	144
Set-off of deferred tax assets	**(5,065)**	**(840)**
Total	**9,723**	**23,328**

I. OTHER INFORMATION

I.1 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding is calculated as follows:

Calculation of weighted average number of ordinary shares (undiluted)

	2019		2018	
	number of shares	days	number of shares	days
Shares at the beginning of the period	**21.329.417**	**365**	**21.294.123**	**365**
Issue of new shares (SW Authorised Capital) on 30 April 2018	-	-	35.294	246
Issue of new shares (MB Authorised Capital) on 25 January 2019	25.000	341	-	-
Repurchase of own shares on 05 April 2019	-34.884	271	-	-
Repurchase of own shares on 18 April 2019	-69.537	258	-	-
Repurchase of own shares on 25 April 2019	-75.579	251	-	-
Use of shares from share repurchase program on 17 May 2019	5.032	229	-	-
Shares at the end of the period*	**21.179.449**		**21.329.417**	
Weighted average number of shares for the period	**21.228.904**		**21.317.910**	

*) not to be equated with the number of shares of the free float

Calculation of weighted average number of shares (diluted)

	2019	2018
	number of shares	number of shares
New shares from the exercise of share-based payments	16.501	25.000
Weighted average number of shares for the period	**21.245.405**	**21.318.047**

The effect from potential ordinary shares from the conversion of convertible bonds was ignored for determining dilutive EPS as the conversion price set out in the terms and conditions for the convertible bond is fixed as € 61.9580 per share (only subject to anti-dilution adjustments), which is significantly higher than the average market price of Corestate's shares during 2019. We therefore considered the convertible bonds to be anti-dilutive as it is very unlikely that the bond could be converted into ordinary shares.

Earnings per share, both undiluted as well as undiluted are calculated as follows:

Earnings per share (undiluted)

€ thousand	2019	2018
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	108.530	104.632
Profit attributable to ordinary equity holders of the parent for basic earnings	**108.530**	**104.632**
Weighted average number of ordinary shares (undiluted):		
Share capital	21.228.904	21.317.910
Weighted average number of ordinary shares (total)	**21.228.904**	**21.317.910**
Earnings per share	**5,11 €**	**4,91 €**

Earnings per share (diluted)

€ thousand	2019	2018
Share capital	21.245.405	21.318.047
Weighted average number of ordinary shares (total)	**21.245.405**	**21.318.047**
Earnings per share (diluted)	**5,11 €**	**4,91 €**

Further, the utilization of the remaining additional authorized capital approved by the Annual General Meeting of the Company will lead to a further dilution of earnings per share in future.

I.2 Capital management

The Group's policy is to maintain a strong capital base in order to maintain investor, creditor, and general capital markets confidence, and to support the ongoing development and growth of the Group for further maximizing shareholder value. Shareholder value is measured both in terms of earnings per share and related share price development as well as running dividend yield.

For the purpose of the Group's capital management, capital includes share capital and all other equity reserves attributable to the shareholders of the parent.

The Group proactively manages its capital structure and makes necessary adjustments by either changing dividend pay-outs, returning capital to shareholders or issuing new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2019.

I.3 Commitments and contingencies

The Corestate Group's contingent liabilities and other obligations are mainly potential future payment obligations of the Group attributable to guarantees that have been provided. The figures shown reflect potential liabilities that the guarantees are called upon.

Contingent Liabilities

€ thousand	2019	2018
Loan commitment	39,356	25,745
Placing and takeover obligations	2,750	2,372
Obligations under guarantees and warranty agreements	1,028	9,010
Remargining	0	393
Capital commitments for debts of joint ventures	0	295
Total Loss Contingencies	**43,134**	**37,815**

The increase in Contingent Liabilities mainly results from changes in the consolidation scope. Accordingly, the deconsolidation of HL Quartier West Darmstadt KG and HL Invest Hannover KG primarily contributes to the growth in Loan Commitments in the amount of k€ 15,761 and k€ 10,622. However, the Loan Commitment for Hotel Ulm KG from the previous year of k€ 10,633 no longer exists. Placing and takeover obligations amounting k€ 2,372 originate from HL Invest Hannover KG's role as placement warrantee. Placement warrantor is HL KG. The change in Obligations under guarantees and warranty agreements relates with k€ 6,863 essentially to Pernilla KG, a company that has been deconsolidated in 2018.

The company is exposed to legal disputes or conflicts with its clients, customers and other counterparties. The company estimated the financial risks resulting from such possible disputes to be remote and concluded that no provisions are required for these risks.

I.4 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and receivables, trade and other payables with the main purpose of financing the Group's operations. The Group has loan, trade and other receivables, as well as cash and cash equivalents directly resulting from its operations. The Group also holds other financial instruments and enters into derivative transactions if necessary. The Group is exposed to credit risk, liquidity risk and interest rate risk.

The overarching risk management system, which is designed in line with the size of the Group, is geared towards the unpredictable nature of developments on the financial markets and aims to minimize potential negative effects on the Group's financial position. The Group identifies measures and hedges financial risks at regular intervals.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. The Group's ExCom oversees the management of these risks to ensure that an appropriate balance between risk and control is achieved.

The ExCom reviews and agrees policies for managing each of these risks which are summarized below.

I.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short and long-term debt obligations with floating interest rates.

In the case of variable-rate (loan) liabilities, there is an interest rate risk insofar as the interest rate for the loans raised is usually linked to the EURIBOR reference rate (European Interbank Offered Rate).

All financial assets – with the exception of loans to shareholders and associates – are even non-interest bearing or partly with fees of 40–50 basis points.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate financial instruments, as follows:

Increase/decrease in basis points	Effect on profit
+50%	<-0.1m
-50%	<0.1m

I.4.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Except for a minor portion of its cost base, which is denominated in CHF, GBP and USD, the Group does not have any foreign currency risk relating to financial instruments. However, with the acquisition of CRM Students, a fully UK based operating company is part of the Group. However, CRM Students has its income and costs in GBP and therefore do not face foreign currency risks for their own operations. The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP and CHF exchange rates, with all other variables held constant.

2019

	Change in FX rate	Effect on profit
USD	+10%	€ 3,1m
	- 10%	€ -3,5m
GBP	+10%	< 0.1m
	- 10%	<-0.1m
CHF	+10%	<0.1m
	- 10%	<-0.1m

2018

	Change in FX rate	Effect on profit
USD	+10%	€ 3m
	- 10%	€ -4m
GBP	+10%	< 0.5m
	- 10%	<-0.5m
CHF	+10%	<0.1m
	- 10%	<-0.1m

I.4.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities which, in turn, are dependent on the operating performance of the underlying investments. Such operating performance is very closely monitored by the Group's asset, property, and financial management teams.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The creditworthiness of relevant client is assessed using a matrix to determine the maturity of trade receivables (simplified approach). The credit risk of other receivables (general approach) is qualified by allocating debtors to a corresponding industry. The main focus is on the real estate industry.

Trade Receivables (simplified approach)

	Not yet due	Past-due - 1 to 90 days	Past-due - 91 to 180 days	Past-due - 181 to 360 days	Past-due - from 361 days	**Total**
Default ratio	0,29%	0,52%	2,02%	3,67%	13,85%	**1,99%**
Gross carrying amount of trade receivables as of 31 December 2019 (in € thousand)	7.285	22.695	11.324	7.000	2.836	**51.141**
Lifetime expected credit loss (in € thousand)	21	118	229	257	394	**1.020**

Results for 2019 do not materially derivate to 2018 numbers.

Other Receivables (general approach)

as of 31 December 2019 (in € thousand)	Gross carrying amount	Expected credit loss
Financial assets - Real estate industry	76.198	86
Financial assets - Others	188.752	16
Total other receivables	**264.950**	**102**

Results for 2019 do not materially derivate to 2018 numbers.

I.4.4 Liquidity risk

The Group monitors its risk of a shortage of funds using a recurring liquidity planning tool which is updated on a monthly basis. For short-term liquidity risks an efficient net working capital management is in place.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Maturities of financial liabilities (31 December 2019)

€ thousand	Closing Balance 31 Dec 2019	< 1 year	1 to 5 years	> 5 years
Bank loans	54.699	49.303	5.856	-
Other financial liabilities	520.342	14.318	560.634	-
Short-term Liabilities to Associates	8.473	8.473	0	-
Trade payables	14.283	14.283	0	-
Other current liabilities	25.350	25.350	0	-
Lease liabilities	20.974	3.198	17.777	0
Total financial liabilities	**644.121**	**114.924**	**584.266**	**0**

Maturities of financial liabilities (31 December 2018)

€ thousand	Closing Balance 31 Dec 2018	< 1 year	1 to 5 years	> 5 years
Bank loans	70,151	468	69,683	-
Other financial liabilities	558,236	13,000	545,236	-
Short-term liabilities to Associates	821	821	-	-
Trade payables	11,664	11,664	-	-
Other current financial liabilities	43,303	43,303	-	-
Total financial liabilities	**684,175**	**69,256**	**614,919**	**-**

I.5 Related party information

A party is generally considered to be related if such party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Note I.6 provides information about the Group's structure, including details of the subsidiaries and the holding Company. CCH SA has identified these Group companies as well as the following entities and persons as related parties:

Related Parties	related to/ as
W5 Group AG	Shareholder
W5 Group GmbH	Shareholder
W5 Group LLC	Shareholder
Norbert Ketterer	Shareholder
Ketom AG	Shareholder
Helvetic Real Estate Financing AG (HREF)	Shareholder
Thalos	Supervisory Board (M.Blattmann)
Vicenda	Supervisory Board (M.Blattmann)
Felur Swiss Treuhand AG	Supervisory Board (U.Felder)
Micha Blattmann	Supervisory Board
Urs Felder	Supervisory Board
Ulrich Plett	Supervisory Board
Jonathan Lurie	Supervisory Board
Realty Corporation Ltd	Supervisory Board (J. Lurie)
Lars Schnidrig	Management Board
Thomas Landschreiber	Management Board
Sascha Wilhelm	Management Board until 2018
Dr. Michael Bütter	Management Board until 2018

Ralph Winter was a senior advisor to CCH SA through a consultancy agreement between W5 Group AG and CCH SA (relevant consultancy agreement has been terminated as of 20 March 2019). W5 Group AG, W5 Group GmbH and W5 Group LLC are investment advisory firms wholly-owned by Ralph Winter. Norbert Ketterer is a shareholder of CCH SA. Lars Schnidrig and Thomas Landschreiber are members of the Company' management board (Vorstand) while Micha Blattmann, Ulrich Plett, Dr. Urs Felder and Jon Lurie are members of the Company's supervisory board (while Micha Blattmann, Ulrich Plett and Dr. Urs Felder have been members of the Company's supervisory board throughout 2019, Jon Lurie only joined the board on 26 April 2019). John Lurie also is the Managing Partner of Realty Corporation Ltd, a Real estate investment and advisory company that is based in London. FELUR Swiss Treuhand AG is a Swiss tax advisory firm wholly-owned by Mr. Felder.

CCH SA Key Management Personal:

- Lars Schnidrig:
  Chief Financial Officer of Corestate Capital Holding S.A. – since 1 April 2017 until 31 March 2019
  Interim Chief Executive Officer of Corestate Capital Holding S.A. – since 31 December 2018 until 31 March 2019
  Chief Executive Officer of Corestate Capital Holding S.A. – since 1 April 2019

- Thomas Landschreiber:
  Chief Investment Officer of Corestate Capital Holding S.A. – since 21 August 2015

The members of the Management Board were appointed by the Supervisory Board for the following terms:

Thomas Landschreiber has been appointed as Chief Investment Officer of Corestate Capital Holding S.A. until 31 March 2020.

Lars Schnidrig has been appointed as Chief Executive Officer of Corestate Capital Holding S.A. until 31 March 2023.

In addition to the individually agreed base salary and annual bonus payments (cash and/or shares), under their service agreements, the Management Board members are entitled to ancillary benefits that include, among other things, payment of remuneration in case of sickness or death for a certain period, contributions to private health insurance as well as D&O and E&O insurance coverage at usual market terms. The Company reimburses all travelling costs and incidental expenses.

Members of the Supervisory Board:

The Supervisory Board must be composed of at least three individuals, and currently consists of the following members:

- Micha Blattmann (chairman, manager and lawyer, whose professional address is General-Guisan Strasse 15, CH-6300 Zug/Switzerland) – since 23 September 2015. Micha Blattmann is also Partner with the private debt specialist Vicenda Asset Management AG, Zug. He serves as an executive director at Vicenda Group AG. He held various positions within capital markets divisions of international investment banks, including senior advisor of the Strategic Cross Asset Solutions Group of Merrill Lynch Capital Markets and senior advisor of the Equity and Commodity Risk Management Team for institutional clients of UBS AG. He has been chairman of the Supervisory Board at Corestate Capital Holding S.A. since September 23, 2015. He serves as non-executive director at BRCH Holding AG, Azteca Holding AG, AZC Capital SACV, Desarollo Vivienda MK1 S.A.P.I. De C.V., FCM Investments AG, Limedo Business Ltd, BVI and Thalos Investment Platform S.A. He previously worked as lawyer at Bär & Karrer and Andersen Legal. He is admitted as lawyer in Switzerland and is practicing in his law firm Blattmann Advokatur & Notariat, Neuheim. Mr. Blattmann holds a Licentiate in Law from the University of Zurich and a Master of Laws (LL.M.) from University of California-Los Angeles, School of Law. He is admitted to the bar of the Higher Court of the Canton of Zug, Switzerland.

- Dr. Urs Felder (self-employed tax and accounting Expert, whose professional address is at FELUR Swiss Treuhand AG, Sihlamtsstrasse 5, CH-8001 Zurich/Switzerland) – since 21 August 2015.

- Ulrich Plett (Chairman of the Audit Committee, Wirtschaftsprüfer, whose professional address is Clausewitzstr. 7, D-10629 Berlin/Germany) – since 23 September 2015.

- Jonathan Matthew Lurie (founder and managing partner of the real estate investment and consulting company Realty Corporation Ltd., whose professional address is at 1 Heddon St, Regent St, Mayfair, London W1B 4BD/England, UK) – since 26 April 2019.

At the Company's annual general meeting held on 28 April 2017, it was resolved to extend the mandates of the above listed members of the Supervisory Board until the annual general meeting of shareholders of the Company held in 2020. At the Company's annual general meeting held on 26 April 2019, the mandate of the newly appointed member of the Supervisory Board, Jonathan Matthew Lurie, was determined to have a term of office ending after the annual general meeting of the Company which will be held in 2021.

As resolved in the Supervisory Board's meeting held on 14 December 2017, an audit committee has been established, which currently consists of the members Mr Plett (chariman), Mr Blattmann and Mr Felder. Furthermore, in its meeting held on 12 November 2018, the Supervisory Board resolved to establish a nomination committee. With effect from such date, the Supervisory Board elected its members Mr Blattmann (chairman), Mr Plett and Mr Felder as members of the nomination committee.

At the Company's annual general meeting held on 26 April 2019 it was resolved that the chairman of the Supervisory Board shall be entitled to an annual fee in a gross amount of one hundred fifty thousand Euro (k€ 150) and the deputy chairman of the Supervisory Board shall be entitled to an annual fee in a gross amount of one hundred thousand Euro (k€ 100).

Each other member of the Supervisory Board shall be entitled to an annual fee in a gross amount of seventy-five thousand Euro (k€ 75).

The chairman of the audit committee of the Company and the chairman of the nomination committee of the Company, shall be entitled to an additional annual fee in a gross amount of fifteen thousand Euro (k€ 15).

The chairman of any other committee of the Company that may exist from time to time, shall be entitled to an additional annual fee in a gross amount of ten thousand Euro (k€ 10).

Each other member of the audit committee of the Company, the nomination committee of the Company and any other committee of the Company that may exist from time to time, shall be entitled to an additional annual fee in a gross amount of five thousand Euro (k€ 5).

Additionally, all board members are receiving attendance fees, in 2019 a total of k€ 144 (2018: k€ 136).

In 2019, a total fee of k€ 520 is recognized (2018: k€ 286).

Associates (Co-Investments)

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group invests typically between 5% and 10% in its investment products for private clients as alignment capital investment. Since the Group provides comprehensive real estate investment management services to such investment structures, these investment structures in each case qualify as an Associate under the IFRS regime. The revenues generated with such Associates are based on market-standard Joint-Venture and Co-Investments Agreements (JVCIA) as well as various asset and property management agreements and are entered into with and approved by its clients.

I.5.1 Transactions with shareholders and shareholder related entities

The following table sets out all payments made to shareholders and shareholders' related entities made by the Group in the period 1 January through 31 December 2019. Hence, such amounts do not necessarily reconcile with the Consolidated Income Statement for the financial year 2019.

Transactions with shareholders and shareholder`s related entities

€ thousand	2019	2018
Fees paid to W5 Group/W5 Group LLC under consultancy agreements	(213)	(549)
Cost reimbursements to W5 Group/W5 Group LLC	(175)	(155)
Compensation payment to W5 Group/W5 Group LLC under termination agreement	(1.985)	-
Remuneration N. Ketterer as Chairman of the Board of Directors of HFS	(300)	(300)
Rental Costs to Vicenda	(13)	(13)
Co-Investment and Short-term Liabilities by Ketom and HREF	35.000	-
Repayment of Co-Investment and Short-term Liabilities by Ketom and HREF	(35.000)	
Early redemption payment to Thalos	-	(213)
Interest paid to Ketom and HREF	(2.636)	-
Loans granted by shareholders	-	18.918
Repayment of loans granted by shareholders	(18.918)	
Other Liabilities to shareholders	-	39.000
Repayment of other Liabilities to shareholders	(39.000)	
Interests income on loans granted to shareholders	-	(1.257)
Dividends (including capital repayments) paid to shareholders	(52.936)	(42.588)

Fees and cost reimbursements paid to W5 Group AG / W5 Group LLC are payments made in relation to the underlying consultancy agreements. These agreements were terminated in March 2019 and a compensation payment was made in the amount of k€ 1,985.

I.5.2 Transactions with Key Management Personnel

Some Senior Management members as well as certain other employees have a minority interest (Limited Partner) in Corestate MCIF GmbH & Co. KG (MCIF). All profits of MCIF are distributable to these Limited Partners (disproportionate profit distribution). Under the MCIF scheme, the participants are required to contribute up to one third of their annual bonus.

An LTI-Share Program for Senior Management and Key People of the Corestate Group has been implemented effective 1 January 2019. The five-year program is based on certain KPI’s with respect to the development of the Share price of CCHSA. The program details are described in legal plan conditions and not limited to current employees but also open for new hires.

Transaction with Key Management Personal and Members of the Supervisory Board

€ thousand	2019	2018
Short-term employee benefits	(1.741)	(2.710)
Service Agreement termination benefits	-	(1.910)
share-based payments benefits	(500)	(2.601)
Compensation payments	(1.298)	(228)
Remuneration to members of the supervisory board	(519)	(210)
EMC Bonus Awards contributed to MCIF	-	(74)

I.5.3 Share-based payments

Members of the Group' s Management Board, senior manager and high-performer receive remuneration in the form of share-based payments, whereby the members render services as consideration for equity instruments (equity-settled transactions). Some members of Group' s Management Board are granted so called phantom stocks, which are settled in cash (cash-settled transactions).

Valuation model and input parameters

The fair value of the synthetic stock options is measured using a monte carlo option pricing model taking into account the terms and conditions upon which the options were granted.

The beneficiary may exercise the options between the end of the waiting period and the end of the term of the option on the condition that the employment contract has not been terminated and neither the beneficiary nor the company has notified in writing the termination of the employment contract by that date.

For the stock option valuation the contractual life of the options and the possibility of early exercise were considered in the monte carlo model.

The risk-free interest rate is the implied yield currently available on Luxembourg government issues with a remaining term equal to the term of the options.

The future volatility for the lives of the options was estimated based on historical volatilities also considering the management's expectation of future market trends.

The expense resulting from the share-based payment transactions is recognized during the vesting period on a pro-rata-basis with a corresponding increase in provision. Furthermore, the amount recognized is based on the best available estimate of the number of options expected to vest and is revised, if subsequent information indicates that the number of options expected to vest differs from previous estimates.

Corestate Capital Holding S.A. Share Program

In 2019 Corestate started a Performance Share Program for important senior manager and high performer (key people) as well as for new hires who joined the Group after the 1 January 2019. Four tranches that are all granted at the same date but have different vesting periods (1, 2, 3 and 4 years) – result in graded vesting (front loading expense). At the beginning of the performance periods in 2019 and 2020 the participants receive an individualized grant letter in which the individual target value of the performance shares in euros ("target value") is set out. The letter of allocation shall contain the number of virtual performance shares granted. Performance shares are not linked to any administrative, voting or dividend rights or rights to other distributions. They merely represent a calculation item for determining the future conditional entitlement to Corestate shares to be issued and transferred (real shares). Performance shares are transferred to the participants in annual tranches in the form of real shares from the third year onwards (requires a waiting period of two years in which no real shares are transferred). The transfer is to take place in four equivalent tranches (25% of the total number of performance shares each) – subject to the achievement of the relevant performance targets which is an annually in crease of the share price of 10% each year.

The increase in the stock market price as the key performance target is calculated by dividing the "transfer price" by the closing price. The transfer price is defined as the arithmetic mean of the closing prices of the last 30 trading days prior to 31 December of the respective year of the performance period. As said, the performance target is deemed to have been achieved if the cumulative transfer price increased by at least 10% each year compared with the closing rate (annual performance target).

In 2019, the related expense amounted to m€ 1,2 (2018: m€ 0).

Share-based payments of Management Board

As a long-term incentive, one board member receives after his choice either company shares or a cash settlement which belongs to the development of the stock price of the company in accordance with the following regulations:

This Board member is initially granted LTI options totaling € 2,400,000.00. The number of LTI options results from the quotient of the above amount and (i) the closing price of the Company's share on 19 March 2019 or (ii) the average closing price of the last five trading days before taking effect of the service agreement including this day. The lower one of the two values is decisive. The board member can grant the LTI options in four tranches, 25% of the overall sum after 1 April 2019 and then three times 25% after 12, 24 and 36 months after this service agreement entered into force. The board member can choose either LTI shares or a cash settlement. The decision of the board member has to be communicated to the Chairman of the Supervisory Board within four weeks after the respective performance period in text form (email is sufficient). If there is no such notification or if it is not done in time it means that the cash settlement option will be applied. The parties agree that the first tranche is granted in the form of a cash settlement. If the board member chooses LTI shares, the calculated number of LTI shares (gross) will be transferred, if necessary after issuing of corporate shares, at the end of the respective performance period to the deposit of the board member. From this point on, the shares are subject to a contractual holding period of twelve months at the most, however, until the end of the service agreement. If the board member chooses the cash settlement option, he will receive it immediately after the respective performance period in an € (gross) amount that corresponds to the product of the company share price based on the average closing price of the last five trading days before the end of the respective performance period and the calculated number of LTI options. In 2019, the related expense amounted to k€ 677.

One other board member receives an additional, annual fixed amount of € 600,000 gross either in shares or in cash (€). The board member can decide until March 31, 2019 whether he would like to have the fixed amount paid out in shares or in cash (€). If the fixed amount is paid in shares, the board member will receive shares in the amount of € 600,000.00 gross as of April 1st, 2019. To calculate the number of shares the last trading day in XETRA trading 2018 count as the key date on. The parties agree that the bonus is granted in the form of a cash settlement.

This board member will receive an additional share package for the year 2019 at the end of 31 December 2019, for the year 2020 at the end of 31 December 2020 and for the year 2021 at the end of 31 December 2021 (based on the key date of the last trading days in XETRA trade 2018 for the year 2019, 2019 for the year 2020 and 2020 for the year 2021) in the amount of € 500,000 gross. The total amount of € 500,000 gross divided by the stated closing price gives the number of shares to be transferred. For absences (excluding periods of garden leave) or a withdrawal during the year, the fixed amount will also be reduced pro rata. This does not apply to absences due to public holidays, vacation and incapacity to work with entitlement to continued payment. The tax on those transferred shares is carried by the board member. It can be paid by the board member directly or by share allocation, be covered by "sell to cover". The listed share package of € 500,000 will be based on three target achievements equally weighted which are company-defined and calculated and if necessary transferred proportionately. These goals were discussed with the board member for 2019 and fixed.

The shares (16,501) were delivered to the board member in January 2020 equivalent to an amount of k€ 500.

Equity-settled transactions 2019

One former board member was granted a special remuneration on the basis of an amendment to the service agreement in form of shares in the company in an aggregate amount of k€ 740.

The share-based compensation granted will only be forfeited under certain circumstances (i.e. when the Company terminates the service agreement for cause; the service agreement is terminated upon request of the Board member). In turn, the share grants individually agreed for each member of the Board vest over various periods linked to the term of the underlying service agreement.

Movements during the year 2019

The following table illustrates the number and movements in synthetic equity-settled stock options during the year, as well as the grant date and the remaining term of the option:

Equity-settled transactions 2019 - Movements during the year

	Tranche 1
Grant Date	May 2019
Granted Stock Options	5.032
Remaining term of the option	0 years
Granted during the year	5.032
Exercisable as of 31 December 2019	5.032

Equity-settled transactions 2018

In 2018 certain members of the EMC were granted a special payment on the basis of the individual service agreements in form of shares in the company (so-called "share-based payment") in an aggregate amount of k€ 1,199.

The share-based compensation granted will only be forfeited under certain circumstances (i.e. when the Company terminates the service agreement for cause or the service agreement is terminated upon request of the member of the EMC during the relevant current term). In turn, the share grants individually agreed for each member of the EMC vest over various periods linked to the term of the underlying service agreement.

The fair value of such share grants was calculated as € 49.08 per share less projected dividend payments per share during the relevant vesting period, and is amortized (i.e. recognised through profit and loss) based on the vesting periods individually agreed for each member of the EMC. The total expense recognized through profit and loss in relation to such share grants to the EMC in the financial year 2018 was k€ 1,177.

Movements during the year 2018

The following table illustrates the number and movements in synthetic equity-settled stock options during the year, as well as the grant date and the remaining term of the option:

Equity-settled transactions 2018 - Movements during the year

	Tranche 1
Grant Date	May 2018
Granted Stock Options	25.468
Remaining term of the option	0 years
Granted during the year	25.468
Forfeited during the year	468
Exercisable as of 31 December 2018	25.000

Cash-settled transactions 2019

In 2019 the group has issued virtual stocks to the two-remaining members of the Board. The stocks grant the right to receive stocks or cash payment at exercise at exercise date. The virtual stock options have been exercised as cash payments in an aggregate amount of k€ 1,298.

I.5.4 Transactions with Associates (Co-Investments) and Joint Ventures (cooperation with local partners)

The terms and condition agreed with Associates for the services of the Group are negotiated and set out in the underlying documentation for each investment product entered into with the respective clients (JVCIA, management agreements etc.). Hence, such terms and conditions are considered to be at arm's length.

Transactions with Associates (Co-Investments) and Joint Ventures (cooperation with local partners)

€ thousand	**2019**	2018
Revenue from Aquisition Related Fees	7.883	2.904
Revenue from Asset and Property Management	9.493	7.805
Management Expenses	(3.828)	(1.687)
Share of Profit or Loss from Associates and Joint Ventures	11.931	10.340
Proceeds from Selling Property Holding Companies	18.671	4.655
General and Administrative Expenses	(78)	(140)
Interest income from Associates	335	659

Balances with Associates (Co-Investments) and Joint Ventures (cooperation with local partners)

€ thousand	**2019**	2018
Receivables from Associates	54.733	15.622
Receivables from Affiliated Companies	1.750	2.115
Trade receivables	24.318	8.086
Other short term receivables	(2.314)	1
Long-term loans to associates	33.364	8.169
Liabilities to Associates	8.473	821
Liabilities from Affiliated Companies	3.483	4.257
Liabilities to related parties	11	29

I.6 Group entities

CCH SA is the parent company of the Group.

The consolidated financial statements include basically all companies which the Group controls, i.e. typically for which CCH SA owns, directly or indirectly through subsidiaries, more than half of the voting power. There are no restrictions regarding Cash or Dividend Payments from such subsidiaries. Except for Corestate MCIF GmbH & Co.KG (Note I.5.2) the equity interest is equal to the voting rights.

Group entities

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Capital Holding S.A.	**Luxembourg**	**Parent Company**	**Parent Company**
AF ATHENA GmbH	Frankfurt am Main/Germany	100,00%	100,00%
ATOS Property Management GmbH	Hamburg/Germany	100,00%	100,00%
ATOS Real Estate GmbH	Wien/Austria	100,00%	100,00%
Bayreuth Student Home AcquiCo II S.à r.l.	Luxembourg	100,00%	100,00%
Bad Honnef OpCo GmbH	Frankfurt am Main/Germany	100,00%	n.a.
Bego HoldCo I S.L.	Madrid/Spain	100,00%	100,00%
Bego HoldCo S.à r.l.	Luxembourg	100,00%	100,00%
Bego PropCo I S.L.	Madrid/Spain	100,00%	100,00%
BER REV HoldCo S.à r.l.	Luxembourg	100,00%	n.a.
CAPERA Immobilien Service GmbH	Neu-Isenburg/Germany	100,00%	100,00%
CAP FinCo S.à r.l.	Luxembourg	100,00%	100,00%
CAP HoldCo S.à r.l.	Luxembourg	100,00%	100,00%
CCIS Master HoldCo S.à r.l.	Luxembourg	100,00%	n.a.
CC Venture Management S.à r.l.	Luxembourg	100,00%	100,00%
Cisnes E Silhuettas	Lisboa/Portugal	100,00%	n.a.
Corestate Ben HoldCo GmbH & Co. KG	Frankfurt am Main/Germany	100,00%	100,00%
CORESTATE Capital Advisors (Singapore) Pte. Ltd.	Singapore	100,00%	100,00%
CORESTATE Capital Advisors GmbH	Frankfurt am Main/Germany	100,00%	100,00%

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
CORESTATE Capital Advisors GmbH (Spanish branch)	Madrid/Spain	100,00%	100,00%
CORESTATE CAPITAL AG	Zug/Switzerland	100,00%	100,00%
CORESTATE Capital Beteiligungs Verwaltung GmbH	Frankfurt am Main/Germany	100,00%	100,00%
Corestate Capital Dept Advisory GmbH	Frankfurt am Main/Germany	100,00%	n.a.
Corestate Capital France HoldCo SAS	Paris/France	100,00%	n.a.
CORESTATE CAPITAL Fund Management S.à r.l.	Luxembourg	100,00%	100,00%
CORESTATE Capital Group GmbH	Frankfurt am Main/Germany	100,00%	100,00%
Corestate Capital Investors (Europe) GmbH	Frankfurt am Main/Germany	100,00%	100,00%
Corestate Capital Junior BondCo S.à r.l.	Luxembourg	100,00%	100,00%
CORESTATE Capital Partners GmbH	Zug/Switzerland	100,00%	100,00%
CORESTATE Capital Partners UK Limited	London/United Kingdom	100,00%	100,00%
Corestate Capital Sales Holding S.à r.l.	Luxembourg	100,00%	100,00%
Corestate Capital Senior BondCo S.à r.l.	Luxembourg	100,00%	100,00%
Corestate Capital Services GmbH	Wollerau/Switzerland	100,00%	100,00%
CORESTATE Capital Transactions AG	Zug/Switzerland	100,00%	100,00%
Corestate CAPTIVE PropCo V S.à r.l.	Luxembourg	100,00%	100,00%
CORESTATE CIV GmbH	Frankfurt am Main/Germany	100,00%	100,00%
Corestate Condor PropCo GmbH	Vienna/Austria	100,00%	100,00%
Corestate Condor TopCo GmbH	Frankfurt am Main/Germany	100,00%	100,00%
CORESTATE ENERGY HoldCo S.à r.l. i. L.	Luxembourg	100,00%	n.a.
Corestate FIF Portfolio Verwaltung GmbH	Hamburg/Germany	100,00%	100,00%
Corestate Marketing GmbH	Frankfurt am Main/Germany	100,00%	100,00%
Corestate Shelf 11 S.à r.l.	Luxembourg	100,00%	100,00%
Corestate Shelf 15 S.à r.l.	Luxembourg	100,00%	n.a.
Corestate Shelf 18 S.à r.l.	Luxembourg	100,00%	n.a.
Corestate Shelf 19 S.à r.l.	Luxembourg	100,00%	n.a.

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Student Home Holding S.à r.l.	Luxembourg	100,00%	100,00%
Corestate ZGE Feeder GmbH & Co. KG	Frankfurt am Main/Germany	100,00%	100,00%
Court PropCo S.à r.l.	Luxembourg	100,00%	n.a.
CRM Students Ltd	Oxford/United Kingdom	100,00%	100,00%
Dedan HoldCo S.à r.l.	Luxembourg	100,00%	n.a.
DONALD HoldCo S.à r.l.	Luxembourg	100,00%	100,00%
Echo HoldCo S.à r.l.	Luxembourg	100,00%	100,00%
Frankfurt Student Home AcquiCo II S.à r.l.	Luxembourg	100,00%	100,00%
GENOST Consulting GmbH	Leipzig/Germany	100,00%	100,00%
Ginova AIF S.à r.l. (prev. Highstreet Giessen HoldCo S.à r.l.)	Luxembourg	100,00%	100,00%
Ginova PropCo S.à r.l. (prev. Highstreet Giessen PropCo S.à r.l.)	Luxembourg	100,00%	100,00%
Grindel AcquiCo II S.à r.l.	Luxembourg	100,00%	100,00%
Hannover Leasing Verwaltungsgesellschaft mbH	Pullach/Germany	100,00%	100,00%
HARBOUR AcquiCo 1 AIF S.à r.l.	Luxembourg	100,00%	100,00%
Hartly Invest, S.L.	Madrid/Spain	100,00%	100,00%
HFS Helvetic Financial Services AG	Wollerau/Switzerland	100,00%	100,00%
Highstreet IX HoldCo S.à r.l	Luxembourg	100,00%	100,00%
Highstreet IX TopCo Ltd. (prev. Highstreet GI TopCo Ltd)	Guernsey	100,00%	100,00%
Highstreet Premium II AcquiCo Limited	Guernsey	100,00%	100,00%
Iberian HoldCo II S.à r.l.	Luxembourg	100,00%	100,00%
Iberian HoldCo II S.L.	Madrid/Spain	100,00%	100,00%
Iberian Investment II HoldCo S.à r.l.	Luxembourg	100,00%	100,00%
Iberian PropCo II S.L.	Madrid/Spain	100,00%	100,00%
ISARTAL Beteiligungsverwaltungs GmbH	Frankfurt am Main/Germany	100,00%	100,00%
Mainz Student Home AcquiCo II S.à r.l.	Luxembourg	100,00%	100,00%

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Manneken AIF S.à r.l.	Luxembourg	100,00%	100,00%
Manneken HoldCo S.à r.l.	Luxembourg	100,00%	100,00%
Marburg TopCo Ltd	Guernsey	100,00%	100,00%
Micro Living Properties Spain S.L.U.	Madrid/Spain	100,00%	100,00%
MicroLiving Service zwei GmbH	Vienna/Austria	100,00%	100,00%
Plutos HoldCo S.á r.l. (prev. Corestate Shelf 3 S.à r.l.)	Luxembourg	100,00%	100,00%
Potsdam Student Home AcquiCo II S.à r.l.	Luxembourg	100,00%	100,00%
Project AcquiCo III S.à r.l.	Luxembourg	100,00%	100,00%
RECAP FinCo II S.à r.l.	Luxembourg	100,00%	100,00%
RECAP FinCo VI S.à r.l.	Luxembourg	100,00%	100,00%
ROSE HoldCo S.à r.l.	Luxembourg	100,00%	100,00%
Stadttor Düsseldorf AcquiCo S.à r.l.	Luxembourg	100,00%	100,00%
Squirrel AcquiCo I S.à r.l.	Luxembourg	100,00%	n.a.
Tempelhof Twins HoldCo S.à r.l. (prev. Corestate Shelf 13 S.à r.l.)	Luxembourg	100,00%	n.a.
Tempelhof Twins TopCo S.à r.l. (prev. Tempelhof Twins PropCo S.à r.l.)	Luxembourg	100,00%	n.a.
Court HoldCo GmbH (prev. TRIIIPLE TopCo GmbH)	Frankfurt am Main/Germany	100,00%	100,00%
TURBO FRA AcquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100,00%	100,00%
UPARTMENTS Real Estate GmbH	Leipzig/Germany	100,00%	100,00%
Urban Micro Estate Immobilienverwaltung GmbH	Wien/Switzerland	100,00%	n.a.
Wallhalla HoldCo S.á r.l. (prev. Corestate Shelf 5 S.à r.l.)	Luxembourg	100,00%	100,00%
Wallhalla PropCo S.á r.l. (prev. Roman HoldCo S.à r.l.)	Luxembourg	100,00%	100,00%
LOMBARDO Verwaltungsgesellschaft mbH	Pullach/Germany	89,58%	89,58%
PALMYRA Verwaltungs GmbH & Co. Vermietungs KG	Pullach/Germany	89,58%	89,58%
CORESTATE MCIF GmbH & Co. KG	Frankfurt am Main/Germany	86,67%	86,67%
PALMYRA Verwaltungs GmbH & Co. Verm. KG S.e.n.c	Luxembourg	84,92%	84,92%
CORESTATE MCIF Germany GmbH & Co. KG	Frankfurt am Main/Germany	83,87%	83,87%

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Capital Vorratsgesellschaft mbH 1	Frankfurt am Main/Germany	merged	100,00%
Corestate Capital Vorratsgesellschaft mbh EINS & Co. KG	Frankfurt am Main/Germany	merged	100,00%
Corestate Investment 1 S.à r.l.	Luxembourg	merged	100,00%
Corestate Sailing HoldCo S.à r.l.	Luxembourg	merged	100,00%
Corestate SAND HoldCo S.à r.l.	Luxembourg	merged	69,74%
Crown PropCo GmbH	Frankfurt am Main/Germany	merged	100,00%
Energy AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	merged	100,00%
Highstreet IX PropCo S.à r.l	Luxembourg	merged	100,00%
Isabela HoldCo AIF S.à r.l.	Luxembourg	merged	100,00%
King HoldCo S.à r.l.	Luxembourg	merged	100,00%
RECAP FinCo III S.à r.l.	Luxembourg	merged	100,00%
RECAP FinCo IV S.à r.l.	Luxembourg	merged	100,00%
RECAP FinCo V S.à r.l.	Luxembourg	merged	100,00%
Soest HoldCo S.à r.l.	Luxembourg	merged	100,00%
VITU AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	merged	100,00%
Bochum PropCo S.à r.l. (prev. Highstreet Premium II PropCo III S.à r.l.)	Luxembourg	sold	100,00%
Echo HoldCo 2 AIF S.a.r.l. (prev. Project AcquiCo IV S.à r.l.)	Luxembourg	sold	100,00%
Echo PropCo S.à r.l.	Luxembourg	sold	100,00%
ACROSS HoldCo S.à r.l.	Luxembourg	liquidated	100,00%
Cassandra HoldCo S.à r.l. (prev. Spain Shelf I HoldCo S.à r.l.)	Luxembourg	sold	100,00%
Cassandra HoldCo S.L.U. (prev. Spain Shelf I HoldCo I S.L.)	Spain	sold	100,00%
Cassandra PropCo S.L.U. (prev. Spain Shelf I PropCo I S.L.)	Spain	sold	100,00%
CORESTATE FMCG Fonds I	Pullach/Germany	sold	100,00%
Corestate Shelf 7 S.à r.l.	Luxembourg	sold	100,00%
Leonia sp. z o.o.	Warsaw/Poland	sold	100,00%
Müller34 Student Home Projektentwicklung- und Verwaltung GmbH	Frankfurt am Main/Germany	sold	100,00%
Plutos PropCo S.á r.l. (prev. Corestate Shelf 4 S.à r.l.)	Luxembourg	sold	100,00%
RECAP FinCo S.à r.l.	Luxembourg	liquidated	100,00%
Tablas HoldCo S.à r.l. (prev. Corestate PropCo Shelf I S.à r.l.)	Luxembourg	sold	100,00%

Group entities (Sub Group Hannover Leasing)

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Hannover Leasing GmbH & Co. KG	Pullach/Germany	94,90%	94,90%
Accontis GmbH Finanzanlagen und Beteiligungen	Frankfurt am Main/Germany	94,90%	94,90%
AKANTHUS Verwaltungsgesellschaft mbH	Pullach/Germany	89,21%	89,21%
BERYTOS Verwaltungsgesellschaft mbH	Pullach/Germany	94,90%	94,90%
CAMPANULA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	78,00%	94,90%
Delta Vermietungsgesellschaft mbH	Pullach/Germany	94,90%	94,90%
DIRAN Verwaltungsgesellschaft mbH	Pullach/Germany	94,90%	94,90%
DIV Deutsche Immobilienfonds GmbH	Pullach/Germany	94,90%	94,90%
Freizeitgeräte Leasing GmbH	Pullach/Germany	94,90%	94,90%
FRICTION Verwaltungsgesellschaft mbH	Pullach/Germany	62,63%	89,21%
Galena Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94,59%	94,90%
GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	86,43%	94,90%
GORDION Verwaltungsgesellschaft mbH	Pullach/Germany	94,90%	94,90%
HANNOVER LEASING Automotive GmbH	Pullach/Germany	84,15%	84,15%
HANNOVER LEASING Belgien Beteiligungs GmbH & Co. KG	Pullach/Germany	94,90%	94,90%
Hannover Leasing Beteiligungs GmbH & Co. KG	Pullach/Germany	94,90%	94,90%
HANNOVER LEASING Investment Beteiligungs GmbH	Pullach/Germany	94,90%	94,90%
HANNOVER LEASING Private Invest Beteiligungs GmbH	Pullach/Germany	86,60%	86,43%
HANNOVER LEASING Private Invest II GmbH & Co. KG	Pullach/Germany	86,60%	84,15%
HANNOVER LEASING Treuhand GmbH	Pullach/Germany	94,90%	94,90%

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
HANNOVER LEASING Wachstumswerte Europa Beteiligungsgesellschaft mbH	Pullach/Germany	94,90%	94,90%
HANNOVER LEASING Wachstumswerte Europa VI GmbH & Co. KG i.L.	Pullach/Germany	94,90%	94,90%
HANNOVER LEASING Wachstumswerte Europa VIII GmbH & Co. KG i.L.	Pullach/Germany	47,49%	86,62%
HANNOVER-LEASING Treuhand-Vermögensverwaltung GmbH	Pullach/Germany	94,90%	94,90%
HERSCHEL Verwaltungsgesellschaft mbh	Pullach/Germany	62,63%	86,62%
IKARIA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94,90%	n.a.
KERA Verwaltungsgesellschaft mbH	Pullach/Germany	62,63%	94,90%
MERIT Beteiligungsgesellschaft mbH i.L.	Pullach/Germany	94,90%	94,90%
NIGRESCO Verwaltungsgesellschaft mbH	Pullach/Germany	94,90%	94,90%
NOVELLINO Geschäftsbesorgungs GmbH & Co. Verwaltungs KG	Pullach/Germany	94,90%	47,49%
ORION Verwaltungsgesellschaft mbH & Co. Beteiligungs KG	Pullach/Germany	94,90%	94,90%
SINGULI Verwaltungsgesellschaft mbH	Pullach/Germany	62,63%	94,90%
VANESSA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94,90%	94,90%
HL Hotel Ulm GmbH & Co. geschlossene Investment-KG	Pullach/Germany	sold	53,63%
HL Quartier West Darmstadt GmbH & Co. Geschlossene Investment - KG (prev. STYLOS Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	sold	94,90%
LIBANUS Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	sold	94,90%
PERNILLA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	sold	94,90%

I.7 Deconsolidation

	Echo HoldCo 2 AIF S.á r.l.	Echo PropCo S.à r.l.	Corestate Opportunity I Master S.à r.l.	Bochum PropCo S.à r.l.	Corestate Residential Germany Fund III	Across HoldCo S.à r.l.	RECAP FinCo S.à r.l.	Clouth 104 PropCo S.à r.l.	Cassandra HoldCo AIF2 S.à r.l.	Cassandra HoldCo S.à r.l.
Date of sale	26.06.2019	26.06.2019	11.06.2019	28.06.2019	12.04.2019	16.07.2019	16.07.2019	02.09.2019	26.09.2019	28.12.2018
Total proceeds from sale	27	20.005	10	13.355	1	-	-	12	12	5.131
thereof sales prices (cash)	-	18.087	10	12.331	-	-	-	12	12	5.131
Shares in Associates	-	-	-	-	-	-	-	-	-	-
Advance Payments for Property Purchase Prices	-	-	-	-	-	-	-	-	-	-
Inventories	-	43.844	-	28.100	-	-	-	-	-	-
Receivables	-	475	-	920	-	-	-	-	-	-
Other assets	-	-	0	125	-	4	-	0	-	-
Cash and cash equivalents	-	2.979	10	507	1	33	19	4	12	4.619
Total assets	**-**	**47.298**	**10**	**29.652**	**1**	**37**	**19**	**4**	**12**	**4.619**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Financial liabilities due to banks	1	28.004	-	17.663	-	-	-	-	-	-
Other provisions	-	132	-	150	-	11	8	-	-	-
Trade payables	16	79	-	99	-	10	5	-	-	9
Other payables	-	136	-	1.048	-	38	0	-	-	0
Total liabilities	**16**	**28.351**	**-**	**18.961**	**-**	**59**	**14**	**-**	**-**	**9**
Fair value of net assets sold	**(16)**	**18.946**	**10**	**10.691**	**1**	**(22)**	**6**	**4**	**12**	**4.610**
Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Gain/(loss) from deconsolidation	**43**	**1.059**	**0**	**2.664**	**-**	**22**	**(6)**	**8**	**-**	**521**
Revenues generated until deconsolidation	**-**	**300**	**-**	**1.030**	**-**	**-**	**-**	**-**	**-**	**-**
Profit/(loss) until date of deconsolidation	**(11)**	**(623)**	**(1)**	**337**	**-**	**(52)**	**(12)**	**(8)**	**-**	**(6)**

	Cassandra HoldCo S.L.U.	Cassandra PropCo S.L.U.	Plutos PropCo S.á r.l.	Plutos HoldCo AIF S.á r.l.	Tempelhof Twins HoldCo 2 S.á r.l.	Tempelhof Twins TopCo AIF S.á r.l.	Tablas HoldCo AIF Sarl	Tablas HoldCo S.à r.l.	Tablas HoldCo S.L.U.	Tablas Microliving PropCo S.L.U.	Corestate FMCG Fonds I
Date of sale	30.09.2019	30.09.2019	27.09.2019	27.09.2019	15.11.2019	15.11.2019	27.12.2019	30.12.2019	30.12.2019	30.12.2019	13.12.2019
Total proceeds from sale	-	-	18.420	12	-	12	12	14.138	-	-	26.022
thereof sales prices (cash)	-	-	16.660	-	-	12	7	14.138	-	-	26.022
Shares in Associates	-	-	-	-	-	-	-	-	-	-	99
Advance Payments for Property Purchase Prices	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	46.213	-	-	-	-	-	-	10.547	47.547
Receivables	-	-	115	-	-	-	-	-	-	-	-
Other assets	2	5	244	0	1.761	-	-	2	1	2.304	103
Cash and cash equivalents	1	2	1.381	8	12	9	12	19	29	304	364
Total assets	**3**	**7**	**47.953**	**8**	**1.773**	**9**	**12**	**21**	**30**	**13.155**	**48.112**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	6
Financial liabilities due to banks	-	-	30.073	-	-	1.747	-	-	-	-	22.058
Other provisions	-	-	-	-	-	-	-	-	-	-	-
Trade payables	-	-	49	-	-	-	-	-	4	1.095	477
Other payables	0	0	112	-	-	-	-	1	0	-	173
Total liabilities	**0**	**0**	**30.233**	**-**	**-**	**1.747**	**-**	**1**	**5**	**1.095**	**22.714**
Fair value of net assets sold	**3**	**7**	**17.720**	**8**	**1.773**	**(1.738)**	**12**	**20**	**26**	**12.060**	**25.399**
Non-controlling interests	-	-	-	-	(12)	(12)	-	-	-	-	-
Gain/(loss) from deconsolidation	**(3)**	**(7)**	**700**	**4**	**(1.761)**	**1.762**	**0**	**14.118**	**(26)**	**(12.060)**	**624**
Revenues generated until deconsolidation	**-**	**-**	**546**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit/(loss) until date of deconsolidation	**(7)**	**(5)**	**323**	**(4)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Müller 34 Student Home Projektentwicklung- und verwaltungs GmbH	Pallars AIF HoldCo S.à r.l.	Pallars HoldCo S.à r.l.	Pallars HoldCo S.L.	Pallars PropCo S.L.	BCC Investments S.à.r.l.	Corestate Shelf 7 S.à.r.l.	Mariggo Investements sp. z o. o.	Leonia Sp. z o.o.	Den Developments Sp. z o. o.	**Total**
Date of sale	13.12.2019	27.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	
Total proceeds from sale	20	12	2.728	-	-	7.696	-	-	-	-	107.625
thereof sales prices (cash)	20	7	2.728	-	-	6.930	-	-	-	-	102.107
Shares in Associates	-	-	-	-	-	-	-	-	-	-	99
Advance Payments for Property Purchase Prices	-	-	-	-	483	-	-	-	-	-	483
Inventories	-	-	-	-	8.854	-	-	-	4.537	9.573	199.215
Receivables	-	-	-	-	-	-	5	-	-	-	1.516
Other assets	-	-	0	0	132	-	1	2	272	2.374	7.333
Cash and cash equivalents	27	7	39	21	703	371	389	18	1.149	1	13.048
Total assets	**27**	**7**	**39**	**21**	**10.172**	**371**	**395**	**20**	**5.958**	**11.948**	**221.692**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	6
Financial liabilities due to banks	-	-	-	-	7.718	-	-	-	-	-	107.263
Other provisions	-	-	-	-	-	-	-	-	-	-	302
Trade payables	11	-	3	3	583	-	12	8	494	325	3.283
Other payables	-	-	-	0	-	10.369	-	-	1	-	11.880
Total liabilities	**11**	**-**	**3**	**3**	**8.300**	**10.369**	**12**	**8**	**495**	**325**	**122.734**
Fair value of net assets sold	**16**	**7**	**36**	**17**	**1.872**	**(9.998)**	**382**	**12**	**5.462**	**11.623**	**98.958**
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(24)
Gain/(loss) from deconsolidation	**4**	**5**	**2.692**	**(17)**	**(1.872)**	**17.694**	**(382)**	**(12)**	**(5.462)**	**(11.623)**	**8.690**
Revenues generated until deconsolidation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.876**
Profit/(loss) until date of deconsolidation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(68)**

During the financial year 2018, the following companies were deconsolidated, primarily in relation to the Group's warehousing activities:

	HL Denkmal Münster KG	Marburg HoldCo S.à r.l	ROSE OpCo S.à r.l. (Corestate Shelf 6 S.à r.l.)	HIGHSTREET VIII TopCo Limited	HIGHSTREET VIII TopCo II Limited	HIGHSTREET VIII HoldCo S.à r.l.	HIGHSTREET VIII AcquiCo S.à r.l.	HIGHSTREET VIII PropCo I S.à r.l.	HIGHSTREET VIII PropCo II S.à r.l.	HIGHSTREET VIII PropCo III S.à r.l.	HIGHSTREET VIII Parking GmbH (TRIIIPLE HoldCo GmbH)	Squirrel AcquiCo II GmbH & Co. KG	Corestate Shelf 6 S.à r.l.	C orestate Shelf 10 S.à r.l.	Bassano GmbH	HL Hotel Ulm KG	Pernilla KG	**Total**
Date of sale	29/03/2018	20/02/2018	07/11/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	31/12/2018	07/11/2018	09/10/2018	31/07/2018	30/11/2018	31/12/2018	
Total proceeds from sale	7,161	-	12	32,676	138	-	-	-	-	-	-	-	12	12	25	7,967	1,633	**49,668**
thereof sales prices (cash)	1,960	32	12	16,168	68	-	-	-	-	-	-	-	12	12	25	7,967	1,633	**27,889**
thereof other consideration transferred	5,201		-	16,508	70	-	-	-	-	-	-	-	-					**21,779**
Goodwill	-		-	-	-	-	-	-	-	-	-	-	-	-	6	21	-	27
Shares in subsidiaries	-		-	-	-	-	-	-	-	-	-	-	-	-	-	12,964	-	12,964
Shares in Associates	-	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
Inventories	20,732		-	-	-	-	-	50,188	76,906	3,938	-	-	-	-	-	-	8,534	160,298
Receivables	-		-	-	-	-	-	451	187	-	-	-	-	-	-	-	-	638
Receivables from affiliated companies	-		-	39,041	-	69,523	61	109	34,997	-	-	-	-	-	-	-	-	143,731
Derivatives	-		-	-	-	-	-	295	424	408	-	-	-	-	-	-	-	1,127
Other assets	-	-	0	-	-	-	-	643	623	323	16	-	-	-	-	1	-	1,607
Cash and cash equivalents	1,377	30	6	134	5	6,748	238	26,915	4,883	248	44	1	6	12	-	949	344	41,938
Total assets	**22,110**	**45**	6	39,175	5	76,270	298	78,601	118,020	4,916	60	1	6	12	6	13,935	8,878	**362,344**
Deferred tax liability	70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	156	226
Financial liabilities due to banks	9,219	-	-	-	-	-	-	39,997	52,739	144	-	-	-	-	-	-	6,863	108,962
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	178	178
Current tax liabilities	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31	31
Liabilities from affiliated companies	-	-	-	735	61	39,053	204	33,846	65,144	5,380	109	-	-	-	-	-	-	144,532
Trade payables	24	6	6	43	28	78	5	3,028	241	16	7	5	6	-	2	-	8	3,504
Other payables	6,385	-	-	-	-	37,229	1	1,161	114	55	17	1	-	-	(63)	6,486	-	51,756
Total liabilities	**15,698**	**6**	**6**	**778**	**89**	**76,361**	**211**	**78,031**	**118,238**	**5,595**	**133**	**6**	**6**	**-**	**(61)**	**6,486**	**7,236**	**309,188**
Fair value of net assets sold	**6,412**	**39**	**(0)**	**38,397**	**(84)**	**(91)**	**88**	**570**	**(218)**	**(678)**	**(73)**	**(5)**	**(0)**	**12**	**67**	**7,449**	**1,642**	**53,155**
Non-controlling interests	(320)	-	-	(10,066)	215	(161)	(103)	(287)	115	280	71	-	-	-	(2)	-	47	(10,212)
Gain/(loss) from deconsolidation	**429**	**(7)**	**12**	**4,345**	**7**	**252**	**16**	**(284)**	**103**	**399**	**3**	**5**	**12**	**-**	**(40)**	**518**	**(57)**	**6,084**
Revenues generated until deconsolidation	**294**	**-**	**-**	**-**	**-**	**-**	**16**	**-**	**3,483**	**399**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,192**
Profit/(loss) until date of deconsolidation	**(6)**	**-**	**(1)**	**(501)**	**(19)**	**(1,007)**	**(11)**	**(73)**	**2,326**	**(260)**	**(2)**	**2**	**(0)**	**-**	**(1)**	**16**	**289**	**755**

J. REPORT ON BUSINESS RELATIONSHIPS WITH STRUCTURED ENTITIES

Disclosures on unconsolidated structured entities

The fund business and other operating activities of the Group companies give rise to various business relationships with structured entities within the meaning of IFRS 12. A structured entity is an entity that has been designed so that the exercise of voting or similar rights under company law is not the dominant factor in deciding who controls the entity as defined by IFRS 10.

The unconsolidated structured entities with which Corestate has business relationships are funds divided into the asset classes' media, real estate and large-scale facilities.

The extent of the structured entities is based on the amount of historical fund assets under management and as of 31 December 2019 (31 December 2018) the extent of the unconsolidated structured entities of Corestate are as follows:

€ thousand	Media	Real estate	Rail vehicles	Large-scale plants	**Total**
Fund volume 2019	1.830.589	576.049	0	188.314	**2.594.952**
Fund volume 2018	1.830.589	576.049	-	188.314	**2.594.952**

As of 31 December 2019, advances to unconsolidated structured entities and revenues generated from such entities are not material.

Disclosures on consolidated structured entities

If a structured entity is included in the basis of consolidation in accordance with IFRS 10, the business relationships with other consolidated entities are subject to the normal consolidation requirements. As of 31 December 2019, two structured entities were consolidated in accordance with IFRS 10 and affect all real estate funds. Corestate participates in these companies only with equity.

Sponsored unconsolidated entities in which Corestate holds no shares as at the reporting date

As a sponsor Hannover Leasing Group has often been involved in incorporating and marketing a large number of structured entities. Structured entities are considered sponsored by Hannover Leasing Group if they can be associated with and supported by Hannover Leasing Group.

Revenues generated from transactions with unconsolidated entities in which Corestate holds no shares as at the reporting date, were not material.

K. SIGNIFICANT EVENTS AFTER THE REPORTING DATE (SUBSEQUENT EVENTS)

As per 15 January 2020, Corestate Capital Holding S.A. closed the acquisition of STAM Europe, Paris, after the French regulatory authority AMF gave its approval (see section C.3 "Business Combination"). Corestate's assets under management (AuM) thus grow by c. € 2 bn to € 28 bn. On closing the transaction, Corestate will be expanding its product range, in particular its very successful micro living platform, into France. Simultaneously, the company will offer an enhanced market access to its clients as well as extending its institutional investor base.

We also refer to our disclosure in Note A. Corporate information in relation to the Corona-Virus outbreak.

Luxembourg, 23 March 2020

Lars Schnidrig
Chairman of the Management Board
and Chief Executive Officer

Thomas Landschreiber
Member of the Management Board
and Chief Investment Officer

Independent Auditor’s Report

Independent auditor's report

To the Shareholders of
Corestate Capital Holding S.A.
4, rue Jean Monnet
L-2180 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation № 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Impairment test of the goodwill and other intangible assets with indefinite useful lives

Description

As part of the business combinations, the Group recorded goodwill and other intangible assets with indefinite useful lives, such as trademarks, amounting in total to EUR 613,245 thousand and representing more than 43% of the total Group's consolidated assets as of 31 December 2019. Goodwill and trademarks with indefinite useful life are subject to an annual impairment test.

We considered the annual impairment test for goodwill and trademarks to be a key audit matter because the assessment process is complex, involves significant management judgement and is based on assumptions that are affected by projected cash flows, growth rates, discount rates and overall future market and economic conditions. Based on the impairment test, including sensitivity tests, management concluded that no impairment of goodwill and trademarks was necessary.

Auditor's response

Our audit procedures included a reconciliation of the projected EBITDA in the management's impairment test models to the management's business plan. In addition, we made an assessment of the plausibility of cash flows used in calculations by comparing them to actual historical data and prior year business plans and checked mathematical accuracy of the calculations.

We involved our internal specialist to assist us in evaluating appropriateness of valuation methodologies selected by management for impairment test and technical accuracy of the calculation, and whether applied parameters, including the growth rates and the discount rates used in the impairment test model are reasonable. We also assessed the adequacy of the related disclosures in the consolidated financial statements concerning those key assumptions to which the outcome of the impairment test is most sensitive.

b) Fair value of investment properties held by associates

Description

The Group has significant investments in associates amounting to EUR 113,115 thousand as of 31 December 2019. The main activity of the Group's associates is developing or holding investment properties that represent therefore their main assets.

The investments in associates are accounted for using the equity method. In accordance with the Group accounting policies, the investment properties owned by associates are initially recognised at cost and subsequently measured at fair value at each reporting date. Thus, the Group's share in the net assets and financial performance of the associates is significantly impacted by the fair value of investment properties that they own. The fair values are determined based on a periodic valuation, performed mainly by accredited

independent valuers applying a valuation model recommended by the International Valuation Standards Committee (Red Book).
The valuation of the investment properties is a significant estimate and is underpinned by a number of factual inputs and assumptions. The valuation is inherently subjective due to, among other factors, the individual nature of each property, the location and the estimate of expected cash flows generated by future rentals. The valuation models apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the fair value.

Auditor's response

As part of our audit procedures over the valuation of investment properties owned by Group's associates, we evaluated the competence, capabilities and objectivity of the valuers and read the terms of engagement of the valuers to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. For a sample of the valuations, we traced the inputs used in the valuation process to corresponding lease agreements and other relevant documentation. We involved our real estate specialist to assist us in assessing the methodologies and assumptions used in the valuation models. In particular, we assessed whether the applied valuation methods are appropriate for the purpose of the valuation of the underlying investment properties.

We also challenged the assumptions used in valuation models including capitalisation, discount and terminal yields by comparing market rents and gross multipliers against available market data.

We assessed the adequacy of the related disclosures in the consolidated financial statements in relation to the valuation of the investment properties held by associates.

Other information

The Management Board is responsible for the other information. The other information comprises the information included in the Group management report and the report on corporate governance but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and of those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit 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 to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, 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, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.

- Conclude on the appropriateness of Management Board'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 our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease 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 represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 26 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

The Group Management Report, which is the responsibility of the Management Board, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying Report on Corporate Governance is the responsibility of the Management Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We provided the following permitted services in addition to the statutory audit:

- review of the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019.

Other matter

The report on corporate governance includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young

Société anonyme

Cabinet de révision agréé

Pavel Nesvedov

Luxembourg, 23 March 2020

Responsibility Statement

To the best of our knowledge we confirm, that the consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries ("the Group") which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and the annual accounts of Corestate Capital Holding S.A. ("the Company") which have been prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company, and that the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities, uncertainties and risks associated with the expected development of the Group.

Corestate Capital Holding S.A., Luxembourg, 23 March 2020

Annual Accounts
as at 31 December 2019

Corestate Capital Holding S.A.

(Société Anonyme),
4, Rue Jean Monnet
L-2180 Luxembourg,
Grand Duchy of Luxembourg

BALANCE SHEET
ASSETS

€ thousand	Notes	31/12/2019	31/12/2018
A. Subscribed capital unpaid			
I. Subscribed capital not called			
II. Subscribed capital called but unpaid			
B. Formation expenses			
C. Fixed assets		964,885	890,081
I. Intangible assets	C.1	3,518	1,933
1. Costs of development		-	-
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were		3,188	1,373
a) acquired for valuable consideration and need not be shown under C.I.3	C.1	3,188	1,373
b) created by the undertaking itself		-	-
3. Goodwill, to the extent that it was acquired for valuable consideration		-	-
4. Payments on account and intangible assets under development	C.1	330	560
II. Tangible assets	C.2	195	163
1. Land and buildings		-	-
2. Plant and machinery		-	-
3. Other fixtures and fittings, tools and equipment	C.2	195	163
4. Payments on account and tangible assets in the course of construction		-	-
III. Financial assets	C.3	961,172	887,985
1. Shares in affiliated undertakings	C.3.1	741,054	709,794
2. Loans to affiliated undertakings	C.3.2	121,868	128,809
3. Participating interests	C.3.3	39,470	20,865
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests		1,214	839
5. Investments held as fixed assets	C.3.4	54,902	10,000
6. Other loans	C.3.5	2,665	17,679
D. Current assets		147,775	91,964
I. Stocks		-	-
1. Raw materials and consumables		-	-
2. Work in progress		-	-
3. Finished goods and goods for resale		-	-
4. Payments on account		-	-

€ thousand	Notes	31/12/2019	31/12/2018
II. Debtors	C.4	113,132	53,185
1. Trade debtors	C.4.1	10,747	1,578
a) becoming due and payable within one year		10,747	1,578
b) becoming due and payable after more than one year		-	-
2. Amounts owed by affiliated undertakings	C.4.2	46,697	34,723
a) becoming due and payable within one year		46,697	34,723
b) becoming due and payable after more than one year		-	-
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	C.4.3	24,920	7,434
a) becoming due and payable within one year		24,920	7,434
b) becoming due and payable after more than one year		-	-
4. Other debtors	C.4.4	30,769	9,449
a) becoming due and payable within one year		30,769	9,449
b) becoming due and payable after more than one year		-	-
III. Investments		6,680	-
1. Shares in affiliated undertakings		-	-
2. Own shares	C.7.2	6,680	
3. Other investments		-	-
IV. Cash at bank and in hand		27,962	38,779
E. Prepayments	C.5	7,727	9,959
Total (Assets)		**1,120,387**	**992,003**

BALANCE SHEET
CAPITAL, RESERVES AND LIABILITIES

€ thousand	Notes	31/12/2019	31/12/2018
A. Capital and reserves	**C.6**	**441,246**	**412,793**
I. Subscribed capital	C.6.1	1,588	1,600
II. Share premium account	C.6.3	316,189	375,051
III. Revaluation reserve		-	-
IV. Reserves	C.7	6,840	95
1. Legal reserve	C.7.1	160	95
2. Reserve for own shares	C.7.2	6,680	-
3. Reserves provided for by the articles of association			
4. Other reserves, including the fair value reserve		-	-
a) other available reserves		-	-
b) other non available reserves		-	-
V. Profit or loss brought forward		35,982	(5,511)
VI. Profit or loss for the financial year		80,647	41,558
VII. Interim dividends		-	-
VIII. Capital investment subsidies		-	-
B. Provisions	**C.8**	**2,763**	**3,173**
1. Provisions for pensions and similar obligations		-	-
2. Provisions for taxation		-	-
3. Other provisions	C.8.1	2,763	3,173
C. Creditors	**C.9**	**676,377**	**575,965**
1. Debenture loans		502,479	502,479
a) Convertible loans	C.9.1	200,062	200,062
i) becoming due and payable within one year		62	62
ii) becoming due and payable after more than one year		200,000	200,000
b) Non convertible loans	C.9.2	302,416	302,416
i) becoming due and payable within one year		2,416	2,416
ii) becoming due and payable after more than one year		300,000	300,000
2. Amounts owed to credit institutions	C.9.3	-	21
i) becoming due and payable within one year		-	21
ii) becoming due and payable after more than one year		-	-
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks		-	-

€ thousand	Notes	31/12/2019	31/12/2018
a) becoming due and payable within one year		-	-
b) becoming due and payable after more than one year		-	-
4. Trade creditors	C.9.4	2,392	4,450
a) becoming due and payable within one year		2,392	4,450
b) becoming due and payable after more than one year		-	-
5. Bills of exchange payable		-	-
a) becoming due and payable within one year		-	-
b) becoming due and payable after more than one year		-	-
6. Amounts owed to affiliated undertakings	C.9.5	155,440	59,703
a) becoming due and payable within one year		30,985	6,457
b) becoming due and payable after more than one year		124,455	53,247
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	C.9.6	144	144
a) becoming due and payable within one year		144	144
b) becoming due and payable after more than one year		-	-
8. Other creditors	C.9.7	15,923	9,169
a) Tax authorities		15,714	8,935
b) Social security authorities		-	-
c) Other creditors		209	234
i) becoming due and payable within one year		209	234
ii) becoming due and payable after more than one year		-	-
D. Deferred income		**-**	**72**
Total (Capital, Reserves and Liabilities)		**1,120,387**	**992,003**

PROFIT AND LOSS ACCOUNT

€ thousand	Notes	FY 2019	FY 2018
1. Net turnover	D.1	**67,559**	**20,961**
2. Variation in stocks of finished goods and work in progress		-	-
3. Work performed by the undertaking for its own purposes and capitalized		-	-
4. Other operating income	D.2	**1,880**	**156**
5. Raw materials and consumables and other external expenses		**(34,488)**	**(24,488)**
a) Raw materials and consumables		-	-
b) Other external expenses	D.3	(34,488)	(24,488)
6. Staff costs	D.4	**(281)**	**(2,543)**
a) Wages and salaries		(281)	(2,543)
b) Social security costs		-	-
i) relating to pensions		-	-
ii) other social security costs		-	-
c) Other staff costs		-	-
7. Value adjustments		**(764)**	**(418)**
a) in respect of formation expenses and of tangible and intangible fixed assets	C.1, C.2	(764)	(418)
b) in respect of current assets			
8. Other operating expenses	D.5	**(1,521)**	**(297)**
9. Income from participating interests	D.6	**131,838**	**84,562**
a) derived from affiliated undertakings		129,578	84,562
b) other income from participating interests		2,260	-
10. Income from other investments and loans forming part of the fixed assets		-	-
a) derived from affiliated undertakings		-	-
b) other income not included under a)		-	-
11. Other interest receivable and similar income	D.7	**5,586**	**2,028**
a) derived from affiliated undertakings		4,308	1,299
b) other interest and similar income		1,278	729
12. Share of profit or loss of undertakings accounted for under the equity method		-	-
13. Value adjustments in respect of financial assets and of investments held as current assets		-	-
14. Interest payable and similar expenses	D.8	**(88,877)**	**(38,252)**
a) concerning affiliated undertakings and participating interest		(72,298)	(27,939)
b) other interest and similar expenses		(16,579)	(10,312)
15. Tax on profit or loss	D.9	**(284)**	**(8)**
16. Profit or loss after taxation		**80,648**	**41,700**
17. Other taxes not shown under items 1 to 16		**(1)**	**(142)**
18. Profit or loss for the financial year		**80,647**	**41,558**

Notes to the Annual Accounts

Corestate Capital Holding S.A.

Luxembourg

A. *Corporate information*

Corestate Capital Holding S.A. (hereafter "CCH SA" or "the Company") is a public limited liability company (Société Anonyme) incorporated under Luxembourg law, with registered office at 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. The Company was registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés) (the "Companies Register") under number B 199 780 on 7 September 2015.

CCH SA was established on 21 August 2015 for an unlimited period of time. The Company's financial year starts on 1 January and ends on 31 December of each year.

The Company applied for the admission of its shares to trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on 30 October 2017. Commencement of trading (Notierungsaufnahme) of the Shares on the regulated market segment (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurt Wertpapierbörse) took place on 2 November 2017.

Basic Share Data

WKN / ISIN	A141J3 / LU1296758029
Ticker symbol / Reuters code	CCAP
Common Code	129675802
Trading segment	Prime Standard
Stock exchange	Frankfurt
Type of stock	No-par value bearer shares

The Company's shares (31.12.2019: 21,174,417 ordinary shares) are quoted on an European regulated stock exchange (as defined by art. 4 paragraph (1) point 14 of the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments) which essentially increased the reporting and publishing requirements.

The Company also prepares consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union, which are published according to the provisions of the Luxembourg Law and the exchange rules of the Frankfurt Stock Exchange. The Company is included in its consolidated accounts.

The main activity of the Company is as following:

Pursuant to article 4 of the Company's Articles of Association, the purpose of the Company is (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies or other assets including but not limited to real estate assets, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto, and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above).

The Company may borrow in any form. It may enter into any type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issuance programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or any other company. The Company may also give guarantees and grant security interests over some or all of its assets including, without limitation, by way of pledge, transfer or encumbrance, in favour of or for the benefit of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally use any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks. The descriptions above are to be construed broadly and their enumeration is not limiting. The Company's purpose shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing matters. In general, the Company may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its purpose. The Company may carry out any commercial, industrial, and financial operations, which are directly or indirectly connected with its purpose or which may favour its development.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 (as amended), determined and applied by the Board of Managers. In this context, the new Luxembourg Law of 18 December 2015 was also taken into account. The new Luxembourg Law, which is applicable to financial years beginning on or after 1 January 2016, have mainly an impact on the Company's presentation of the annual accounts and amendments in the notes to the Company's accounts. Furthermore, the material concept was introduced and defined as the level of information whose omission or misstatement could reasonably be expected to influence decisions that users make on the basis of the Company's annual accounts. The materiality of individual items must be assessed in the context of other similar items. The new Luxembourg Law clarifies that immaterial information should not be subject to the presentation and disclosure requirements enforced by the Accounting law.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management Board to exercise their judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Management Board believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The annual accounts are presented in thousand Euros. All values in these notes are rounded to the nearest thousand Euros (kEuro), except where otherwise indicated. The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts or percentage rates, therefore some of the total sums disclosed in the accounts may not add up.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial data set out in this financial statements, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available, but has been rounded to or equals zero.

B.2 Significant accounting policies

The accounting policies and main valuation rules applied by the Company are the following:

B.2.1 Formation expenses

The formation expenses and subsequent share capital issue expenses of the Company are directly charged to the profit and loss account of the period in which they incurred.

B.2.2 Intangible assets

Historical cost model

Intangible assets are valued at purchase price including the expenses incidental thereto or at production costs, less cumulated depreciation amounts written of and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were have ceased to apply.

The depreciation rates and methods applied are as follows:

Intangible assets

	Depreciation rate p.a.	Depreciation method
IT-software	33,333%	linear; pro rata temporis
Homepage	33,333%	linear; pro rata temporis
Licence	20,000%	linear; pro rata temporis

B.2.3 Tangible assets

Historical cost model

Tangible assets are also valued at purchase price including the expenses incidental thereto or at production costs, less cumulated depreciation amounts written of and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were have ceased to apply.

The depreciation rates and methods applied are as follows:

Tangible assets

	Depreciation rate p.a.	Depreciation method
IT-Equipment	33,333%	linear; pro rata temporis

B.2.4 Financial assets

Historical cost model

Shares in affiliated undertakings and Participating interests are recorded at their acquisition price, including the expenses incidental thereto. They are subject to value adjustments in case of permanent impairment in value. These value adjustments are not maintained if the reasons for making them have ceased to exist.

Long-term loans and claims held as fixed assets are stated at acquisition costs plus capitalised interests less reimbursements to date. A value adjustment is made when the net realisable value is lower than the net book value. These value adjustments are not maintained if the reasons for making them have ceased to exist.

B.2.5 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

B.2.6 Cash at bank and cash in hand

Cash is valued at their nominal value.

B.2.7 Foreign currency translation

The Company maintains its books and records in Euro.

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction.

Formation expenses and long-term assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year/period.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Unrealised exchange losses are recorded in the profit and loss account; realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account whereas the net unrealised exchange gains are not recognised.

B.2.8 Prepayments

This asset item includes financing fees and expenditures incurred during the financial year but relating to a subsequent financial year.

Financing fees are amortised on a straight-line basis over the duration of the related debt.

B.2.9 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provision for taxation

Current tax provision

Provisions for taxation corresponding to the difference between the tax liability estimated by the Company and the advance payments for the financial years are recorded under the caption "Tax authorities within other creditors".

B.2.10 Debts

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear/ actuarial method.

B.2.11 Net turnover

The net turnover comprises the amounts derived from the sale of products and the provision of services falling within the Company's ordinary activities, after deductions of sales rebates and value added tax and other taxes directly linked to the turnover.

C. Notes to the Balance sheet

A detailed statement of changes in fixed assets is attached as appendix 1 of the notes.

C.1 INTANGIBLE ASSETS

The movements for the period are as follows:

Intangible assets

Financial Year 2019 (kEuro)

	Concessions, patents, licences, trade marks and similar rights and assets, if they were acquired for valuable consideration	Payments on account and intangible fixed assets under development	**Total**
Gross book value			
Opening balance as of 01 January 2019	1.853	560	2.413
Additions for the period	1.982	330	2.312
Transfers for the period	560	(560)	0
Closing balance as of 31 December 2019	**4.394**	**330**	**4.725**
Accumulated value adjustments			
Opening balance as of 01 January 2019	480	0	480
Depreciation charge for the year	727	-	727
Closing balance as of 31 December 2019	**1.207**	**0**	1.207
Net book value - closing balance	**3.188**	**330**	**3.518**
Net book value - opening balance	1.373	560	1.932

A detailed statement of changes is attached in appendix 1 of the notes.

C.2 TANGIBLE ASSETS

The movements for the period are as follows:

Tangible assets (Property, plant & equipment)

Financial Year 2019 (kEuro)

	Other fixtures and fittings, tools and equipment	Payments on account and tangible assets in the course of construction	Total
Gross book value			
Opening balance as of 01 January 2019	176	0	176
Additions for the period	1.279	-	1.279
Disposals for the period	(1.210)	-	(1.210)
Transfers for the period	-	-	0
Currency translation effects for the period	-	-	0
Closing balance as of 31 December 2019	**245**	**0**	**245**
Accumulated value adjustments			
Opening balance as of 01 January 2019	13	0	13
Depreciation charge for the year	38	-	38
Disposals	-	-	0
Closing balance as of 31 December 2019	**50**	**0**	**50**
Net book value - closing balance	**195**	**0**	**195**
Net book value - opening balance	163	-	163

A detailed statement of changes is attached in appendix 1 of the notes.

C.3 FINANCIAL ASSETS

The movements for the period are as follows:

Financial assets

Financial Year 2019 (kEuro)

	Shares in affiliated undertakings	Loans to affiliated undertakings held as fixed assets	Participating interests	Loans to undertakings with which the undertaking is linked by virtue of participating interests	Investments held as fixed assets	Other loans held as fixed assets	Total
Gross book value							
Opening balance as of 01 January 2019	709.794	128.809	20.912	839	10.000	17.679	888.031
Additions for the period	141.333	88.216	20.767	652	44.902	372	296.242
Disposals for the period	(109.933)	(95.157)	(2.347)	(277)	-	(873)	(208.587)
Transfers for the period	(139)	-	139	-	-	(14.513)	(14.513)
Closing balance as of 31 December 2019	**741.054**	**121.868**	**39.470**	**1.214**	**54.902**	**2.665**	**961.172**
Accumulated value adjustments							
Opening balance as of 01 January 2019	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	0	-	-	-	0
Closing balance as of 31 December 2019	-	-	-	-	-	-	-
Net book value - closing balance	**741.054**	**121.868**	**39.470**	**1.214**	**54.902**	**2.665**	**961.172**
Net book value - opening balance	709.794	128.809	20.912	839	10.000	17.679	888.031

Financial Year 2018 (kEuro)

	Shares in affiliated undertakings	Loans to affiliated undertakings held as fixed assets	Participating interests	Loans to undertakings with which the undertaking is linked by virtue of participating interests	Investments held as fixed assets	Other loans held as fixed assets	**Total**
Gross book value							
Opening balance as of 01 January 2018	708.221	21.429	14.080	0	0	1.945	745.675
Additions for the period	52.623	115.368	11.401	839	10.000	15.734	205.964
Disposals for the period	(52.621)	(7.988)	(2.999)	-	-	-	(63.608)
Transfers for the period	1.570	-	(1.570)	-	-	-	0
Closing balance as of 31 December 2018	**709.794**	**128.809**	**20.912**	**839**	**10.000**	**17.679**	**888.031**
Accumulated value adjustments							
Opening balance as of 01 January 2018	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	47	-	-	-	47
Closing balance as of 31 December 2018	-	-	47	-	-	-	47
Net book value - closing balance	**709.794**	**128.809**	**20.865**	**839**	**10.000**	**17.679**	**887.985**
Net book value - opening balance	708.221	21.429	14.080	0	0	1.945	745.675

Undertakings in which the Company holds at least 50% of the share capital are as follows:

Undertakings as of 31 December 2019

Name of the undertaking	Registered office and Country of incorporation	Ownership (in %)	Last balance sheet date	31 December 2019 Net equity at the balance sheet date of the company concerned (in kEuro)	Profit or loss for the last financial year (in kEuro)
HFS Helvetic Financial Services AG	Wollerau/Switzerland	100,00%	31.12.2019	119.650	56.273
Stadttor Düsseldorf AcquiCo S.à r.l.	Luxembourg	100,00%	31.12.2019	46.475	3.905
CORESTATE CAPITAL AG	Zug/Switzerland	100,00%	31.12.2019	35.542	9.173
CORESTATE CAPITAL Fund Management S.à r.l.	Luxembourg	100,00%	31.12.2019	18.039	16.752
Court HoldCo GmbH (prev. TRIIIPLE TopCo GmbH)	Frankfurt am Main/Germany	100,00%	31.12.2019	9.910	(164)
CORESTATE Capital Advisors GmbH	Frankfurt am Main/Germany	100,00%	31.12.2019	4.281	(17.797)
Echo HoldCo S.à r.l.	Luxembourg	100,00%	31.12.2019	2.223	2.263
RECAP FinCo VI S.à r.l.	Luxembourg	100,00%	31.12.2019	1.819	(18)
Plutos HoldCo S.á r.l. (prev. Corestate Shelf 3 S.à r.l.)	Luxembourg	100,00%	31.12.2019	1.381	1.396
Corestate Shelf 19 S.à r.l.	Luxembourg	100,00%	31.12.2019	(3)	(3)
Corestate Shelf 18 S.à r.l.	Luxembourg	100,00%	31.12.2019	(5)	(5)
Dedan AIF S.a.r.l.	Luxembourg	100,00%	31.12.2019	(10)	(10)
Corestate Shelf 15 S.à r.l.	Luxembourg	100,00%	31.12.2019	(11)	(11)
ISARTAL Beteiligungsverwaltungs GmbH	Frankfurt am Main/Germany	100,00%	31.12.2019	(18)	(4)
Corestate ZGE Feeder GmbH & Co. KG	Frankfurt am	100,00%	31.12.2019	(21)	(2)
CCIS Master HoldCo S.à r.l.	Luxembourg	100,00%	31.12.2019	(25)	(25)
Corestate Condor PropCo GmbH	Vienna/Austria	100,00%	31.12.2019	(25)	(7)
Corestate Capital Beteiligungs Verwaltungs GmbH	Frankfurt am	100,00%	31.12.2019	(27)	(7)
Corestate Shelf 11 S.à r.l.	Luxembourg	100,00%	31.12.2019	(30)	(20)
Manneken AIF S.à r.l.	Luxembourg	100,00%	31.12.2019	(42)	(29)
Wallhalla HoldCo S.á r.l. (prev. Corestate Shelf 5 S.à	Luxembourg	100,00%	31.12.2019	(44)	(25)
CORESTATE CAPITAL Advisors (Singapore) Pte. Ltd	Singapore	100,00%	31.12.2019	(48)	(55)
Corestate Capital Junior BondCo S.à r.l.	Luxembourg	100,00%	31.12.2019	(63)	(19)
Bego HoldCo S.à r.l.	Luxembourg	100,00%	31.12.2019	(69)	(15)
Ginova AIF S.à r.l. (prev. Highstreet Giessen HoldCo S.à	Luxembourg	100,00%	31.12.2019	(83)	(37)
Corestate Capital Senior BondCo S.à r.l.	Luxembourg	100,00%	31.12.2019	(99)	(10)
Tempelhof Twins TopCo S.a.r.l.	Luxembourg	100,00%	31.12.2019	(106)	(106)
BER REV HoldCo S.a.r.l.	Luxembourg	100,00%	31.12.2019	(140)	(140)
HARBOUR AcquiCo 1 AIF S.à.r.l.	Luxembourg	100,00%	31.12.2019	(158)	(158)
Corestate Student Home Holding S.à r.l.	Luxembourg	100,00%	31.12.2019	(186)	(122)
Projekt AcquiCo III S.à r.l.	Luxembourg	100,00%	31.12.2019	(189)	(73)
Corestate Capital Sales Holding S.à r.l.	Luxembourg	100,00%	31.12.2019	(207)	(8)
RECAP FinCo II S.à r.l.	Luxembourg	100,00%	31.12.2019	(233)	(176)
Iberian HoldCo II S.à r.l.	Luxembourg	100,00%	31.12.2019	(326)	(154)
Corestate Capital Venture Management S.à r.l.	Luxembourg	100,00%	31.12.2019	(403)	(334)
Corestate Capital France HoldCo SAS	Paris/France	100,00%	31.12.2019	(818)	(818)
ROSE HoldCo S.à r.l.	Luxembourg	100,00%	31.12.2019	(1.227)	(716)
CRM Students Ltd	Oxford/United Kingdom	100,00%	31.12.2019	(1.275)	(549)
CORESTATE Capital Group GmbH	Frankfurt am	100,00%	31.12.2019	(17.624)	(9.337)

C.3.1 Shares in affiliated undertakings

A detailed composition of shares in affiliated undertakings and a statement of changes are attached in appendix 1 of the notes.

C.3.2 Loans to affiliated undertakings

A detailed composition of loans to affiliated undertakings and a statement of changes are attached in appendix 1 of the notes.

Loans to affiliated undertakings held as fixed assets - key facts

(kEuro)	Start date	Maturity (years)	interest rate	collateral	31 Dec 2019	31 Dec 2018
CORESTATE Capital Group GmbH (formerly ISAR Beteiligungsverwaltungs GmbH)	22.09.2017	5	1,000%	unsecured	66.968	69.101
CORESTATE Capital Advisors GmbH	01.02.2017	5	5,500%	unsecured	44.057	18.047
CORESTATE Capital Sales Holding S.à r.l.	24.10.2016	5	3,000%	unsecured	4.687	1.974
Tempelhof Twins TopCo S.à r.l.	23.09.2019	5	4,750%	unsecured	2.703	-
CORESTATE Capital Partners UK Ltd.	01.08.2018	5	5,500%	unsecured	1.935	203
Corestate Student Home Holding S. à r.l.	08.02.2017	5	0,000%	unsecured	772	572
Corestate Capital Venture Management S.à r.l.	01.12.2018	5	5,500%	unsecured	351	60
Corestate Capital Partners GmbH	24.02.2017	5	0,000%	unsecured	300	300
CORESTATE Capital Advisors (SG) Pte. Ltd.	03.03.2017	5	0,000%	unsecured	95	31
Highstreet Gießen PropCo S.à r.l.	12.07.2018	5	2,000%	unsecured	-	24.134
Highstreet Premium II PropCo III S.à r.l.	25.06.2018	5	2,000%	unsecured	-	12.136
CORESTATE CAPITAL AG	31.12.2016	5	3,000%	unsecured	-	2.097
CORESTATE Capital Advisors GmbH Spanish branch	02.01.2017	5	0,000%	unsecured	-	141
Isabela HoldCo AIF S. à r.l.	20.10.2017	5	0,000%	unsecured	-	12
King HoldCo S.à r.l.	22.02.2017	5	0,000%	unsecured	-	1
CORESTATE Capital Investors (Europe) GmbH	15.02.2017	5	0,000%	unsecured	-	-
Total					**121.868**	**128.809**

C.3.3 Participating interests

A detailed composition of participating interests and a statement of changes are attached in appendix 1 of the notes.

The Company typically invests between 5% and 10% in its investment products structured for its semi-institutional and private clients as alignment capital investment. Since CCH SA provides comprehensive real estate investment management services to, and is acting as asset manager for such investment structures (also referred to as "Projects"), these investment structures qualify as a participating interest under Lux GAAP. The revenues generated with such participating interests are based on market-standard Joint-Venture and Co-Investments Agreements (JVCIA) as well as Asset Management Agreements (AMA), and are entered into with and approved by its clients.

C.3.4 Investments held as fixed assets

With investment agreement dated 23 April 2018, CCH SA as the investor has advised HANSAINVEST Hanseatische Investment GmbH, Hamburg, to implement the real estate Alternative Investment Funds "Corestate Opportunity Deutschland I Fonds (Luxembourg)". In 2019, CCH SA purchased additional shares of Corestate Opportunity Deutschland I Fonds (Luxembourg) amounting to kEuro 44.902, increasing the total investment from kEuro 10.000 to kEuro 54.902.

C.3.5 Other loans

The loan of kEuro 2,124 (plus accrued interests) granted to Project HIGHSTREET PREMIUM I PROPCO II Sarl was used to finance certain working capital requirements of the structure. The unsecured loan is repayable in full as per 31 March 2021. Fixed interest rate is charged at 5 % per annum.

The unsecured loan of kEuro 160 (plus accrued interests) granted to Jade Investment Ltd. is repayable in full as per 27 December 2021.

C.4 DEBTORS

Debtors are mainly composed of:

Debtors

(kEuro)	**31 Dec 2019**	**31 Dec 2018**
Trade debtors	10.747	1.578
Amounts owed by affiliated undertakings	46.697	34.723
Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	24.920	7.434
Other debtors	30.769	9.449
Total	**113.132**	**53.185**

C.4.1 Trade debtors

Trade debtors in the amount of kEuro 10.747 (December 31, 2018: kEuro 1.578) include various fee income streams generated by the Company's Real Estate Investment Management Business with third party clients. The increase of trade debtors is related to the transactions for the transfer of shares for kEuro 6.929 of BCC Investment S.A.R.L. SICAF-RAIF to BAIN Capital Credit AA Fund.

C.4.2 Amounts owed by affiliated undertakings

Amounts owed by affiliated undertakings

(kEuro)	**31 Dec 2019**	**31 Dec 2018**
Receivables from delivery and service relations	**45.740**	**10.263**
Short-term loans (including accrued interests) and other receivables	**957**	**24.459**
CORESTATE Capital Advisors GmbH	828	-
Marburg TopCo Ltd.	32	32
Triiiple TopCo GmbH	28	28
Corestate Capital Frankce HoldCo SA	8	-
CORESTATE Capital Group GmbH	-	24.017
CORESTATE Capital Partners UK Ltd.	-	340
Across HoldCo S.à r.l.	-	30
ROSE HoldCo S.à r.l.	-	13
Others	61	-
Total	**46.697**	**34.723**

The receivables from delivery and service relations resulted from affiliated undertakings with amount of kEuro 45.740 this year (December 31, 2018: kEuro 10.263) are mainly due from HFS Helvetic Financial Services GmbH and CORESTATE Capital Advisors GmbH.

C.4.3 Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests

Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests

(kEuro)	31 Dec 2019	31 Dec 2018
Receivables from Project BCC	10.369	-
Receivables from Project Iberian	4.524	-
Receivables from Project 4711	1.748	1.384
Receivables from Project Tablas	1.740	-
Receivables from Project Turicum	1.325	406
Receivables from Project CC SH	1.003	-
Receivables from Project Plutos	746	-
Receivables from Project HIGHSTREET VII	581	748
Receivables from Project HIGHSTREET VIII	574	597
Receivables from Project Bellbird	551	-
Receivables from Project LEONIA	500	-
Receivables from Project Olympic	305	85
Receivables from Project LIVER	238	1.514
Receivables from Project HIGHSTREET VI	227	35
Receivables from Project IC FIZZ Berlin	25	-
Receivables from Project Con	18	-
Receivables from Project ACROSS	17	-
Receivables from Project Tempelhof	12	-
Receivables from Project King	12	888
Receivables from Project ISABELA	-	956
Receivables from Project Condor	-	503
Receivables from Project HARBOUR/POSEIDON	-	331
Receivables from Project HIGHSTREET Premium II	-	6
Receivables from Project ANNAPURNA	-	(18)
others	406	-
Total	**24.920**	**7.434**

Receivables from Project BCC are mainly due to interest-free loan agreements concluded on December 20, 2019 and December 23, 2019 for the kEuro 8.400 and kEuro 1.609 respectively with a maturity on January 31, 2020.

C.4.4 Other debtors

Other debtors

(kEuro)	31 Dec 2019	31 Dec 2018
VAT receivables	14.830	9.344
Third party receivables	-	70
Deposits	35	35
others	15.903	-
Total	**30.769**	**9.449**

VAT receivables

VAT receivables mainly result from transactions with third parties located in the EU zone. Such transactions are subject to the reverse charge method. CCH SA has input tax rebate claims against the Luxembourgish tax authorities from these value added taxes ("VAT").

Other debtors becoming due and payable within one year

On 18 July 2018, the Company as lender and WGS Private Equity Beteiligungs GmbH, WGS Management GmbH and WGS Verwaltung GmbH (all seated in Königstein/Germany) as borrowers entered into a loan agreement. The maximum available loan amount under the agreement is Euro 15.6 million which is paid directly to WGS Private Equity Beteiligungs GmbH. The term of the unsecured loan is two years (repayment of the loan and all unpaid interests will be on 18 July 2020). Fixed interest rate is charged at 8 % per annum.

The loan of kEuro 182 (plus accrued interests) granted to Project VITU TOPCO Ltd and is repayable in full as per 08 October 2020. Fixed interest rate is charged at 5,5 % per annum.

C.5 PREPAYMENTS

Prepayments

(kEuro)	31 Dec 2019	31 Dec 2018
Transaction costs bonds	7.466	9.797
others	261	161
Total	**7.727**	**9.959**

The transaction costs bonds result from the issue of both bonds (refer to notes C.9.1 and C.9.2) and comprise mainly bank and advisory fees, commissions as well as registration costs. These costs were capitalized as deferred charges and amortized over the terms of the bonds.

C.6 CAPITAL AND RESERVES

Capital accounts

(kEuro)	SUBSCRIBED CAPITAL	SHARE PREMIUM	RESERVES FOR OWN SHARES	RESERVES	PROFIT AND LOSS BROUGHT FORWARD	PROFIT OR LOSS FOR THE FINANCIAL YEAR	TOTAL
As of 31 December 2017	**1.597**	**417.640**	**-**	**-**	**7.408**	**(12.824)**	**413.821**
Transfer of profit or loss	-	-	-	-	(12.824)	12.824	**-**
Issue of subscribed capital (from exercise of share options)	3	-	-	-	-	-	**3**
Additions to the legal reserve	-	-	-	95	(95)	-	**-**
Distributions	-	(42.588)	-	-	-	-	**(42.588)**
Profit/(loss) for the period	-	-	-	-	-	41.558	**41.558**
As of 31 December 2018	**1.600**	**375.051**	**-**	**95**	**(5.511)**	**41.558**	**412.793**
Transfer of profit or loss	-		-	-	41.558	(41.558)	**-**
Issue of subscribed capital	2	741	-	-	-	-	**743**
Redemptions of Subscribed capital	(13)	(6.667)	6.680	-	-	-	**-**
Additions to the legal reserve	-	-	-	66	(66)	-	**-**
Distributions	-	(52.936)	-	-	-	-	**(52.936)**
Profit/(loss) for the period	-	-	-	-	-	80.647	**80.647**
As of 31 December 2019	**1.588**	**316.189**	**6.680**	**160**	**35.982**	**80.647**	**441.246**

C.6.1 Subscribed capital

All shares are dematerialized shares without a par value (dematerialized shares are only represented by a record in a securities account; ownership in the shares is established by such inscription in a securities account). The shares are freely transferable in accordance with the legal requirements for shares in dematerialized form, that is, through book-entry transfers. There are no prohibitions on disposals or restrictions with respect to the transferability of the shares.

Each share carries one vote at the Company's shareholders' meeting. There are no restrictions on voting rights.

All shares carry the same dividend rights. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the shares in proportion to their interest in the Company's share capital.

On 30 April 2018, the Management Board of the Company authorized the issuance of 35,294 new shares without par value to Sascha Wilhelm, for an aggregate subscription price of Euro 2,647.50 (entirely contributed to the share capital account), in order to bring the share capital of the Company from an amount of Euro 1,597,059.50, up to a new amount of Euro 1,599,707.00, represented by 21,329,417 shares without par value.

In January 2019, 25,000 shares representing a share capital increase of Euro 1,875 and share premium increase of kEuro 741 have been issued by the management board out of the authorized share capital as part of Group management's compensation program.

Repurchase of own shares

On the annual general meeting of the shareholders held on 26 April 2019, it was resolved to grant power to the Management board, for a period of five years, to buy back shares of the Company, not exceeding 10% of the aggregate nominal amount of the issued share capital. During 2019, the Company purchased 180,000 of its own shares.

C.6.2 Authorised capital

The authorised capital of the Company was originally set at Euro 270,525.00 represented by a maximum of 3,607,000 shares without par value. If fully exercised this authorised capital would be added to the existing issued share capital of the Company and result in an aggregate issued share capital of Euro 1,020,525.00 represented by 13,607,000 shares without par value.

On 28 April 2017, the Company's annual general meeting resolved a new authorized capital in an amount of Euro 2,000,000.00), represented by a maximum of shares of 26,666,666 without par value. If fully exercised this authorized capital would be added to the existing issued share capital of the Company and result in an aggregate issued share capital of Euro 3,020,525.00) represented by 40,273,666 shares without par value.

Pursuant to article 5.5 of the Articles of Association, the Management Board is authorized (subject in principle to the prior approval of the Supervisory Board, except as regards the issuance of shares in the context of the initial public offering), during a period starting on 28 April 2017, and expiring on the fifth anniversary of such date, to increase the current share capital up to the amount of the authorized capital, in whole or in part from time to time, (i) by way of issuance of shares in consideration for a payment in cash, (ii) by way of issuance of shares in consideration for a payment in kind and (iii) by way of capitalization of distributable profits and reserves, including share premium and capital surplus, with or without an issuance of new shares.

The Management Board is authorized to determine the terms and conditions attaching to any subscription and issuance of shares pursuant to the authority granted under article 5.5 of the Articles of Association, including by setting the time and place of the issue or the successive issues of shares, the issue price, with or without a share premium, and the terms and conditions of payment for the shares under any documents and agreements including, without limitation, convertible loans, option agreements or stock option plans.

The Management Board is also authorized to issue convertible bonds, or any other convertible debt instruments, bonds carrying subscription rights or any other instruments entitling their holders to subscribe for or be allocated with shares, such as, without limitation, warrants, under the authorized capital.

The Management Board may withdraw or limit the preferential subscription rights of the shareholders under the authorized capital in accordance with the Articles of Association.

As per 31 December 2018, 35,294 shares representing a share capital increase of Euro 2,647.05 have been issued by the management board out of the authorized share capital and as such, an amount of Euro 1,420,817.95 represented by up to 18,944,248 shares without nominal value remains available as authorized capital.

The Company's share capital as of 31 December 2019 is set at Euro 1,588,460 represented by 21,179,449 shares, all of which are fully paid up.

C.6.3 Share premium and similar premiums

The private placement dated 23 February 2017 results in a capital increase allocated to "Share premium account" in an amount of Euro 22,641,326.14. On 28 April 2017, the Company's annual general meeting resolved to pay a distribution for the financial year ended 31 December 2016 amounting to Euro 13,606,999.00 (corresponding to Euro 1.00 per issued share) out of the freely distributable reserves of the Company to the existing shareholders. From the issuance of new shares in connection with the acquisition of HFS and the acquisition of ATOS Group result an increase of "Share premium account" in an amount of Euro 330,884,125.80 respectively Euro 11,990,164.20.

At the Company's annual general meeting held on 27 April 2018, the shareholders of CORESTATE Capital Holding S.A. resolved a distribution out of the existing capital reserves in an aggregate amount of Euro 42,588,246.00 (corresponding to Euro 2.00 per issued share) to the shareholders.

At the Company's annual general meeting held on 26 April 2019, the shareholders of Corestate Capital Holding S.A. resolved a distribution out of the existing capital reserves in an aggregate amount of Euro 52.936.042,50 (corresponding to Euro 2.50 per issued share) to the shareholders.

C.7 RESERVES

C.7.1 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

To comply with the legal standards in Luxembourg, the Management Board proposed to the Company's annual shareholders' meeting in 2019 to allocate an amount of Euro 65.578,05 (10% of the subscribed share capital) from the financial year 2018 into the legal reserve.

C.7.2 Reserve for own shares

According to article 6.3 of the Articles of Association, the Company may, to the extent and under the terms permitted by law, repurchase its own shares. As at December 31, 2019 the Company holds 174,968 own shares amounting to kEuro 6,680 (December 31, 2018: nil).

C.8 PROVISIONS

Provisions are made up as follows:

Provisions

(kEuro)	**31 Dec 2019**	**31 Dec 2018**
Other provisions	2.763	3.173
Total	**2.763**	**3.173**

C.8.1 Other provisions

Other provisions are composed of:

(kEuro)	01.01.2019	Utlilization	Reversals	Additions	31 Dec 2019
Ancillary costs from share based payments	59	(295)	-	889	**653**
Remuneration of the Supervisory Board	205	(255)	-	545	**495**
Audit and audit-related fees	225	(225)	-	338	**338**
Bonus payments to Board of Management	2.089	(1.825)	(260)	285	**288**
Preparation of tax declaration	88	(316)	-	344	**116**
Annual report and annual general meeting	148	(104)	-	70	**114**
Preparation of Financial Statements	102	(252)	-	250	**100**
Other provisions	257	(257)	-	659	**659**
Total	**3.173**	**(3.529)**	**(260)**	**3.380**	**2.763**

(kEuro)	01.01.2018	Utlilization	Reversals	Additions	31 Dec 2018
Bonus payments to Board of Management	186	(186)	-	2.089	**2.089**
Audit and audit-related fees	840	(840)	-	225	**225**
Remuneration of the Supervisory Board	52	(52)	-	205	**205**
Annual report and annual general meeting	89	(79)	-	138	**148**
Preparation of Financial Statements	85	(85)	-	102	**102**
Preparation of tax declaration	82	(28)	-	34	**88**
Ancillary costs from share based payments	323	(264)	-	-	**59**
Invoices from Uplisting not received yet	735	(735)	-	-	**-**
Outstanding invoices	552	(402)	(150)	-	**-**
Other provisions	23	(23)	-	257	**257**
Total	**2.966**	**(2.694)**	**(150)**	**3.050**	**3.173**

C.9 CREDITORS

Amounts due and payable for the accounts shown under "Creditors" are as follows:

Creditors

(kEuro)	Within one year	After one year and within five years	After more than five years	**Total 31 Dec 2019**
Debenture loans (convertible loans)	62	200.000	-	**200.062**
Debenture loans (non-convertible loans)	2.416	300.000	-	**302.416**
Trade creditors	2.392	-	-	**2.392**
Amounts owed to affiliated undertakings	27.772	127.668		**155.440**
Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	144	-	-	**144**
Other creditors	15.923	-	-	**15.923**
Total	**48.710**	**627.668**	**-**	**676.377**

(kEuro)	Within one year	After one year and within five years	After more than five years	**Total 31 Dec 2018**
Debenture loans (convertible loans)	62	200.000	-	**200.062**
Debenture loans (non-convertible loans)	2.416	300.000	-	**302.416**
Amounts owed to credit institutions	21	-	-	**21**
Trade creditors	4.450	-	-	**4.450**
Amounts owed to affiliated undertakings	6.457	53.247	-	**59.703**
Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	144	-	-	**144**
Other creditors	9.169	-	-	**9.169**
Total	**22.719**	**553.247**	**-**	**575.965**

Except for the convertible debenture loans, all debts are not secured by collateral on assets.

C.9.1 Debenture loans (convertible loans)

Debenture loans (convertible loans)

(kEuro)	**31 Dec 2019**	**31 Dec 2018**
Convertible bonds	200.000	200.000
Interests from covertible bonds	62	62
Total	**200.062**	**200.062**

In 2017 the Company issued unsubordinated and unsecured convertible bonds in the aggregate principal amount of Euro 200m. The bonds are issued in bearer form with a principal amount of Euro 100,000.00 each, which rank pari passu among themselves. The Company used the net proceeds for the refinancing of existing debt as well as for general corporate purposes.

Key facts of the convertible bonds	
ISIN	DE000A19SPK4
WKN	A19SPK
Issue volume (in Euro)	200.000.000,00
Maturity	28.11.2022
Coupon	1,38%
Rating	S&P: BB+
Issue price	100,00%
Next interest payment day	28.05.2020
Nominal (in Euro)	100.000,00
Underlying	Shares of Corestate Capital Holding S.A.
Conversion price (in Euro)	61,96
Initial conversion premium	27,50%
Conversion period	08.01.2018-10.10.2022
Issue date	21.11.2017
Clearing house	Clearstream Frankfurt

The Bonds with initial maturity of 5 years were issued at 100% and will be redeemed at 100% of their principal amount, unless previously converted or repurchased and cancelled. The Bonds were placed with a coupon of 1.375% per annum, payable semi-annually in arrear and the conversion price was set to Euro 61.9580, representing a premium of 27.5% above the reference share price at the bond issue date. The settlement of the bonds took place around 28 November 2017.

The issuer grants to each bondholder the right (the "conversion right") to convert each bond in whole, but not in part, at the conversion price into settlement shares on any business day during the conversion period (period from 8 January 2018 to the earlier of the following days: the 35th Business Day prior to the maturity date or if the bonds are redeemed by the issuer the 10th Business Day prior to the redemption date).

The bonds bear interest on their principal amount at a rate of 1.375% p.a. as from 28 November 2017. Interest is payable semi-annually in arrears on each interest payment date. Each bond will cease to bear interest until the bondholder exercises the conversion right in respect of any bond or a bond is redeemed.

C.9.2 Debenture loans (non-convertible loans)

Debenture loans (non-convertible loans)		
(kEuro)	**31 Dec 2019**	**31 Dec 2018**
Non-convertible bonds	300.000	300.000
Interests from non-covertible bonds	2.416	2.416
Total	**302.416**	**302.416**

In March 2018, the Company issued a non-convertible bond with a volume of Euro 300m. The non-convertible bond is placed with institutional investors. The key facts are as following:

Key facts of the non-convertible bonds	
ISIN	DE000A19YDA9
WKN	A19YDA
Issue volume (principal amount)(in Euro)	300.000.000,00
Issue price (in Euro)	98.857 % of the principal amount
Date of Issuance	23.03.2018
Maturity	15.04.2023
Coupon	3.5 % per annum
First Coupon Date	15.10.2018
Denomination	100.000

The proceeds of the issue are used to refinance existing loans at better rates as well as for the continuation of the growth strategy.

C.9.3 Amounts owed to credit institutions

In 2019 all of the loan and interest related to credit institutions was completely repaid, therefore at the end of year 2019 there was no more amount owed to credit institutions.

C.9.4 Trade creditors

As at December 31, 2019 trade creditors in the amount of kEuro 2.392 mainly consist of liabilities to external service providers (December 31, 2018: kEuro 4.450).

C.9.5 Amounts owed to affiliated undertakings

Amounts owed to affiliated undertakings

(kEuro)	Start date	Maturity (years)	interest rate	collateral	31 Dec 2019	31 Dec 2018
Long-term loans from subsidiaries					**124.455**	**52.963**
HFS	28.06.2017	5	3,750%	unsecured	77.960	32.252
RECAP FinCo II S.à r.l.	26.11.2018	5	5,500%	unsecured	12.885	9.707
CORESTATE Capital AG	27.06.2016	5	1,000%	unsecured	9.972	-
Stadttor Düsseldorf AcquiCo S.à r.l.	14.09.2018	5	1,000%	unsecured	8.890	7.410
PALMYRA Verwaltungsges. mbH &	03.01.2019	5	5,500%	unsecured	5.000	-
CORESTATE CAPITAL Fund Management S.à r.l.	28.06.2017	5	1,000%	unsecured	3.850	-
Donald HoldCo S.à r.l.	27.06.2016	5	3,000%	unsecured	3.571	298
RECAP FinCo VI S.à r.l.	26.09.2017	5	0,000%	unsecured	1.844	1.844
Rose HoldCo S.à r.l.	25.06.2018	5	1,000%	unsecured	677	-
RECAP FinCo III S.à r.l.	25.06.2018	5	1,000%	unsecured	-	1.307
RECAP FinCo V S.à r.l.	05.05.2017	5	0,000%	unsecured	-	50
King HoldCo S.à r.l.	05.05.2017	5	0,000%	unsecured	-	50
RECAP FinCo IV S.à r.l.	23.12.2016	5	3,000%	unsecured	-	46
HL PRIVATE INVEST BETEILIG	22.03.2019	1	2,000%	unsecured	(195)	-
Short-term liabilities owed to subsidiaries					**30.985**	**6.740**
Liabilities from delivery and services relations				unsecured	23.426	6.457
Loan Interest to affiliate companies				unsecured	4.485	-
CRM Students Limited	16.11.2018	1	1,000%	unsecured	3.213	283
others				unsecured	(140)	-
Total					**155.440**	**59.703**

The liabilities from delivery and services relations result mainly from cost recharges and the transfer pricing agreements.

C.9.6 Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests

Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests

(kEuro)	31 Dec 2019	31 Dec 2018
Liabilities owed to Project HIGHSTREET VI	144	144
Total	**144**	**144**

C.9.7 Other creditors

Other creditors

(kEuro)	31 Dec 2019	31 Dec 2018
Tax authorities	**15.714**	**8.935**
VAT liabilities	15.708	8.935
Liabilities from wage and church taxes	6	-
Other creditors	**209**	**234**
Liabilities due to employees	-	34
others	209	200
Total	**15.923**	**9.169**

VAT liabilities mainly result from transactions with third parties located in the EU zone. Such transactions are subject to the reverse charge method, where CCH SA has to pay these value added taxes ("VAT") to the Luxembourgish tax authorities.

D. Notes to the PROFIT AND LOSS ACCOUNT

D.1 NET-TURNOVER

Net turnover is broken down by category of activity and geographical markets as follows:

Net turnover

(kEuro)	**2019**	**2018**
Categories of activity		
Revenue from delivery of services intra-group	34.764	9.710
Revenue from other Acquisition Related Fees	10.486	3.904
Revenue from Asset Management Fees	5.477	3.438
Revenue from Development Fee	6.922	3.131
Revenue from Onboarding Fee	(85)	500
Other revenues	4.932	279
Revenue from termination fee	5.063	-
Total	**67.559**	**20.961**
Geographical markets		
Luxembourg	22.349	7.324
Germany	18.457	7.851
Switzerland	11.413	4.236
Spain	7.187	302
United Kingdom	6.539	-
Poland	970	-
Guernsey	522	996
Austria	123	251
Total	**67.559**	**20.961**

The Company typically invests between 5% and 10% in its investment products structured for its semi-institutional and private clients as alignment capital investment. Since CCH SA provides comprehensive real estate investment management services to, and is acting as asset manager for such investment structures (also referred to as "Projects"), these investment structures qualify as a participating interests under Lux GAAP. The revenues generated with such Associates are based on market-standard Joint-Venture and Co-Investments Agreements (JVCIA) as well as Asset Management Agreements (AMA), and are entered into with and approved by its clients. The revenue is mainly classified into following categories: delivery of services intra-group, acquisition related fee, onboarding fee, developing fee, asset management fee, termination fee and others.

D.2 OTHER OPERATING INCOME

Other operating income

(kEuro)	**2019**	**2018**
Reversal of provisions and staff costs	971	150
Currency translation adjustments	67	5
Other / miscellaneous / sundry income	842	1
Total	**1.880**	**156**

D.3 OTHER EXTERNAL EXPENSES

Other external expenses

(kEuro)	**2019**	**2018**
Recharges intra-group costs	(18.002)	(9.205)
Legal and consultancy fees	(9.941)	(6.868)
Audit and accounting related advisory fee	(915)	(873)
Financing fees	(849)	(3.660)
Offices supplies and IT expenses	(835)	(396)
Public relation and stock exchange	(676)	(1.374)
Insurance costs	(626)	(387)
Tax advisory and other professional fees	(401)	(73)
Personnel recruitment	(340)	(426)
Capital raising and up-listing related expenses 2017	(328)	(86)
Currency translation adjustments	(230)	(62)
Accounting and financial statement preparation	(135)	(255)
Travelling expenses	(73)	(705)
Contribution fees	(13)	(44)
Aborted deals	-	(58)
Rental and leasing expenses	-	(16)
Other miscellaneouse expenses	(1.124)	(1)
Total	**(34.488)**	**(24.488)**

D.4 STAFF and STAFF COSTS

Staff costs

(kEuro)	**2019**	**2018**
Salaries and wages	**(281)**	**(2.332)**
Share Program for Employees	(748)	-
Salaries paid to Management Board	(263)	(211)
Share-based remunerations	195	(199)
Management Board's Bonus	535	(2.134)
Total	(281)	(2.332)

As in prior years, the Company has no employees of its own. Therefore, the staff costs comprise only the remunerations of the members of the Management Board.

D.5 OTHER OPERATING EXPENSES

Other operating expenses

(kEuro)	**2019**	**2018**
Remuneration of the Supervisory Board	(514)	(210)
Licence fees	(234)	-
Other miscellaneouse expenses	(774)	(87)
Total	**(1.521)**	**(297)**

D.6 INCOME FROM PARTICIPATING INTERESTS

Income from participating interests

(kEuro)	**2019**	**2018**
Proceeds from the sale of affiliated undertakings	**71.484**	**31.181**
Dividend payments received	**60.353**	**53.381**
Dividend payment received from HFS	55.122	50.000
Dividend payment received from CAST DEUTSCHLAND BETEILIGUNG GMBH	850	1.976
Dividend payment received from ISABELA HOLDCO AIF S.A R.L	816	-
Dividend payment received from CORESATATE FMCG	802	-
Dividend payment received from HANSAINVEST Corestate Opportunity	504	-
Dividend payment received from RECAP FinCo IV S.à r.l.	-	1.406
Proceeds from the sale of participating interests	2.260	-
Total	**131.837**	**84.562**

D.7 OTHER INTERESTS RECEIVABLE AND SIMILAR INCOME

Other interest receivable and similar income

(kEuro)	**2019**	**2018**
derived from affiliated undertakings	**4.308**	**1.299**
CORESTATE Capital Advisors GmbH (interests)	1.480	-
CORESTATE Capital Group GmbH (interests)	1.093	452
HFS Helvetic Financial Services GmbH (interest)	1.019	-
Ginova PropCo S.à r.l.	395	-
CORESTATE Capital Sales Holding S.à r.l. (interests)	93	37
Bochum PropCo S.à r.l.	90	-
CORESTATE Capital Partners UK Ltd. (interests)	76	6
CORESTATE Capital AG (interests)	36	171
Tempelhof Twins TopCo S.à r.l.	16	-
Corestate Capital Venture Management S.à r.l. (interests)	11	-
Isabela HoldCo AIF S.à r.l. (interests)	0	-
Highstreet Premium II PropCo III S.à r.l. (interests)	-	242
Highstreet Gießen PropCo S.à r.l. (interests)	-	85
Stadttor Düsseldorf AcquiCo S.à r.l. (interests)	-	70
RECAP FinCo II S.à r.l. (interests)	-	41
Highstreet VIII PropCo I S.à r.l. (interests)	-	3
others	-	191
other interest and similar financial income	**1.278**	**729**
WGS Private Equity Beteiligungs GmbH	1.136	324
Interests from Project HIGHSTREET II	92	-
Interests from Project T6	13	-
Sechep Investments Holding	5	-
LUX STRUCTURE SERVICES	4	-
Interests from Project VITU	2	-
Jade Investment Ldt	1	-
Interests from Project HIGHSTREET PREMIUM I	0	91
Lux Fund Management Services S.à r.l.	-	260
LUX Structure Services S.à r.l.	-	47
Iberian PropCo I S.L.	-	7
others	26	-
Total	**5.586**	**2.028**

D.8 INTERESTS PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses

(kEuro)	2019	2018
concerning affiliated undertakings	**(72.297)**	**(27.939)**
Interest from loan of HFS Helvetic Financial Services AG	(1.916)	(1.057)
Interest from loan of RECAP FinCo II S.à r.l.	(707)	(51)
Interest from loan of PALMYRA Verwaltungsges. mbH	(275)	-
Interest from loan of HL PRIVATE INVEST BETEILIG	(223)	-
Interest from loan of Corestate Capital Group GmbH	(121)	-
Interest from loan of DONALD HoldCo S.à r.l.	(108)	(8)
Interest from loan of Stadttor Düsseldorf AcquiCo S.à r.l.	(82)	(19)
Interest from loan of CORESTATE CAPITAL AG	(39)	(19)
Interest from loan of CRM	(35)	-
Interest from loan of CORESTATE CAPITAL Fund Management S.à r.l.	(28)	(29)
Interest from loan of Rose HoldCo S.à r.l.	(8)	-
Interest from loan of RECAP FinCo III S.à r.l.	(4)	(7)
Interest from loan of Corestate Capital Junior BondCo S.à r.l.	-	(492)
Interest from loan of ACROSS HoldCo S.à r.l.	-	(3)
Interest from loan of RECAP FinCo IV S.à r.l.	1	(110)
Book value of affiliated undertakings sold	(66.492)	(25.933)
Book value of participating interests sold	(2.260)	-
Interest from loan of RECAP FinCo S.à r.l.	-	(212)
others	(1)	(0)
other interest and similar expenses	**(16.579)**	**(10.312)**
Interests from debenture loans	(14.768)	(9.233)
Interests from bank loans	(1.606)	(1.036)
Interests from third party loans	(193)	(44)
others	(12)	-
Total	**(88.877)**	**(38.252)**

D.9 TAXES ON PROFIT AND LOSS

Tax on profit or loss

(kEuro)	2019	2018
Current income tax	**(284)**	**(8)**
Corporate income tax (Luxembourg)	(1)	(8)
Capital gains tax	(283)	
Total	**(284)**	**(8)**

E. Other information

E.1 MANAGEMENT BOARD

- Thomas Landschreiber (Chief Investment Officer of Corestate Capital Holding S.A. and a member of the Group's Investment Committee) – since 21 August 2015
- Lars Schnidrig (Chief Financial Officer of Corestate Capital Holding S.A. and a member of the Group's Investment Committee) – since 01 July 2017 until 31 March 2019
- Lars Schnidrig (Chief Executive Officer of Corestate Capital Holding S.A. and a member of the Group's Investment Committee) – since 01 April 2019

The members of the Management Board were appointed by the Supervisory Board for the following terms:

- Thomas Landschreiber has been appointed as Chief Investment Officer of Corestate Capital Holding S.A. until 31 March 2020.
- Lars Schnidrig had been appointed as Chief Executive Officer of Corestate Capital Holding S.A. until 31 March 2023.

In addition to the individually agreed base salary and annual bonus payments, under their service agreements, the Management Board members are entitled to ancillary benefits that include, among other things, payment of remuneration in case of sickness or death for a certain period, contributions to private health insurance as well as D&O and E&O insurance coverage at usual market terms. The Company reimburses all travelling costs and incidental expenses.

Transactions with Key Management Personnel

Some Senior Management members as well as certain other employees have a minority interest (Limited Partner) in Corestate MCIF GmbH & Co. KG (MCIF). All profits of MCIF are distributable to these Limited Partners (disproportionate profit distribution). Under the MCIF scheme, the participants are required to contribute up to one third of their annual bonus.

An LTI-Share Program for Senior Management and Key People of the Corestate Group has been implemented effective 1 January 2019. The five-year program is based on certain KPI's with respect to the development of the Share price of CCHSA. The program details are described in legal plan conditions and not limited to current employees but also open for new hires.

Transaction with Key Management Personal and Members of the Supervisory Board

€ thousand	**2019**	2018
Short-term employee benefits	(1.741)	(2.710)
Service Agreement termination benefits	-	(1.910)
share-based payments benefits	(500)	(2.601)
Compensation payments	(1.298)	(228)
Remuneration to members of the supervisory board	(519)	(210)
EMC Bonus Awards contributed to MCIF	-	(74)

Share-based payments

Members of the Group' s Management Board, senior manager and high-performer receive remuneration in the form of share-based payments, whereby the members render services as consideration for equity instruments (equity-settled transactions). Some members of Group' s Management Board are granted so called phantom stocks, which are settled in cash (cash-settled transactions).

Valuation model and input parameters

The fair value of the synthetic stock options is measured using a monte carlo option pricing model taking into account the terms and conditions upon which the options were granted.

The beneficiary may exercise the options between the end of the waiting period and the end of the term of the option on the condition that the employment contract has not been terminated and neither the beneficiary nor the company has notified in writing the termination of the employment contract by that date.

For the stock option valuation the contractual life of the options and the possibility of early exercise were considered in the monte carlo model.

The risk-free interest rate is the implied yield currently available on Luxembourg government issues with a remaining term equal to the term of the options.

The future volatility for the lives of the options was estimated based on historical volatilities also considering the management's expectation of future market trends.

The expense resulting from the share-based payment transactions is recognized during the vesting period on a pro-rata-basis with a corresponding increase in provision. Furthermore, the amount recognized is based on the best available estimate of the number of options expected to vest and is revised, if subsequent information indicates that the number of options expected to vest differs from previous estimates.

Corestate Capital Holding S.A. Share Program

In 2019 Corestate started a Performance Share Program for important senior manager and high performer (key people) as well as for new hires who joined the Group after the 1 January 2019. Four tranches that are all granted at the same date but have different vesting periods (1, 2, 3 and 4 years) – result in graded vesting (front loading expense). At the beginning of the performance periods in 2019 and 2020 the participants receive an individualized grant letter in which the individual target value of the performance shares in euros ("target value") is set out. The letter of allocation shall contain the number of virtual performance shares granted. Performance shares are not linked to any administrative, voting or dividend rights or rights to other distributions. They merely represent a calculation item for determining the future conditional entitlement to Corestate shares to be issued and transferred (real shares). Performance shares are transferred to the participants in annual tranches in the form of real shares from the third year onwards (requires a waiting period of two years in which no real shares are transferred). The transfer is to take place in four equivalent tranches (25% of the total number of performance shares each) – subject to the achievement of the relevant performance targets which is an annually in crease of the share price of 10% each year.

The increase in the stock market price as the key performance target is calculated by dividing the "transfer price" by the closing price. The transfer price is defined as the arithmetic mean of the closing prices of the last 30 trading days prior to 31 December of the respective year of the performance period. As said, the performance target is deemed to have been achieved if the cumulative transfer price increased by at least 10% each year compared with the closing rate (annual performance target).

In 2019, the related expense amounted to m€ 1,2 (2018: m€ 0).

Share-based payments of Management Board

As a long-term incentive, one board member receives after his choice either company shares or a cash settlement which belongs to the development of the stock price of the company in accordance with the following regulations:

This Board member is initially granted LTI options totaling € 2,400,000.00. The number of LTI options results from the quotient of the above amount and (i) the closing price of the Company's share on 19 March 2019 or (ii) the average closing price of the last five trading days before taking effect of the service agreement including this day. The lower one of the two values is decisive. The board member can grant the LTI options in four tranches, 25% of the overall sum after 1 April 2019 and then three times 25% after 12, 24 and 36 months after this service agreement entered into force. The board member can choose either LTI shares or a cash settlement. The decision of the board member has to be communicated to the Chairman of the Supervisory Board within four weeks after the respective performance period in text form (email is sufficient). If there is no such notification or if it is not done in time it means that the cash settlement option will be applied. The parties agree that the first tranche is granted in the form of a cash settlement. If the board member chooses LTI shares, the calculated number of LTI shares (gross) will be transferred, if necessary after issuing of corporate shares, at the end of the respective performance period to the deposit of the board member. From this point on, the shares are subject to a contractual holding period of twelve months at the most, however, until the end of the service agreement. If the board member chooses the cash settlement option, he will receive it immediately after the respective performance period in an € (gross) amount that corresponds to the product of the company share price based on the average closing price of the last five trading days before the end of the respective performance period and the calculated number of LTI options. In 2019, the related expense amounted to k€ 677.

One other board member receives an additional, annual fixed amount of € 600,000 gross either in shares or in cash (€). The board member can decide until March 31, 2019 whether he would like to have the fixed amount paid out in shares or in cash (€). If the fixed amount is paid in shares, the board member will receive shares in the amount of € 600,000.00 gross as of April 1st, 2019. To calculate the number of shares the last trading day in XETRA trading 2018 count as the key date on. The parties agree that the bonus is granted in the form of a cash settlement.

This board member will receive an additional share package for the year 2019 at the end of 31 December 2019, for the year 2020 at the end of 31 December 2020 and for the year 2021 at the end of 31 December 2021 (based on the key date of the last trading days in XETRA trade 2018 for the year 2019, 2019 for the year 2020 and 2020 for the year 2021) in the amount of € 500,000 gross. The total amount of € 500,000 gross divided by the stated closing price gives the number of shares to be transferred. For absences (excluding periods of garden leave) or a withdrawal during the year, the fixed amount will also be reduced pro rata. This does not apply to absences due to public holidays, vacation and incapacity to work with entitlement to continued payment. The tax on those transferred shares is carried by the board member. It can be paid by the board member directly or by share allocation, be covered by "sell to cover". The listed share package of € 500,000 will be based on three target achievements equally weighted which are company-defined and calculated and if necessary transferred proportionately. These goals were discussed with the board member for 2019 and fixed.

The shares (16,501) were delivered to the board member in January 2020 equivalent to an amount of k€ 500.

Equity-settled transactions 2019

One former board member was granted a special remuneration on the basis of an amendment to the service agreement in form of shares in the company in an aggregate amount of k€ 740.

The share-based compensation granted will only be forfeited under certain circumstances (i.e. when the Company terminates the service agreement for cause; the service agreement is terminated upon request of the Board member). In turn, the share grants individually agreed for each member of the Board vest over various periods linked to the term of the underlying service agreement.

Movements during the year 2019

The following table illustrates the number and movements in synthetic equity-settled stock options during the year, as well as the grant date and the remaining term of the option:

Equity-settled transactions 2019 - Movements during the year

	Tranche 1
Grant Date	May 2019
Granted Stock Options	5.032
Remaining term of the option	0 years
Granted during the year	5.032
Exercisable as of 31 December 2019	5.032

Equity-settled transactions 2018

In 2018 certain members of the EMC were granted a special payment on the basis of the individual service agreements in form of shares in the company (so-called "share-based payment") in an aggregate amount of k€ 1,199.

The share-based compensation granted will only be forfeited under certain circumstances (i.e. when the Company terminates the service agreement for cause or the service agreement is terminated upon request of the member of the EMC during the relevant current term). In turn, the share grants individually agreed for each member of the EMC vest over various periods linked to the term of the underlying service agreement.

The fair value of such share grants was calculated as € 49.08 per share less projected dividend payments per share during the relevant vesting period, and is amortized (i.e. recognised through profit and loss) based on the vesting periods individually agreed for each member of the EMC. The total expense recognized through profit and loss in relation to such share grants to the EMC in the financial year 2018 was k€ 1,177.

Movements during the year 2018

The following table illustrates the number and movements in synthetic equity-settled stock options during the year, as well as the grant date and the remaining term of the option:

Equity-settled transactions 2018 - Movements during the year

	Tranche 1
Grant Date	May 2018
Granted Stock Options	25.468
Remaining term of the option	0 years
Granted during the year	25.468
Forfeited during the year	468
Exercisable as of 31 December 2018	25.000

Cash-settled transactions 2019

In 2019 the group has issued virtual stocks to the two-remaining members of the Board. The stocks grant the right to receive stocks or cash payment at exercise at exercise date. The virtual stock options have been exercised as cash payments in an aggregate amount of k€ 1,298.

The expense recognized during 2019 and 2018 is shown in the following table:

€ thousand	**2019**	2018
Expense arising from cash-settled share-based payment transactions	82,3	59,1

Total expense arising from share-based payment transactions	82,3	59,1

E.2 SUPERVISORY BOARD

The Supervisory Board must be composed of at least three individuals, and currently consists of the following members:

- Micha Blattmann (chairman, manager and lawyer, whose professional address is General-Guisan Strasse 15, CH-6300 Zug/Switzerland) – since 23 September 2015. Micha Blattmann is also Partner with the private debt specialist Vicenda Asset Management AG, Zug. He serves as an executive director at Vicenda Group AG. He held various positions within capital markets divisions of international investment banks, including senior advisor of the Strategic Cross Asset Solutions Group of Merrill Lynch Capital Markets and senior advisor of the Equity and Commodity Risk Management Team for institutional clients of UBS AG. He has been chairman of the Supervisory Board at Corestate Capital Holding S.A. since September 23, 2015. He serves as non-executive director at BRCH Holding AG, Azteca Holding AG, AZC Capital SACV, Desarollo Vivienda MK1 S.A.P.I. De C.V., FCM Investments AG, Limedo Business Ltd, BVI and Thalos Investment Platform S.A. He previously worked as lawyer at Bär & Karrer and Andersen Legal. He is admitted as lawyer in Switzerland and is practicing in his law firm Blattmann Advokatur & Notariat, Neuheim. Mr. Blattmann holds a Licentiate in Law from the University of Zurich and a Master of Laws (LL.M.) from University of California-Los Angeles, School of Law. He is admitted to the bar of the Higher Court of the Canton of Zug, Switzerland.

- Urs Felder (self-employed tax and accounting Expert, whose professional address is at FELUR Swiss Treuhand AG, Sihlamtsstrasse 5, CH-8001 Zurich/Switzerland) – since 21 August 2015

- Ulrich Plett (Chairman of the Audit Committee, Wirtschaftsprüfer, whose professional address is Clausewitzstr. 7, D-10629 Berlin/Germany) – since 23 September 2015.

- Jonathan Matthew Lurie (founder and managing partner of the real estate investment and consulting company Realty Corporation Ltd., whose professional address is at 1 Heddon St, Regent St, Mayfair, London W1B 4BD/England, UK) – since 26 April 2019.

At the Company's annual general meeting held on 28 April 2017, it was resolved to extend the mandates of the above listed members of the Supervisory Board until the annual general meeting of shareholders of the Company held in 2020.

At the Company's annual general meeting held on 26 April 2019, the mandate of the newly appointed member of the Supervisory Board, Jonathan Matthew Lurie, was determined to have a term of office ending after the annual general meeting of the Company which will be held in 2021.

As resolved in the Supervisory Board's meeting held on 14 December 2017, an audit committee has been established, which currently consists of the members Mr Plett (chariman), Mr Blattmann and Mr Felder. Furthermore, in its meeting held on 12 November 2018, the Supervisory Board resolved to establish a nomination committee. With effect from such date, the Supervisory Board elected its members Mr Blattmann (chairman), Mr Plett and Mr Felder as members of the nomination committee. At the Company's annual general meeting held on 26 April 2019 it was resolved that the chairman of the Supervisory Board shall be entitled to an annual fee in a gross amount of one hundred fifty thousand Euro (k€ 150) and the deputy chairman of the Supervisory Board shall be entitled to an annual fee in a gross amount of one hundred thousand Euro (k€ 100).

Each other member of the Supervisory Board shall be entitled to an annual fee in a gross amount of seventy-five thousand Euro (k€ 75). The chairman of the audit committee of the Company and the chairman of the nomination committee of the Company, shall be entitled to an additional annual fee in a gross amount of fifteen thousand Euro (k€ 15). The chairman of any other committee of the Company that may exist from time to time, shall be entitled to an additional annual fee in a gross amount of ten thousand Euro (k€ 10). Each other member of the audit committee of the Company, the nomination committee of the Company and any other committee of the Company that may exist from time to time, shall be entitled to an additional annual fee in a gross amount of five thousand

Euro (k€ 5). Additionally all board members are receiving attendance fees, in 2019 a total of kEuro 144 (2018: k€ 50).

In 2019, a total fee of kEuro 520 (2018: kEuro 210) is recognised.

E.3 RELATED PARTIES TRANSACTIONS

Parties are generally considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Company has identified the following related parties:

Related Parties	related to/ as
W5 Group AG	Shareholder
W5 Group GmbH	Shareholder
W5 Group LLC	Shareholder
Norbert Ketterer	Shareholder
Ketom AG	Shareholder
Helvetic Real Estate Financing AG (HREF)	Shareholder
Thalos	Supervisory Board (M.Blattmann)
Vicenda	Supervisory Board (M.Blattmann)
Felur Swiss Treuhand AG	Supervisory Board (U.Felder)
Micha Blattmann	Supervisory Board
Urs Felder	Supervisory Board
Ulrich Plett	Supervisory Board
Jonathan Lurie	Supervisory Board
Realty Corporation Ltd	Supervisory Board (J. Lurie)
Lars Schnidrig	Management Board
Thomas Landschreiber	Management Board
Sascha Wilhelm	Management Board until 2018
Dr. Michael Bütter	Management Board until 2018

During the period, the following significant transactions entered into with related parties have been concluded:

Transactions:	Reference
Foundation of CCH SA and contribution in kind of the shareholders	C.6.1, A
Shares in affiliated companies and participating interests	C.3.1, C.3.3
Loans/Receivables to affiliated companies	C.3.2, C.4.2
Receivables/Fees from various Projects (participating interests)	C.4.3
Liabilities due to affiliated companies and participating interests	C.9.5, C.9.6
Intra-group recharges	D.1, D.3
Proceeds and expenses from the sale of affiliated undertakings and participating interests	D.6, D.8
Interests related to affiliated companies and participating interests	D.7, D.8
Remuneration and share-based payments for the Management Board	D.4, C.8.1, E.1
Remuneration of the Supervisory Board	D.5, C.8.1, E.2

The Company invests typically between 5% and 10% in each of its Investment Structures alongside its clients as alignment capital investment. Since the Company provides comprehensive real estate investment management services to, and are acting as asset manager for such Investments Structures, these Investment Structures qualify as a participating interest. The revenues generated with such participating interest are based on market-standard Joint-Venture and Co-Investments Agreements as well as Asset Management Agreements, and are entered into with and approved by the other investors.

Ralph Winter was a senior advisor to CCH SA through consultancy agreements between W5 Group AG, W5 Group GmbH, W5 Group LLC and CCH SA that were terminated in March 2019. Norbert Ketterer is a shareholder of CCH SA. Thomas Landschreiber is a member of the Company' management board while Micha Blattmann and Dr. Urs Felder are members of the Company's supervisory board. FELUR Swiss Treuhand AG is a Swiss tax advisory firm wholly-owned by Dr. Urs Felder. John Lurie is the Managing Partner of Realty Corporation Ltd, a Real estate investment and advisory company based in London.

E.4 AUDITOR'S FEES

Ernst & Young S.A., 35E, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg audited the local financial statements as well as the consolidated financial statements of the Company as of and for the year ended 31 December 2019 and issued an unqualified auditors' report.

At the Company's annual general meeting held on 26 April 2019, Ernst & Young S.A. was also appointed as auditor for the Company and the Group for the financial year 2019.

The total fees expensed by the Company and due for the current financial period to the audit firm are presented as follows:

Auditor's fees

(kEuro)	**2019**	**2018**
Audit fees	440	758
Audit-related fees	475	115
Other non-audit related services	-	-
Total	**915**	**873**

E.5 OFF-BALANCE SHEET COMMITMENTS

There were no financial commitments of the Company as per 31 December 2019

The nature and the commercial objective of the operations not disclosed on the balance sheet can be described as follows:

E.5.1 Leasing (rents not yet paid)

As per 31 December 2019, the Company is no longer party of any lease contracts.

E.5.2 Contingent liabilities

There were no contingent liabilities for the provision of collateral for third-party liabilities. There are no unresolved legal disputes outside the ordinary business activities.

E.6 SUBSEQUENT EVENTS

- As per 15 January 2020, Corestate Capital Holding S.A. closes the acquisition of STAM Europe, Paris, after the French regulatory authority AMF gave its approval. Corestate's assets under management (AuM) thus grow by c. EUR 2 bn to EUR 28 bn. On closing the transaction, Corestate will be expanding its product range, in particular its very successful micro living platform, into France. Simultaneously, the company will offer an enhanced market access to its clients as well as extending its institutional investor base.

- The recent outbreak of Coronavirus (SARS-CoV-2), a virus causing potentially deadly respiratory tract infections spreading all over the world, may negatively affect economic conditions regionally and globally, disrupt operations, affect supply chains or otherwise impact our businesses. This is clearly concerning and we are monitoring developments very closely; however, the extent and impact of this pandemic on the course of business in 2020 cannot yet be conclusively assessed. The safety and well-being of our employees has been the overriding priority. We are also doing all we can to ensure business continuity and our teams are working highly focused to meet the targets of our investors and achieve our corporate objectives. However, there is a certain risk that we will see an adverse impact on the business and the Real Estate sector, and therefore may affect Group's performance and its asset recoverable amounts. To this point of time the company cannot estimate the impact it may have on our markets and our operations.

Save for the matters set out above, there have been no events since the reporting date which could have a significant effect on the net assets, financial position or results of operations of CCH SA.

Luxembourg, 23 March 2020

Lars Schnidrig
Chairman of the Management Board
and Chief Executive Officer

Thomas Landschreiber
Member of the Management Board
and Chief Investment Officer

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS

	Owner-ship	Gross book value					Accumulated value adjustments			Net book value	
		01.01.2019	Additions	Transfers	Disposals	31.12.2019	01.01.2019	Depreciation	31.12.2019	31.12.2019	31.12.2018
	%	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
I INTANGIBLE FIXED ASSETS											
Concessions, patents, licences, trade marks and similar rights and assets											
IT Software and Homepage		1.605	1.864	560	-	4.028	415	650	1.065	2.963	1.189
Concessions, licences, industrial and similar rights and assets		248	118	-	-	366	65	77	142	225	183
		1.853	1.982	560	-	4.395	480	727	1.207	3.188	1.373
Payments on account and intangible fixed assets under development											
Payments on account		560	330	(560)	-	330	-	-	-	330	560
		560	330	(560)	-	330	-	-	-	330	560
Total		**2.413**	**2.312**	**-**	**-**	**4.725**	**480**	**727**	**1.207**	**3.518**	**1.933**
II TANGIBLE FIXED ASSETS											
Other fixtures and fittings, tools and equipment											
IT Equipment		176	1.279	-	(1.210)	245	13	38	50	195	163
		176	1.279	-	(1.210)	245	13	38	50	195	163
Total		**176**	**1.279**	**-**	**(1.210)**	**245**	**13**	**38**	**50**	**195**	**163**

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value					Accumulated value adjustments			**Net book value**	
		01.01.2019	Additions	Transfers	Disposals	31.12.2019	01.01.2019	Depreciation	31.12.2019	31.12.2019	31.12.2018
	%	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
III FINANCIAL FIXED ASSETS											
1 Shares in affiliated undertakings											
HFS Helvetic Financial Services AG	100,00%	576.604	-	-	-	576.604	-	-	-	576.604	576.604
CORESTATE Capital Group GmbH (formerly ISAR Beteiligungsverwaltungs GmbH)	100,00%	47.550				47.550	-	-	-	47.550	47.550
CORESTATE CAPITAL AG	100,00%	29.581	-	-	-	29.581	-	-	-	29.581	29.581
Ginova AIF S.à r.l (formals Highstreet Gießen HoldCo S.à r.l.)	100,00%	35	28.684	-	-	28.719	-	-	-	28.719	35
CRM Students Ltd.	100,00%	21.581		-	-	21.581	-	-	-	21.581	21.581
Stadttor Düsseldorf AcquiCo S.à r.l.	100,00%	6.941	-	-	-	6.941	-	-	-	6.941	6.941
Dedan HoldCo S.à r.l.	100,00%	-	6.512	-	-	6.512	-	-	-	6.512	-
Bego HoldCo S.à r.l. (formerly Dalia HoldCo AIF S.à r.l.)	100,00%	7.486	25	-	(1.180)	6.331	-	-	-	6.331	7.486
Wallhalla HoldCo Sarl (formerly Corestate Shelf 5 S.à r.l.)	100,00%	17	3.146	-	-	3.163	-	-	-	3.163	17
BER REV HOLDCO S. R.L.	100,00%	-	3.037	-	-	3.037	-	-	-	3.037	-
Harbour AcquiCo 1 S.à r.l.	100,00%	2.242	118	-		2.359	-	-	-	2.359	2.242
Echo HoldCo S.à r.l. (formerly Projekt AcquiCo I S.à r.l.)	100,00%	3.257	15.864	-	(17.458)	1.664	-	-	-	1.664	3.257
RECAP FinCo II S.à r.l. (formerly Highstreet VI PropCo IV S.à r.l.)	100,00%	1.625	-	-	-	1.625	-	-	-	1.625	1.625
Plutos HoldCo S.à r.l. (formerly Corestate Shelf 3 S.à r.l.)	100,00%	22	17.453	-	(16.403)	1.071	-	-	-	1.071	22
Projekt AcquiCo III S.à r.l.	100,00%	847	-	-	-	847	-	-	-	847	847
Iberian HoldCo II S.à r.l. (formerly Corestate Shelf II S.à r.l.)	100,00%	792		-	-	792	-	-	-	792	792
Tempelhof Twins TopCo S.à r.l	100,00%	-	653	-	(88)	565	-	-	-	565	-
Corestate Student Home Holding S.à r.l.	100,00%	502	-	-	-	502	-	-	-	502	502
CORESTATE Capital Fund Management S.à r.l.	100,00%	400	-	-	-	400	-	-	-	400	400
CORESTATE Capital Sales Holding S.à r.l.	100,00%	283	-	-	-	283	-	-	-	283	283
Manneken HoldCo S.à r.l. (formerly Corestate Shelf 2 S.à r.l.)	100,00%	1.512	-	-	(1.350)	162	-	-	-	162	1.512
Corestate Capital Senior BondCo S. à r.l.	100,00%	125	-	-	-	125	-	-	-	125	125
Corestate Capital Junior BondCo S. à r.l.	100,00%	125	-	-	-	125	-	-	-	125	125
ROSE HoldCo S.à r.l. (formerly Highstreet V PropCo III S.à r.l.)	100,00%	100	-	-	-	100	-	-	-	100	100
Court HoldCo GmbH (formerly Triiiple TopCo GmbH)	100,00%	28	55	-	-	83	-	-	-	83	28
Corestate Condor PropCo GmbH	100,00%	53		-	-	53	-	-	-	53	53
Corestate ZGE Feeder GmbH & Co. KG	100,00%	15	35	-	-	50	-	-	-	50	15
CORESTATE CAPITAL FRANCE HOLD CO SAS	100,00%	-	50	-	-	50	-	-	-	50	-
Manneken AIF S.à r.l.	100,00%	12	20	-	-	32	-	-	-	32	12
Corestate Shelf 11 S.à r.l.	100,00%	12	20	-	-	32	-	-	-	32	12

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value						Accumulated value adjustments			Net book value	
		01.01.2019	Additions	Transfers		Disposals	31.12.2019	01.01.2019	Depreciation	31.12.2019	31.12.2019	31.12.2018
	%	kEuro	kEuro	kEuro		kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
1 Shares in affiliated undertakings												
RECAP FinCo VI S.à r.l.	100,00%	29	-	-		-	29	-	-	-	29	29
ISARTAL Beteiligungsverwaltungs GmbH (formerly Platin 1413. GmbH)	100,00%	28	-	-		-	28	-	-	-	28	28
Corestate Capital Venture Management S.à r.l.	100,00%	12		-		-	12	-	-	-	12	12
CCIS Master HoldCo S.à r.l, (formerly Corestate Shelf 10 S.à r.l.)	100,00%	12	12	-		(12)	12	-	-	-	12	12
CORESTATE SHELF 15 SARL	100,00%	-	12	-		-	12	-	-	-	12	-
Corestate Shelf 18 S.à r.l.	100,00%	-	12	-		-	12	-	-	-	12	-
Corestate Shelf 19 S.à r.l.	100,00%	-	12	-		-	12	-	-	-	12	-
Corestate Shelf 7 S.à r.l.	0,00%	2.780	-	(2.780)		-	-	-	-	-	-	2.780
CORESTATE FMCG Fonds I	0,00%	4.503	21.152	-		(25.655)	-	-	-	-	-	4.503
Isabela HoldCo AIF S.à r.l.	0,00%	191	-	-		(191)	-	-	-	-	-	191
Bochum PropCo Sarl (formerly Highstreet Premium II PropCo III S.à r.l.)	0,00%	112	9.114	(112)		(9.114)	-	-	-	-	-	112
Müller 34 Student Home Projektentwicklung- und Verwaltungs GmbH	0,00%	83		-		(83)	-	-	-	-	-	83
Cassandra HoldCo S.à r.l. (formerly Spain Shelf 1 HoldCo S.à r.l.)	0,00%	59	4.624	-		(4.683)	-	-	-	-	-	59
RECAP FinCo V S.à r.l.	0,00%	30	-	-		(30)	-	-	-	-	-	30
RECAP FinCo IV S.à r.l. (formerly CC SH HoldCo S.à r.l.)	0,00%	30	-	-		(30)	-	-	-	-	-	30
Echo HoldCo 2 AIF Sarl (formerly Projekt AcquiCo IV S.à r.l.)	0,00%	27		(27)		-	-	-	-	-	-	27
King HoldCo S.à r.l.	0,00%	25	30	-		(55)	-	-	-	-	-	25
Roman HoldCo S.à r.l. (formerly Corestate Shelf 1 S.à r.l.)	0,00%	22		-		(22)	-	-	-	-	-	22
Tablas HoldCo S.à r.l. (formerly Corestate PropCo Shelf I S.à r.l.)	0,00%	12	13.927	-		(13.939)	-	-	-	-	-	12
Pallars HoldCo Sarl	0,00%	-	9.982	-		(9.982)	-	-	-	-	-	-
RECAP FinCo S.à r.l. i.L.	0,00%	-	118	-		(118)	-	-	-	-	-	-
Clouth 104 PropCo Sarl(v.Barry Hold)	0,00%	-	12	-		(12)	-	-	-	-	-	-
Tempelhof Twins HoldCo S.à r.l.	0,00%	-	12	-		(12)	-	-	-	-	-	-
CORESTATE SHELF 17 SARL	0,00%	-	12	-		(12)	-	-	-	-	-	-
HIGHSTREET IX GP SARL	0,00%	-	12	-		(12)	-	-	-	-	-	-
CASSANDRA HOLDCO AIF2 S.à r.l.	0,00%	-	12	-		(12)	-	-	-	-	-	-
Tempelhof Twins TopCo AIF S.á r.l.	0,00%	-	12	-		(12)	-	-	-	-	-	-
Tempelhof Twins HoldCo 2 S.á r.l.	0,00%	-	12	-		(12)	-	-	-	-	-	-
Pallars AIF HoldCo S.a.r.l	0,00%	-	7	-		(7)	-	-	-	-	-	-
BCC Investments S.à r.l.	0,00%	-	6.541	2.780		(9.321)	-	-	-	-	-	-
Tablas HoldCo AIF Sàrl	0,00%	-	7	-		(7)	-	-	-	-	-	-
HR Platin 1835.GmbH	0,00%	-	28	-		(28)	-	-	-	-	-	-
RECAP FinCo III S.à r.l.	0,00%	95		-		(95)		-	-	-	-	95
		709.794	141.333	(139)	-	(109.933)	741.054	-	-	-	741.054	709.794

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value						Accumulated value adjustments			**Net book value**	
		01.01.2019	Additions	Transfers		Disposals	31.12.2019	01.01.2019	Depreciation	31.12.2019	31.12.2019	31.12.2018
	%	kEuro	kEuro	kEuro		kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
2 Loans to affiliated undertakings												
CORESTATE Capital Group GmbH (loan and accrued interests)		69.101	-	-		(2.133)	66.968	-	-	-	66.968	69.101
Highstreet Gießen PropCo S.à r.l. (loan and accrued interests)		24.134	3.783	-		(27.917)	-	-	-	-	-	24.134
CORESTATE Capital Advisors GmbH (loan and accrued interests)		18.047	26.011	-		-	44.057	-	-	-	44.057	18.047
Highstreet Premium II PropCo III S.à r.l. (loan and accrued interests)		12.136	-	-		(12.136)	-	-	-	-	-	12.136
CORESTATE CAPITAL AG (loan and accrued interests)		2.097	2.795	-		(4.892)	-	-	-	-	-	2.097
CORESTATE Capital Sales Holding S.à r.l. (loan and accrued interests)		1.974	2.713	-		-	4.687	-	-	-	4.687	1.974
Corestate Student Home Holding S.à r.l. (loan and accrued interests)		572	200	-		-	772	-	-	-	772	572
Corestate Capital Partners GmbH (loan)		300	-	-		-	300	-	-	-	300	300
CORESTATE Capital Partners UK Ltd. (loan and accrued interests)		203	1.732	-		-	1.935	-	-	-	1.935	203
CORESTATE Capital Advisors GmbH Spanish branch (loan and accrued interests)		141	141	-		(282)	-	-	-	-	-	141
Corestate Capital Venture Management S.à r.l. (loan and accrued interests)		60	291	-		-	351	-	-	-	351	60
CORESTATE Capital Advisors (SG) Pte. Ltd. (loan)		31	63	-		-	95	-	-	-	95	31
Isabela HoldCo AIF S.à r.l. (loan and accrued interests)		12	-	-		(12)	(0)	-	-	-	(0)	12
King HoldCo S.à r.l. (loan)		1	-	-		(1)	0	-	-	-	0	1
HFS Helvetic Financial Services AG		-	40.347	-		(40.347)	-	-	-	-	-	-
Cassandra Hold Co		-	4.500	-		(4.500)	-	-	-	-	-	-
Corestate Shelf 7 Sarl		-	1.191	-		(1.191)	-	-	-	-	-	-
Tempelhof Twins TopCo AIF		-	1.747			(1.747)	-	-	-	-	-	-
Tempelhof Twins TopCo S.à r.l.		-	2.703			-	2.703	-	-	-	2.703	-
		128.809	88.216	-	-	(95.157)	121.868	-	-	-	121.868	128.809

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value					Accumulated value adjustments			**Net book value**	
		01.01.2019	Additions	Transfers	Disposals	31.12.2019	01.01.2019	Depreciation	31.12.2019	31.12.2019	31.12.2018
	%	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
3 Shares in undertakings with which the undertaking is linked by virtue of participating interests											
Moviestar Zweitmarkt Management GmbH	18,00%	9.606	-	-	-	9.606	-	-	-	9.606	9.606
TURICUM AIF S.à r.l.	5,48%	2.698	-	-	-	2.698	-	-	-	2.698	2.698
Olympic AIF 2 S.à r.l.	10,00%	1.916			(117)	1.798	-	-	-	1.798	1.869
Iberian HoldCo III, S.L.	10,27%	1.700	-	-	(47)	1.653	-	-	-	1.653	1.700
Con 2 AIF S. à r.l.	10,00%	1.400	-	-	-	1.400	-	-	-	1.400	1.400
Venloer4711 AIF 2 S.à r.l.	10,05%	1.328	-	-	-	1.328	-	-	-	1.328	1.328
Across TopCo 2 S.à r.l.	10,00%	990	-	-	-	990	-	-	-	990	990
King AIF 2 S.à r.l.	10,00%	720	-	-	-	720	-	-	-	720	720
Olympic AIF 1 S.à r.l.	10,00%	213	-	-	(8)	205	-	-	-	205	213
Venloer4711 AIF 1 S.à r.l.	10,05%	148	-	-	-	148	-	-	-	148	148
Across TopCo 1 S.à r.l.	10,00%	110	-	-	-	110	-	-	-	110	110
King AIF 1 S.à r.l.	10,00%	80	-	-	-	80	-	-	-	80	80
SCORE S.à r.l.	50,00%	4	-	-	-	4	-	-	-	4	4
CORESTATE Residential Germany Fund III	0,00%	-	1	-	-	1	-	-	-	1	-
Tempelhof Twins TopCo AIF S.á r.l.	1,00%	-	24	-	-	24	-	-	-	24	-
Pallars AIF HoldCo S.a.r.l.	42,38%	-	1.580	-	-	1.580	-	-	-	1.580	-
BCC Investments S.à r.l.	10,00%	-	766	-	-	766	-	-	-	766	-
Tablas HoldCo AIF Sàrl	42,74%	-	6.120	-	-	6.120	-	-	-	6.120	-
Cassandra HoldCo S.L.U.,	10,47%	-	1.245	-	-	1.245	-	-	-	1.245	-
Echo HoldCo 2 AIF Sarl,	31,10%	-	7.247	27	-	7.274	-	-	-	7.274	-
Bochum PropCo Sarl,	10,01%	-	912	112	-	1.024	-	-	-	1.024	-
PLUTOSHOLDCO AIF SARL	13,00%	-	2.187	-	(2.175)	12	-	-	-	12	-
Corestate Capital Invetsments Solutions	2,61%	-	685	-	-	685	-	-	-	685	-
		20.912	20.767	139	(2.347)	39.470	-	-	-	39.470	20.865
4 Loans to undertakings with which the undertaking is linked											
King PropCp Sarl. (loan and accrued interests)		500	50	-	-	550	-	-	-	550	500
Iberian PropCo I S.L. (loan and accrued		135	-	-	(73)	62	-	-	-	62	135
Highstreet VIII AcquiCo S.à r.l. (loan and accrued interests)		204	-	-	(204)	-	-	-	-	-	204
T6 HoldCo Sarl		-	602	-	-	602	-	-	-	602	-
		839	652	-	(277)	1.214	-	-	-	1.214	839

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value					Accumulated value adjustments			**Net book value**	
		01.01.2019	Additions	Transfers	Disposals	31.12.2019	01.01.2019	Depreciation	31.12.2019	31.12.2019	31.12.2018
	%	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
5 Investments held as fixed assets											
Corestate Opportunity Deutschland I Fonds (Luxembourg)	20,00%	10.000	44.902	-	-	54.902	-	-	-	54.902	10.000
NN		-	-	-	-	-	-	-	-	-	-
		10.000	44.902	-	-	54.902	-	-	-	54.902	10.000
6 Other loans											
WGS Private Equity Beteiligungs GmbH (loan and accrued interests)		14.513	-	(14.513)	-	-	-	-	-	-	14.513
HIGHSTREET PREMIUM I PropCo II S.à r.l (loan and accrued interests)		2.032	92	-	-	2.124	-	-	-	2.124	2.032
LUX Structure Services S.à r.l. (loan and accrued interests)		869	-	-	(869)	-	-	-	-	-	869
Lux Fund Management Services S.à r.l. (loan and accrued interests)		260	-	-	-	260	-	-	-	260	260
Annapurna AIF S.à r.l. (loan and accrued interests)		4	-	-	(4)	-	-	-	-	-	4
Highstreet FinCo II S.à r.l.		-	5	-	-	5	-	-	-	5	-
Highstreet Premium I HoldCo S.à r.l		-	5	-	-	5	-	-	-	5	-
Jade Investment Ltd.		-	81	-	-	81	-	-	-	81	-
Sechep Investments Holding S.à r.l.		-	160	-	-	160	-	-	-	160	-
Corestate Highstreet II HoldCo S.à		-	29	-	-	29	-	-	-	29	-
		17.679	372	(14.513)	(873)	2.665	-	-	-	2.665	17.679
Total		**888.031**	**296.242**	**(14.513)**	**(208.587)**	**961.172**	**-**	**-**	**-**	**961.172**	**887.985**
SUM of FIXED ASSETS		**890.620**	**299.832**	**(14.513)**	**(209.797)**	**966.142**	**493**	**764**	**1.257**	**964.885**	**890.081**

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value					Accumulated value adjustments			**Net book value**	
		01.01.2018	Additions	Transfers	Disposals	31.12.2018	01.01.2018	Depreciation	31.12.2018	31.12.2018	31.12.2017
		%	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
I INTANGIBLE FIXED ASSETS											
Concessions, patents, licences, trade marks and similar rights and assets											
IT Software and Homepage		155	749	700	-	1.604	62	353	415	1.189	94
Concessions, licences, industrial and similar rights and assets		248	-	-	-	248	13	52	65	183	236
		404	749	700	-	1.853	74	406	480	1.373	329
Payments on account and intangible fixed assets under development											
Payments on account		711	549	(700)	-	560	-	-	-	560	711
		711	549	(700)	-	560	-	-	-	560	711
Total		**1.115**	**1.298**	**-**	**-**	**2.413**	**74**	**406**	**480**	**1.933**	**1.041**
II TANGIBLE FIXED ASSETS											
Other fixtures and fittings, tools and equipment											
IT Equipment		-	176	-	-	176	-	13	13	163	-
		-	176	-	-	176	-	13	13	163	-
Total		**-**	**176**	**-**	**-**	**176**	**-**	**13**	**13**	**163**	**-**

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value					Accumulated value adjustments			**Net book value**	
		01.01.2018	Additions	Transfers	Disposals	31.12.2018	01.01.2018	Depreciation	31.12.2018	31.12.2018	31.12.2017
		%	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
II FINANCIAL FIXED ASSETS											
1 Shares in affiliated undertakings											
HFS Helvetic Financial Services AG	100,00%	576.604	-	-	-	576.604	-	-	-	576.604	576.604
CORESTATE Capital Group GmbH (formerly ISAR Beteiligungsverwaltungs GmbH)	100,00%	47.525	25			47.550	-	-	-	47.550	47.525
CORESTATE CAPITAL AG	100,00%	29.581	-	-	-	29.581	-	-	-	29.581	29.581
CRM Students Ltd.	100,00%	-	21.581	-	-	21.581	-	-	-	21.581	-
Bego HoldCo S.à r.l. (formerly Dalia HoldCo AIF S.à r.l.)	100,00%	55	7.431	-	-	7.486	-	-	-	7.486	55
Stadttor Düsseldorf AcquiCo S.à r.l.	100,00%	6.941	-	-	-	6.941	-	-	-	6.941	6.941
CORESTATE FMCG Fonds I	100,00%	-	4.503	-	-	4.503	-	-	-	4.503	-
Echo HoldCo S.à r.l. (formerly Projekt AcquiCo I S.à r.l.)	100,00%	12	3.245	-	-	3.257	-	-	-	3.257	12
Corestate Shelf 7 S.à r.l.	100,00%	-	2.780	-	-	2.780	-	-	-	2.780	-
Harbour AcquiCo 1 S.à r.l.	100,00%	-	2.085	157	-	2.242	-	-	-	2.242	-
RECAP FinCo II S.à r.l. (formerly Highstreet VI PropCo IV S.à r.l.)	100,00%	1.595	30	-	-	1.625	-	-	-	1.625	1.595
Manneken HoldCo S.à r.l. (formerly Corestate Shelf 2 S.à r.l.)	100,00%	-	1.512	-	-	1.512	-	-	-	1.512	-
Projekt AcquiCo III S.à r.l.	100,00%	12	835	-	-	847	-	-	-	847	12
Iberian HoldCo II S.à r.l. (formerly Corestate Shelf II S.à r.l.)	100,00%	12	780	-	-	792	-	-	-	792	12
Corestate Student Home Holding S.à r.l.	100,00%	502	-	-	-	502	-	-	-	502	502
CORESTATE Capital Fund Management S.à r.l.	100,00%	400	-	-	-	400	-	-	-	400	400
CORESTATE Capital Sales Holding S.à r.l.	100,00%	283	-	-	-	283	-	-	-	283	283
Isabela HoldCo AIF S.à r.l.	100,00%	191	-	-	-	191	-	-	-	191	191
Corestate Capital Senior BondCo S. à r.l.	100,00%	125	-	-	-	125	-	-	-	125	125
Corestate Capital Junior BondCo S. à r.l.	100,00%	125	-	-	-	125	-	-	-	125	125
Highstreet Premium II PropCo III S.à r.l.	100,00%	12	100	-	-	112	-	-	-	112	12
ROSE HoldCo S.à r.l. (formerly Highstreet V PropCo III S.à r.l.)	100,00%	80	20	-	-	100	-	-	-	100	80
RECAP FinCo III S.à r.l.	100,00%	70	25	-	-	95	-	-	-	95	70
Müller 34 Student Home Projektentwicklung- und Verwaltungs GmbH	100,00%	28	55	-	-	83	-	-	-	83	28
Spain Shelf 1 HoldCo S.à r.l.	100,00%	-	59	-	-	59	-	-	-	59	-
Corestate Condor PropCo GmbH	100,00%	35	18	-	-	53	-	-	-	53	35
Highstreet Gießen HoldCo S.à r.l.	100,00%	-	35	-	-	35	-	-	-	35	-
RECAP FinCo V S.à r.l.	100,00%	6.560	-	-	(6.530)	30	-	-	-	30	6.560

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value					Accumulated value adjustments			**Net book value**	
		01.01.2018	Additions	Transfers	Disposals	31.12.2018	01.01.2018	Depreciation	31.12.2018	31.12.2018	31.12.2017
		%	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
III FINANCIAL FIXED ASSETS											
1 Shares in affiliated undertakings											
RECAP FinCo IV S.à r.l. (formerly CC SH HoldCo S.à r.l.)	100,00%	2.449	-	-	(2.419)	30	-	-	-	30	2.449
RECAP FinCo VI S.à r.l.	100,00%	29	-	-	-	29	-	-	-	29	29
Triiiple TopCo GmbH	100,00%	28	-	-	-	28	-	-	-	28	28
ISARTAL Beteiligungsverwaltungs GmbH (formerly Platin 1413. GmbH)	100,00%	28	-	-	-	28	-	-	-	28	28
Projekt AcquiCo IV S.à r.l.	100,00%	12	15	-	-	27	-	-	-	27	12
King HoldCo S.à r.l.	100,00%	3.675	-	-	(3.650)	25	-	-	-	25	3.675
Roman HoldCo S.à r.l. (formerly Corestate Shelf 1 S.à r.l.)	100,00%	-	22	-	-	22	-	-	-	22	-
Plutos HoldCo S.à r.l. (formerly Corestate Shelf 3 S.à r.l.)	100,00%	-	22	-	-	22	-	-	-	22	-
Corestate Shelf 5 S.à r.l.	100,00%	-	17	-	-	17	-	-	-	17	-
Corestate ZGE Feeder GmbH & Co. KG	100,00%	0	15	-	-	15	-	-	-	15	0
Corestate PropCo Shelf I S.à r.l.	100,00%	12	-	-	-	12	-	-	-	12	12
Manneken AIF S.à r.l.	100,00%	-	12	-	-	12	-	-	-	12	-
Corestate Capital Venture Management S.à r.l.	100,00%	-	12	-	-	12	-	-	-	12	-
Corestate Shelf 10 S.à r.l.	100,00%	-	12	-	-	12	-	-	-	12	-
Corestate Shelf 11 S.à r.l.	100,00%	-	12	-	-	12	-	-	-	12	-
RECAP FinCo S.à r.l. i.L.	100,00%	5.681	53	-	(5.734)	0	-	-	-	0	5.681
ATOS Capital GmbH	100,00%	25.518	-	-	(25.518)	-	-	-	-	-	25.518
CORESTATE Capital Advisors GmbH	100,00%	31	-	-	(31)	-	-	-	-	-	31
Highstreet VIII PropCo I S.à r.l. (formerly Highstreet VII PropCo II S.à r.l.)	100,00%	12	28	-	(40)	-	-	-	-	-	12
Plutos PropCo S.à r.l. (formerly Corestate Shelf 4 S.à r.l.)	100,00%	-	12	-	(12)	-	-	-	-	-	-
Corestate Shelf 6 S.à r.l.	100,00%	-	12	-	(12)	-	-	-	-	-	-
Deko HoldCo S.à r.l.	100,00%	-	22	-	(22)	-	-	-	-	-	-
Harbour AcquiCo 2 S.à r.l.	100,00%	-	7.212	1.413	(8.625)	-	-	-	-	-	-
Leonia sp. z o.o.	100,00%	-	4	-	(4)	-	-	-	-	-	-
Corestate Shelf 8 S.à r.l.	100,00%	-	12	-	(12)	-	-	-	-	-	-
Corestate Shelf 9 S.à r.l.	100,00%	-	12	-	(12)	-	-	-	-	-	-
		708.221	52.623	1.570	(52.621)	709.794	-	-	-	709.794	708.221

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value						Accumulated value adjustments			**Net book value**	
		01.01.2018	Additions	Transfers		Disposals	31.12.2018	01.01.2018	Depreciation	31.12.2018	31.12.2018	31.12.2017
		%	kEuro	kEuro		kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
II FINANCIAL FIXED ASSETS												
2 Loans to affiliated undertakings												
CORESTATE Capital Group GmbH (loan and accrued interests)		1.303	67.798	-		-	69.101	-	-	-	69.101	1.303
Highstreet Grießen PropCo S.à r.l. (loan and accrued interests)		-	24.134	-		-	24.134	-	-	-	24.134	-
CORESTATE Capital Advisors GmbH (loan and accrued interests)		11.797	6.250	-		-	18.047	-	-	-	18.047	11.797
Highstreet Premium II PropCo III S.à r.l. (loan and accrued interests)		-	12.136	-		-	12.136	-	-	-	12.136	-
CORESTATE CAPITAL AG (loan and accrued interests)		-	2.097	-		-	2.097	-	-	-	2.097	-
CORESTATE Capital Sales Holding S.à r.l. (loan and accrued interests)		480	1.495	-		-	1.974	-	-	-	1.974	480
Corestate Student Home Holding S.à r.l. (loan and accrued interests)		267	305	-		-	572	-	-	-	572	267
Corestate Capital Partners GmbH (loan)		300	0	-		-	300	-	-	-	300	300
CORESTATE Capital Partners UK Ltd. (loan and accrued interests)		-	203	-		-	203	-	-	-	203	-
CORESTATE Capital Advisors GmbH Spanish branch (loan and accrued interests)		-	141	-		-	141	-	-	-	141	-
Corestate Capital Venture Management S.à r.l. (loan and accrued interests)		-	60	-		-	60	-	-	-	60	-
CORESTATE Capital Advisors (SG) Pte. Ltd. (loan)		31	0	-		-	31	-	-	-	31	31
Isabela HoldCo AIF S.à r.l. (loan and accrued interests)		7.220	-	-		(7.208)	12	-	-	-	12	7.220
King HoldCo S.à r.l. (loan)		1	0	-		-	1	-	-	-	1	1
CORESTATE Capital Investors (Europe) GmbH (loan and accrued interests)		30	-	-		(30)	-	-	-	-	-	30
Iberian HoldCo I S.L.		-	750	-		(750)	-	-	-	-	-	-
		21.429	115.368	-	-	(7.988)	128.809	-	-	-	128.809	21.429

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value					Accumulated value adjustments			**Net book value**	
		01.01.2018	Additions	Transfers	Disposals	31.12.2018	01.01.2018	Depreciation	31.12.2018	31.12.2018	31.12.2017
		%	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
III FINANCIAL FIXED ASSETS											
3 Shares in undertakings with which the undertaking is linked by virtue of participating interests											
Moviestar Zweitmarkt Management GmbH	18,00%	-	10.624	-	(1.017)	9.606	-	-	-	9.606	-
TURICUM AIF S.à r.l.	5,48%	2.698	-	-	-	2.698	-	-	-	2.698	2.698
Olympic AIF 2 S.à r.l.	10,00%	1.916	-	-	-	1.916	-	47	47	1.869	1.916
Iberian HoldCo III, S.L.	10,27%	1.700	-	-	-	1.700	-	-	-	1.700	1.700
Con 2 AIF S. à r.l.	10,00%	1.400	-	-	-	1.400	-	-	-	1.400	1.400
Venloer4711 AIF 2 S.à r.l.	10,05%	1.328	-	-	-	1.328	-	-	-	1.328	1.328
Across TopCo 2 S.à r.l.	10,00%	990	-	-	-	990	-	-	-	990	990
King AIF 2 S.à r.l.	10,02%	720	-	-	-	720	-	-	-	720	720
Olympic AIF 1 S.à r.l.	10,00%	213	-	-	-	213	-	-	-	213	213
Venloer4711 AIF 1 S.à r.l.	10,05%	148	-	-	-	148	-	-	-	148	148
Across TopCo 1 S.à r.l.	10,00%	110	-	-	-	110	-	-	-	110	110
King AIF 1 S.à r.l.	10,02%	80	-	-	-	80	-	-	-	80	80
SCORE S.à r.l.	50,00%	4	-	-	-	4	-	-	-	4	4
Harbour AcquiCo 2 S.à r.l.	14,78%	1.413	-	(1.413)	-	-	-	-	-	-	1.413
Iberian HoldCo I, S.L.	10,47%	900	777	-	(1.677)	-	-	-	-	-	900
Across HoldCo S.à r.l.	5,10%	305	-	-	(305)	-	-	-	-	-	305
Harbour AcquiCo 1 S.à r.l.	14,78%	157	-	(157)	-	-	-	-	-	-	157
		14.080	11.401	(1.570)	(2.999)	20.912	-	47	47	20.865	14.080
4 Loans to undertakings with which the undertaking is linked											
King PropCp Sarl. (loan and accrued interests)		-	500	-	-	500	-	-	-	500	-
Iberian PropCo I S.L. (loan and accrued interests)		-	135	-	-	135	-	-	-	135	-
Highstreet VIII AcquiCo S.à r.l. (loan and accrued interests)		-	204	-	-	204	-	-	-	204	-
		-	839	-	-	839	-	-	-	839	-
5 Investments held as fixed assets											
Corestate Opportunity Deutschland I Fonds (Luxembourg)		-	10.000	-	-	10.000	-	-	-	10.000	-
		-	10.000	-	-	10.000	-	-	-	10.000	-

APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

	Owner-ship	Gross book value					Accumulated value adjustments			**Net book value**	
		01.01.2018	Additions	Transfers	Disposals	31.12.2018	01.01.2018	Depreciation	31.12.2018	31.12.2018	31.12.2017
		%	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro	kEuro
III FINANCIAL FIXED ASSETS											
6 Other loans											
WGS Private Equity Beteiligungs GmbH (loan and accrued interests)		-	14.513	-	-	14.513	-	-	-	14.513	-
HIGHSTREET PREMIUM I PropCo II S.à r.l (loan and accrued interests)		1.941	91	-	-	2.032	-	-	-	2.032	1.941
LUX Structure Services S.à r.l. (loan and accrued interests)		-	869	-	-	869	-	-	-	869	-
Lux Fund Management Services S.à r.l. (loan and accrued interests)		-	260	-	-	260	-	-	-	260	-
Annapurna AIF S.à r.l. (loan and accrued interests)		4	-	-	-	4	-	-	-	4	4
		1.945	15.734	-	-	17.679	-	-	-	17.679	1.945
Total		**745.675**	**205.964**	**-**	**(63.608)**	**888.031**	**-**	**47**	**47**	**887.985**	**745.675**
SUM of FIXED ASSETS		**746.790**	**207.438**	**-**	**(63.608)**	**890.620**	**74**	**465**	**539**	**890.081**	**746.716**

Independent auditor's report

To the Shareholders of
Corestate Capital Holding S.A.
4, rue Jean Monnet
L-2180 Luxembourg

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Corestate Capital Holding S.A. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2019 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation № 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of shares in affiliated undertakings and participating interests

Description

As at 31 December 2019, the Company's investment in shares in affiliated undertakings and participating interests held by the Company amounted to EUR 780,524 thousand in total representing over 70% of the total balance sheet. These investments are recognised and valued at acquisition price, including the expenses incidental thereto, and are subject to value adjustments in case of permanent impairment in value. In assessing whether such permanent impairment exists, management considers factors that could give rise to the impairment of its individual investments and evaluates whether the impairment is of permanent nature when an eventual impairment loss is identified. We considered the valuation of shares in affiliated undertakings and participating interests to be a key audit matter because it requires a high level of management judgement and due to the materiality of the amounts involved.

Auditor's response

We considered management's impairment assessment based on our understanding of the investments, state of the underlying development projects and existing market conditions. We compared the carrying value of a sample of investments to the net assets of the entities in which the Company holds shares or participating interests, based on their most recent available financial information. Where indicators of potential impairment were identified, we assessed management's fair value adjustments to the net assets of direct and indirect investees that ultimately hold properties accounted at cost.

For the investment in HFS Helvetic Financial Services AG, where management performs the impairment test based on the discounted cash flow model, our audit procedures included a reconciliation of the projected EBITDA in the management's impairment test models to the management's business plan. In addition, we made an assessment of the plausibility of cash flows used in calculations by comparing them to actual historical data and prior year business plans and checked mathematical accuracy of the calculations. We involved our internal specialist to assist us in evaluating appropriateness of valuation methodologies selected by management for impairment test and technical accuracy of the calculation, and whether applied parameters, including the growth rates and the discount rates used in the impairment test model are reasonable.

We assessed management's conclusions of whether any identified potential impairment losses were of permanent nature.

Other information

The Management Board is responsible for the other information. The other information comprises the information included in the annual report and the report on corporate governance but does not include the annual accounts and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and of those charged with governance for the annual accounts

The Management Board is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Management Board determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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 annual accounts.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.

- Conclude on the appropriateness of Management Board'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on 26 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

The Group Management Report, which is the responsibility of the Management Board, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The accompanying Report on Corporate Governance is the responsibility of the Management Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We provided the following permitted services in addition to the statutory audit:

- review of the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019.

Other matter

The report on corporate governance includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Pavel Nesvedov

Luxembourg, 20 March 2020

24 March 2020

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