



**CORESTATE**

Capital Group

*Annual Report 2020*

# Company Profile

CORESTATE Capital Holding S.A. (CORESTATE) is an investment manager and co-investor with approximately Euro 28 billion in assets under management. As a fully integrated real estate platform, CORESTATE offers its clients combined expertise in the areas of investment and Fund Management as well as real estate management services. The company operates as a respected business partner of institutional clients and wealthy private investors internationally. CORESTATE is headquartered in Luxembourg and has 42 offices, e.g. in Frankfurt, London, Madrid, Munich, Paris and Zurich. The company employs around 800 people and is listed in the Prime Standard (SDAX) of the Frankfurt Stock Exchange.

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# Key figures

|  | 01.01.2020 - 31.12.2020 | 01.01.2019 - 31.12.2019 |
|--|-------------------------|-------------------------|
| Aggregate Revenues & Gains (€ m) <sup>1</sup>          | 191.4                   | 303.4                   |
| EBITDA (€ m)   | 16.6                    | 175.0                   |
| Adjusted Net Profit (€ m) <sup>2</sup>                 | -47.5                   | 130.3                   |
| <b>EBITDA Margin</b>                                   | <b>8.7%</b>             | <b>57.6%</b>            |
| <b>Net Profit (€ m)<sup>3</sup></b>                    | <b>-68.9</b>            | <b>108.8</b>            |
| <b>Earnings per Share (undiluted) (€)</b>              | <b>-3.04</b>            | <b>5.11</b>             |
|  | <b>31.12.20</b>         | <b>31.12.19</b>         |
| <b>Number of shares outstanding</b>                    | <b>25,666,025</b>       | <b>21,354,417</b>       |
| <b>Net Financial Debt Position (€ m)<sup>4</sup></b>   | <b>544.4</b>            | <b>469.2</b>            |
| <b>Net Financial Debt / EBITDA<sup>5</sup></b>         | <b>32.7x</b>            | <b>2.7x</b>             |
| <b>Assets under Management at End of Period (€ bn)</b> | <b>27.8</b>             | <b>26.3</b>             |
| <b>Number of Employees at End of Period (FTE)</b>      | <b>757</b>              | <b>709</b>              |

<sup>1</sup> 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 and Total Income from Real Estate Operations / Warehousing.

<sup>2</sup> 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).

<sup>3</sup> Net Profit post minorities.

<sup>4</sup> Adjusted by IFRS 16 financial liability.

<sup>5</sup> EBITDA reflects Last Twelve Months (LTM).

# *To Our Shareholders*

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## A. Letter to Our Shareholders

Dear Shareholders,  
Ladies and Gentlemen,



Please allow some personal words from me, René Parmantier, at the beginning of this letter. It was with great pleasure that I've joined this exciting company on 1 December as Chairman of the management board. I bring in vast experience in real estate transactions and private debt. I want to ensure you that the company is well prepared to weather the current storm

and to re-gain momentum after the crisis. Thus, the company will continue to focus on core and core+ assets, but we will of course also offer some more "spicy" transactions.

In 2021, we will also expand our real estate private debt business in terms of fund volumes with the clear goal to keep the margins stable. And, last but not least: we will not modify our path of de-risking the company and we stick to the commitment that we will reduce our net debt significantly.

What is my personal impression after the first weeks at Corestate: this dynamic company is very keen to be

best in class on its home turf by offering excellence for its clients and shareholders. We do not go for every deal, but our market standing allows us to hunt for the most profitable ones for our trusted clients. And, which is much more important, we attract very experienced senior managers, ambitious professionals and young talents alike – and as the new CEO I am most proud of being a part of this team.

The year 2020 has been very challenging, for the society we live in, for all of us individually, and also for Corestate. In the first weeks, we were off to a very successful year of organic and inorganic growth at the beginning after we very consistently prepared the company for another prosperous year – as you all know, everything turned out differently.

COVID-19 and the various publicly endorsed measurements to contain the spreading of the pandemic led to several significant changes in the markets we operate in. First of all: clients have shifted their investment focus towards core/core+ assets, thus to a more restricted risk/return profile. And we had to adopt this in our product range with direct impact on several segments. In commercial assets, focus remains on top location, class A tenants and long WALTs. In micro living, our student homes kept up quite well during the crisis, but we realized significantly reduced occupancies in our serviced apartments due to a remarkable reduction in business travels.

Secondly, we saw several months especially during the first shutdown in spring with hardly any transaction activities at all. Since June, we saw a gradual recovery of the number and the size of the transactions. This also was mirrored in our own deal book: for instance, we acquired for BVK the largest city quarter project in Germany, simultaneously the largest single transaction

Corestate has done so far: Project Q in Nuremberg. We also placed several transactions successfully in the commercial asset segment and we deliberately enlarged our European student living footprint with our first assets in Poland and Denmark and another opening in Spain. Also, an example of the consistent roll-out of our product range was the acquisition of STAM Europe, signed in July 2019 and closed in January 2020, bringing in not only a strong regional presence in France, but also vast experience in logistics.

Nevertheless, with the second lockdown starting in late November COVID-19 brought our market and the transaction activities again to an absence just before the usual year-end rally. This time, we saw significant impacts especially on the valuations of the assets we manage for our clients and on those we have – as alignment or co-investments – on our balance sheet. The effect impacted at all real estate segments, but of course the hotel-like serviced apartments and also commercial properties were hit the most, whereas residential, especially in top locations, kept up stable.

Very important and positive to be noted: the private debt business showed its resistance to the crisis. The fundamental investment strategy focusing on residential real estate in German-speaking conurbations proved successful. Total mezzanine fund volume stood at some € 1.2bn at



year-end. We expect a noticeable increase of the fund volume in the current financial year.

### Guidance reached on revenue level, missed on EBITDA and Net Profit levels



As we felt the impact of COVID-19 on our products and especially in our transaction markets, we had to withdraw our financial guidance for the full year in April. After we gained a significantly better overview of the business trends, we published a new outlook reflecting a reduction in transaction volume and a

short-term shift in risk profiles with regard to institutional investors preferences. According to the updated financial guidance, we expected to reach aggregated revenues and gains of between € 185m and € 210m – we finally delivered € 191. Our guidance for EBITDA was between € 55m and € 80m and we came out at € 17m. On Adjusted Net Profit we aimed between € 25m and € 50m and reached € -48m. In particular due to the second lock-down and the intensified COVID-19 crisis, both performance indicators fell significantly short of our expectations prior to the second lock-down on account of significant, but mainly non cash-relevant valuation effects and one-off expenses.

In a market declining by around one third, revenues from the core and core+ real estate asset classes proved to be resilient; by contrast, earnings from higher-risk investments in the value-add and

opportunistic segments were under pressure. This results not only in significantly lower fee income, but also to COVID-19-driven declining property values of around € -16m, especially in (co-)investments in serviced apartments, retail and office properties with corresponding substantial earnings decreases in the revenue segments Alignment Capital and Warehousing. Due to most likely upcoming reversal of several micro-living-projects, services already rendered in the amount of around 20m had to be adjusted. In non-operational business, Corestate additionally wrote down goodwill of roughly € -22m on Atos, an asset manager for commercial and opportunistic properties the company acquired in 2017, and realized negative tax one-off of around € -11m.

Our core business, real estate assets under management, increased to around € 24.6bn over the course of the year (end of 2019: € 22.8bn). The acquisition of STAM Europe made a significant contribution to this development. Total assets under management including non-real-estate assets, which recorded a deliberate decline, stood at roughly € 27.8bn (previous year: € 26.3bn).

Our net financial debt at the end of 2020 stood at € 517m and our financial leverage ratio was hampered by the high one-off effects at EBITDA level of more than € -45m, but also by a short-term bridge loans through balance sheet cash to benefit from the high demand for mezzanine products. Thus, our year-end financial leverage ratio increased to an unacceptably high level. But, given our strict focus on de-risking the company, the capital increase in September 2020 and the effects from our efficiency enhancement program and our planned placement of balance sheet assets, our target range of 2x to 3x remains unchanged and we expect to

reach this corridor latest at the end of 2021. Nevertheless, rating agency Standard & Poor's reduced on 01 March 2021 its corporate credit rating from BB to BB-, outlook 'stable'.

Driven by COVID-19, we had to waive our distribution for the first time since IPO. This was the first of several steps not only to set up Corestate water-tight for the times of the pandemic, but also to prepare the company to benefit from the expected market upswing after the crisis.

We therefor changed the company's focus from a growth mode towards cash generation by conversion from balance-sheet assets and by the implementation of an efficiency enhancement program. All this with the clear aim to reduce our net debt and our leverage ratio. One element was the capital increase by 19.5% and with gross proceeds of around € 75m in September. Bringing down our net debt and our leverage ratio will remain key also for 2021.

### New strategic set-up

As a result of a structured strategic review process across the entire group, Corestate announced in February a change in perspective. The company will become a manager of the entire value-chain, from project to sale and will selectively combine forces and, where it makes sense for our shareholders and clients, will strengthen the operations. This encompasses the bundling and fostering of the sales force under a new





well-known and experienced Head of Sales. This comes along with a consistent focus of the investment portfolio on sustainable, future-proof asset classes to create new opportunities for our clients not only in city quarters, residential properties and logistics, but also in office, PBSA and experience-oriented, flexible retail spaces. To be even more focused for

our clients, we will reduce complexity, we will enhance our operational excellence and we will continuously deliver profitable investments for our clients in Core and Core+ accompanied by systematic and selected product innovations. In addition, we have through the acquisition of AFS, which is expected to be closed end of June 2021, a much more balanced fee composition

### René Parmantier

Chief Executive Officer

### Daniel Löhken

Chief Legal & HR Officer

### Expecting market upswing in 2021

We assume that the impacts of COVID-19 will continue to weigh on some parts of the real estate transaction markets in the first months of 2021, but we also assume that the number and size of the deals will increase showing signs of catch-up effects. We have done everything that's needed to prepare Corestate to benefit from this and therefore we expect the company to re-gain speed as well as profitability. We also foresee our private debt business to deliver another strong year with fund volumes to grow between 5 and 10 percent organically.

All in all, we foresee aggregated revenues of between € 235m and € 260m, an EBITDA of between € 90m and € 115m and our adjusted net profit will be in the range of € 50m and € 75m. This outlook takes into account the pro rata consolidation of AFS from July 2021, as

### Sebastian Ernst

Chief Debt Investment Officer

### Johannes Märklin

Chief Debt Financing Officer

well as the currently foreseeable impact of the COVID-19 pandemic on the business activities and the economic environment of the company.

We would like to thank the entire Corestate team for their strong commitment, dedicated work and contribution to driving our business in these tough times. Finally, we would like to thank all of our clients, partners and shareholders for their continued backing. Let me finally assure you that the management team of Corestate is working very hard to earn your ongoing trust and support.



### Nils Hübener

Chief Investment Officer

### Lars Schnidrig

Chief Financial Officer

## B. Report of the Supervisory Board

Dear Shareholders,  
Ladies and Gentlemen,



2020 was an exceptional and very challenging year for all of us, but obviously also for Corestate, bringing along several changes on board level and, driven by COVID-19, the withdrawal of our financial guidance and the waiving of our dividend – for the first time since our IPO.

### Corporate Governance

In the course of the reorganization of the management board at the beginning of December, René Parmantier was appointed as the new chairman of the management board with a term of office of three years. The previous chairman Lars Schnidrig was nominated chief financial officer, also with a term of three years. Before, Daniel Löhken had joined the management board with effect from 1 November as Chief Legal and HR Officer responsible for legal, human resources, compliance, ESG, risk management and internal audit. Nils Hübener had been appointed to the management board as Chief Investment Officer in April 2020.

All members of the supervisory board are well aware of the utmost importance of deeply rooted structures of good corporate governance for our clients, our investors and, last but not least, our employees. The trust placed in us by various stakeholder groups is very much based on our corporate set-up and the clear independence and diverse competencies of our board members in both the management board and the supervisory board. Therefore, we will clearly aim at even further enhancing our operational and corporate set-up.

### Our duties

During the financial year 2020, the supervisory board carefully performed all its duties and monitored the activities of the management board in accordance with all applicable legal requirements and the articles of association of Corestate Capital Holding S.A. Throughout the whole year, the supervisory board and the management board maintained close, regular and highly cooperative contact. The supervisory board advised the management board on strategic and operational decisions as well as governance topics and also approved matters requiring consent of the supervisory board. The management board in turn 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 52 plenary meetings, four meetings of the Audit Committee and three meetings of the Nomination Committee.

In total, the supervisory board held 59 meetings; this high number underscores the quantity of projects and activities undertaken by the Company.

Mr. Blattmann took part in 23 meetings, Mr. Plett in 19, Mr. Felder in 15 and Mr. Lurie in 14; Dr. Allendorf, Mr. Blackwell and Mr. Driessen each joined 33 meetings, Dr. Apfelbacher 26 and Mr. Klinger 24. On 29 November, Friedrich Munsberg, Professor Dr. Hermann Wagner and Dr. Friedrich Oelrich were appointed by co-optation as new members of the supervisory board. A formal confirmation will be proposed to the upcoming shareholder meeting. Mr. Munsberg took over the function of chairman of the supervisory board, Professor Dr. Wagner has been elected as Deputy Chairman and also as Chairman of the Audit Committee.

All current members of the supervisory board joined all four meetings during their tenure in 2020.

The supervisory board was actively involved in all strategic projects of the company, in particular the withdrawal of the financial guidance for 2020, the waiving of the dividend and the capital increase by 19.5% in September 2020.

Furthermore, throughout the business year, the management board continuously informed the supervisory board on any other relevant business matters, growth activities and opportunities - both organically and inorganically.



## Audit Committee

The audit committee held four meetings in 2020. During its meeting on 23 March 2020, the group auditor EY reported about the audit of the consolidated financial statements, the financial statements and the management report of Corestate Capital Holding S.A. 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 Capital Holding S.A., which were adopted by the supervisory board accordingly.

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 supervisory board also supports the new dividend policy and the strategic realignment announced on 24 February 2021.

Due to the changes in its composition at the beginning of December 2020, the supervisory board decided not to implement an efficiency testing pursuant to Subsection D.13 of the Codex ("*Selbstbeurteilung des Aufsichtsrats*") in 2020; but will put this on the agenda for the year running.

## ESG

One crucial part, and this is also reflected in our new strategy, is an authentic and comprehensive ESG orientation. This is inevitable for a company as both a good "corporate citizen" and an attractive employer for the best talents and senior professionals, but it also makes a profound commercial difference to us. We will help our clients in green investing, for example with a fully-fledged ESG-themed product. This gives us a

competitive advantage and we as the members of the supervisory board are proud to say that Corestate has found its legitimate rank amongst the industry-leaders in ESG adaptation.

The supervisory board would like to express its sincere thanks to all shareholders for their continuous trust also during a tough and challenging 2020 and to the management board and all employees for their dedication and hard work in 2020.

Friedrich Munsberg

Chairman of the supervisory board

# C. The Corestate Shares

## Performance

In 2020, the Corestate shares showed, mostly driven by the impact of COVID-19, negative development. Closing of the Corestate shares on 30 December 2020 was € 14.60 and the closing on the last trading day of 2019 was € 37.50, thus showing a decrease of more than 61%. The SDAX increased during 2020 by more than 18%. The year-low point was reached for the Corestate share on 28 October with an intraday price of € 11.70; the intraday-high was marked on 25 February with € 45.8.

On average, more than 183,700 Corestate shares were traded on XETRA every day in 2020, thus showing a significant uptick since 2019 (on average, 16,500 shares/day on XETRA).

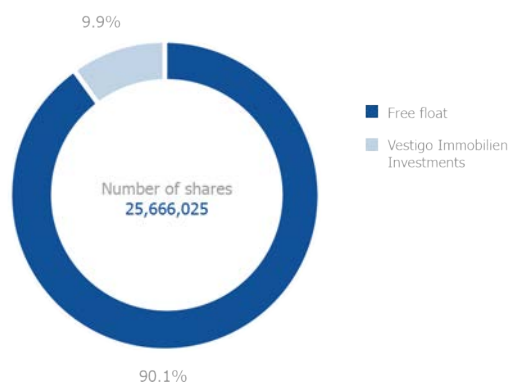
2020 Share Price Development in %



## Analyst Coverage

Very important multipliers for the shares remain the equity analysts. Having started 2018 with three covering analysts, Corestate has increased this number to eight as of mid of March 2021.

### Shareholder Structure as of last notification of voting rights



## Interaction with investors

Company's management and Investor Relations department was intensely marketing the shares with ongoing Road Show activities and Conferences, mostly in a virtual format, driven by the pandemic.

Another important event was the third Capital Markets Day, held purely online in November from our Frankfurt office. The participants got a first-hand insight into various basics of the company's growth story from senior management and product experts.

## Capital Increase

On 11 September, the management board with the approval of the supervisory board, resolved on a capital increase against cash contributions through utilization of authorized capital. Thus, the share capital was increased by 4,186,382 new shares, i.e. by 19.5%, under exclusion of shareholders' subscription rights. The new shares were placed without discount to selected qualified investors. The proceeds are used primarily to reduce net financial debt in the short term.

### Increase in free float and new anchor shareholder

On 27 November, Norbert Ketterer and his family sold their holdings in Corestate and subsequently, Vestigo Immobilien Investments Limited Partnership became new anchor shareholder, owning 9.9%. Thus, the free float was increased to 90.1%.

## Distribution

Driven by the COVID-19 effects, Corestate waived its distribution for financial year 2019; nevertheless, the company's management aims to re-establish the company as an ambitious growth story with an attractive distribution policy of pay-out around one third of the earnings per share.

## 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                            | 25,666,025                 |
| First day of trading                        | 4 October 2016             |
| Share price as of 30 Dec 2019               | € 37.50                    |
| Share price as of 30 Dec 2020               | € 14.60                    |
| Change in percentage                        | -61.07%                    |
| 2020 high (17 Feb 2020) <sup>1</sup>        | € 44.50                    |
| 2020 low (28 Oct 2020) <sup>1</sup>         | € 12.15                    |
| Distribution for fiscal year 2020 (planned) | € 0.00                     |
| Index                                       | SDAX                       |

<sup>1</sup> Based on Xetra closing prices

# *Group Management Report*

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# D. 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 2020 until 31 December 2020, unless otherwise indicated. Information on market and product offering developments pertains to 2020 as well, unless otherwise indicated.

The 2020 financial statements have been subject to an external audit by Ernst & Young Luxembourg. 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 Continental Europe and the UK 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, sometimes also 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 period in order to convert them into investment products and – to a lesser extent – assets

owned by non-client third parties, 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 a 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, France, UK, Spain and the Benelux-countries. It operates principal offices in Germany, Switzerland, Spain, France and the UK, as well as a German network of branch offices of its property management platform CAPERA. As of 31 December 2020, the Group employed about 757 FTE (previous year: 709 FTE).

In the year under review, Corestate closed 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.

On 1 December 2020, René Parmantier was appointed Chairman of the management board and CEO for a three-years term.

## Market Development

2020 was characterized by the COVID-19 pandemic. As a result, the market environment for Corestate's business was more challenging than in previous years. The transaction volume on the German real estate investment market amounted to around €78.6 bn in 2020. This corresponds to a decline of 14% compared to 2019. The transaction volume for commercial real estate fell by 20.2% compared with the record year 2019, while residential real estate increased by 11.7%. Investors were particularly looking for properties with secure cash flows. Yields on highly sought-after logistics properties, grocery stores, and offices with long-term leases with public sector tenants, therefore declined over the course of the year, while shopping centers and retail parks were less demanded and recorded rising yields. According to CBRE's 2021 EMEA Real Estate Market Outlook, transaction volumes in Europe fell by roughly one third.

## Business and Product Offering Development

In the year 2020, Corestate's operations were significantly impacted by COVID-19, a shift from clients towards more Core and Core+ assets and the pandemic-driven shutdowns in various markets.

Nevertheless, the company successfully placed various deals for clients, for example:

- sale of "Citypalais" in Duisburg, a mixed-use property, placed in November

- in November, the launch of the next student housing property in the Spanish university city of Pamplona took place
- Corestate acquired the main part of the trophy city quarter development "The Q" in Nuremberg for BVK with an investment volume of over € 300m
- in Gdansk, the company partially opened its first micro living asset in Poland – the next PBSA will be opened in Krakow soon
- in the Paris region, Corestate subsidiary STAM Europe acquired an office complex for a Core/Core+ fund
- in Neuss, Hannover Leasing acquired an office complex for a special AIF
- for a major German foundation, the company acquired the ACPS headquarters near Stuttgart
- STAM Europe and a North American institutional investor launched their second investment program in the logistics and light industrial sectors in France
- for the institutional fund Corestate Residential Germany II, the company will create modern and particularly climate-friendly living space in Hanau
- in Seville, Corestate opened its second student apartment residence in Spain
- the acquisition of a Serviced Apartment complex in Copenhagen/Denmark shaped the first investment in Scandinavia.

Corestate extended its pioneering role in real estate ESG by converting the entire € 17bn portfolio in Germany to green electricity.

## Results of Operations

COVID-19 had various impacts on the operations, resulting in reduced transaction activities and a shifted focus from clients towards reduced risk/return profiles. Hence, investments into Core and Core+ assets, specifically residential and PBSAs were at the center of the demand. Vice-versa, the decreased interest in other asset classes led to reduced values for retail, offices, hotel-like serviced apartments and hotel assets.

Especially the second wave of the pandemic in the last weeks of 2020 followed by the renewed publicly endorsed shutdowns in various European countries put pressure on the valuation of our balance sheet assets, as alignment capital investments holding retail and hotel-like assets faced negative earnings effects in particular.

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) decreased to € 199.6m compared to € 250.9m in the financial year 2019.

## 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/losses from selling property holding companies, the Group's aggregate revenues and gains went down to € 191.4m (2019: € 303.4m).

| m€   | 01.01.20<br>31.12.20 | 01.01.19<br>31.12.19 |
|--|----------------------|----------------------|
| Revenue from Acquisition Related Fees  | 33.9                 | 35.1                 |
| Revenue from Asset and Property Management   | 144.5                | 175.3                |
| Income from Mezzanine Loans  | 10.3                 | 17.1                 |
| Revenue from Sales and Promote Fees realised   | 4.6                  | 8.8                  |
| Net Rental Income  | 5.5                  | 11.2                 |
| Revenue from Service Charges   | 0.9                  | 3.5                  |
| <b>Consolidated Total Revenues of the Group</b>  | <b>199.6</b>         | <b>250.9</b>         |
| Share of Profit and Loss from Associates and Joint Ventures                              | -9.3                 | 11.9                 |
| Dividends from other Alignment Capital   | 8.8                  | 10.3                 |
| Gains/losses from fair value measurement of financial instruments related to real estate | -6.8                 | 11.6                 |
| Net Gain from Selling Property Holding Companies   | -0.8                 | 18.7                 |
| <b>Aggregate Revenues and Gains</b>  | <b>191.4</b>         | <b>303.4</b>         |

## Real Estate Investment Management

As in the previous years, the Real Estate Investment Management segment generated with € 193.3m (2019: € 236.2m) the largest part of our revenues.

Thereof the Acquisition Related Fees stood at € 33.9m in 2020 (€ 35.1m in 2019).

The Revenues from Asset and Property Management decreased to € 144.5m from € 175.3m in 2019. This mainly comes down to reduced Coupon Participation Fee driven by a few revaluation effects and higher risk provisioning and lower development fees.

## Real Estate Operation and Warehousing

The reduction of the total income contribution from Real Estate Operations from € 33.4m in 2019 to € 5.5m in 2020 mirrors the negative valuation effects especially in retail assets.

Real estate operations and warehousing delivered earnings of € -0.1m, down from € 14.2m in 2019.

## Alignment Capital Management

Revenues from Alignment Capital Management (€ -7.4m; 2019: € 33.8m) were also significantly hit by COVID-19 driven reduced real estate values especially in serviced apartments, retail and partially office.

## Earnings and Adjusted Earnings

Given the growth of the Group, the preparation for expected further organic growth and the inelasticity of

the cost structure drove total expenses (excluding financial expenses, as well as depreciation and amortization) to € 186.0m (2019: € 151.2m). Another factor for the rising costs in 2020 were burdens arising from the adoption of shifting clients' demands.

The Group EBITDA came out at € 16.6m compared to € 175.0m in 2019. This figure reflects around € -19.9m impairment from the potential future reversal of five major micro-living developments and the partial refunding from six serviced-apartment projects, € -7m one-offs for personnel expenses in the context of management board changes and severance payments and also € -2m transaction costs from the acquisition of STAM Europe and various corporate events.

Depreciation and Amortization stood at € 54.7m (2019: € 31.1m) resulting from the purchase price allocations of HFS, CRM, STAM Europe and HL (capitalized asset management contracts), but also from the goodwill impairment of ATOS (€ -21.7m)

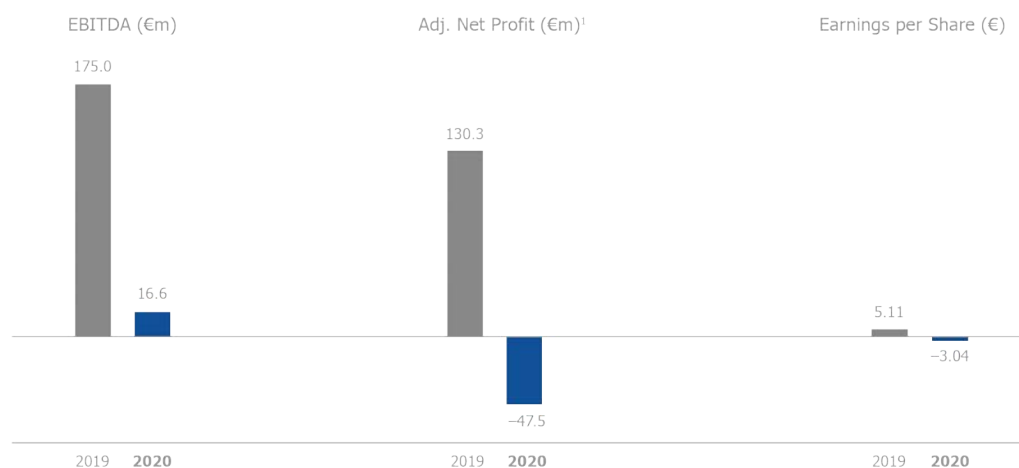
The financial result was merely stable at € -23.8m (2019: € -23.5m) and mainly comprises the interest expense on both major refinancing instruments, the convertible and the senior loan, combining to an interest expense of € -17.6m (2019: -17.4m).

Impacted by negative one-off effects deriving from adjustments on deferred taxes from currently expected lower usage of loss carry forwards of around € -11m, the tax expenses amounted to € -7.0m (2019: € -11.6m).

The Group's Net Profit post non-controlling interests fell to € -69.1m (from € 108.5m in 2019), which translates into Earnings per Share of € -3.04 (2019: € 5.11).

On Net Profit level adjustments mainly for the depreciation on management contracts of about € 24.5m and for deferred taxes of € -3.1m and non-controlling interest of about € 0.2m lead to an adjusted net profit of € -47.5m.

### Year-on-Year Earnings Development



<sup>1</sup> 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 and depreciation mainly resulting from purchase price allocations of capitalized asset management contracts)

### Balance Sheet

| m€                                  | 31.12.2020     | 31.12.2019     |
|-------------------------------------|----------------|----------------|
| Non-Current Assets                  | 1,056.6        | 1,069.9        |
| Current Assets                      | 408.5          | 348.5          |
| <b>Total Assets</b>                 | <b>1,465.0</b> | <b>1,418.4</b> |
| Total Equity                        | 688.5          | 676.3          |
| Non-Current Liabilities             | 548.8          | 562.5          |
| Current Liabilities                 | 227.7          | 179.5          |
| <b>Total Equity and Liabilities</b> | <b>1,465.0</b> | <b>1,418.4</b> |

As of 31 December 2020, Total Assets amounted to € 1,465.0m, an increase of more than 3.2% compared to the figure as of 31 December 2019 (€ 1,418.4m).

Total Non-Current Assets amounted to € 1,056.6m (end of 2019: € 1,069.9m), the largest component of which is the goodwill created mainly in association with the acquisition of HFS, HL, CRM Students and STAM Europe, standing at € 577.7m (end of 2019: € 567.1m); the variation results from the addition of STAM Europe (€ 32.2m) and the impairment on the goodwill for ATOS (€ -21.7m).

Total Current Assets were at € 408.5m versus € 348.5m as of 31 December 2019. Inventories, i.e. assets held for warehousing, were slightly up from € 62.3m to € 73.8m; cash, cash equivalents and restricted cash decreased mainly due to the impact of short-term financial bridge loans for a mezzanine financing (more than € 100m) from € 105.8m in 2019 to € 91.2m.



Total Equity amounted to € 688.5m at 31 December 2020 (end of 2019: € 676.3m) including the proceeds from the capital increase on 11 September 2020 amounting to € 74.6m. Despite this, the equity ratio of Corestate slightly decreased to 46.9% (previous year: 47.7%).

Total Liabilities went up from € 742.1m at the end of 2019 to € 776.6m at the end of the reporting period. The increase in 2020 is predominantly related to a CAPEX loan for the warehousing asset related in Gießen, resulting in a year-on-year increase of € 20.3m.

### Material Events after the Reporting Date

On 14 January, the company announced the signing of the acquisition of Aggregate Financial Services (AFS). The transaction price based on Corestate's share price at signing (€ 14.73), therefore the expected purchase price is set to € 125.2m. The purchase price will consist of 8.5 million new shares of the Group as well as of a € 5.0m cash consideration.

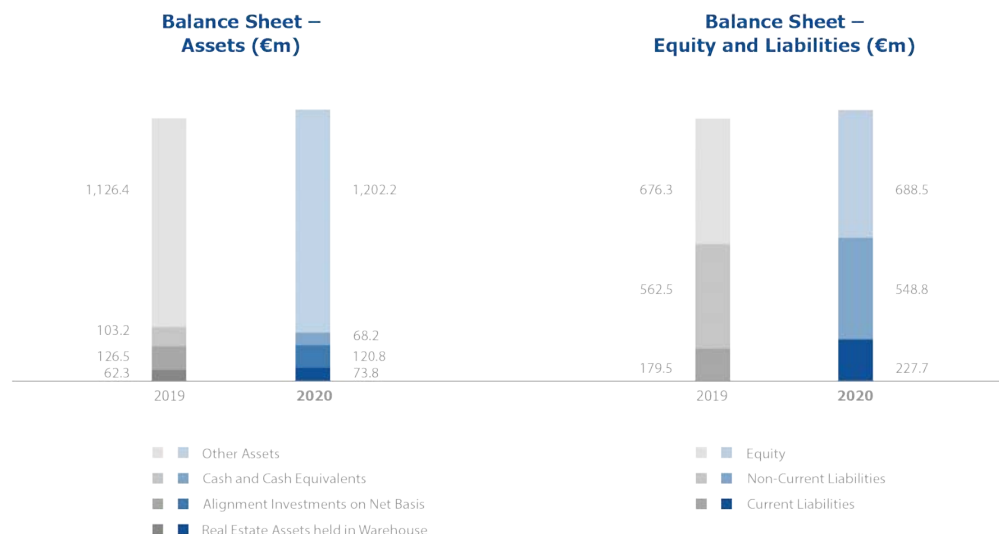
In the course of the acquisition, Johannes Märklin and Sebastian Ernst were appointed as members of the Management Board with effect from January 15, 2021. By this, the Executive Board was expanded from four to six members.

### Business Development and Outlook

The Group's management expects the market environment for real estate investments and transactions to regain positive momentum in H2 of 2021. 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 a recently fostered mezzanine financing business, 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.

After raising the Assets under Management to approx. € 28bn in 2020, 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.



Additionally, the company re-focused its strategic setup by a strict reduction of complexity and the bundling of the salesforce, and a very strict client focus driven by operational excellence and supported by authentic and comprehensive ESG orientation.

For the financial year 2021, Corestate expects aggregated revenues in the range of € 235m to € 260m, an EBITDA of between € 90m and € 115m and an adjusted net profit of between € 50m and € 75m. This outlook considers the pro rata consolidation of AFS as of July 2021, as well as the currently foreseeable impact of the COVID-19 pandemic on the business activities and the economic environment of the company.

## E. Non-Financial Statement

### Brief description of our business model

Preliminary remark: Please refer also to our ESG report available on our webpage [Sustainable real estate investments | CORESTATE - Lohnende Immobilien Investments \(corestate-capital.com\)](https://www.corestate-capital.com/en/sustainable-real-estate-investments)

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 one 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, France, Poland, UK and Spain as well as the BeNeLux countries.

### Environmental considerations

As the single largest consumer of energy, buildings are one of the main drivers of climate change and play a key role in limiting global warming to well below 2 degrees. As one of the leading real estate investment

managers in Europe, Corestate takes its responsibility to significantly contribute to achieving the Paris climate targets and the Sustainable Development Goals very seriously. In this regard, we already committed ourselves last year to initial milestones on the way to climate neutrality by 2050 at the latest: In the next 4 years, we want to reduce the CO<sub>2</sub> emissions of our assets under management by at least 20% compared to baseline in 2018. The same applies to water consumption, whereas the energy efficiency of our managed assets is to be increased by at least 30%.

To achieve these goals, we developed a holistic ESG approach along the entire life cycle of a real estate investment: ESG criteria are already integrated into the acquisition and development phase of new assets as part of environmental due diligence. During the holding phase, individual ESG targets are defined and ESG action plans are developed. To determine the achievement level of the defined targets, Corestate carries out a final assessment before the disposal of an asset.

In order to continuously measure and actively manage a buildings sustainability performance and energy consumptions, we use a comprehensive IT platform as a database. We unceasingly improve data coverage by developing and improving internal and external processes. In particular, we are taking advantage of the opportunities offered by digitalisation. For example, in 2021 the launch of smart-meters will provide us with even more detailed insights into a managed assets performance which will further enable Corestate to, if necessary, take appropriate ESG improvement actions. In preparation for the roll-out of smart meters, Corestate has already initiated a full centralisation of the building's energy providers in 2020. Along with this, the energy procurement of electricity and natural gas

will not only be switched to a single provider but will also be certified by LEED (electricity) and gold standard (natural gas). Based on this single measure alone, Corestate will mitigate a cumulative 104,000t of CO<sub>2</sub> by 2024.

In addition to improving the sustainability performance of Corestate's managed assets by aligning them to the 1.5-degree goals, our ESG approach also aims at adding new value to the assets and aligning sustainability with financial returns. Depending on the geographical location, climate change can impact the managed assets financial value significantly either through physical damage (so-called physical risks) or through e.g. political decisions/changes in regulation (so-called transition risks). To identify and actively manage such risks, we developed a prototype of a decarbonisation value calculator tool in 2020 that is based on current scientific scenarios e.g. of CO<sub>2</sub> pricing or refurbishment market prices. This tool allows Corestate to quantify optimisation measures in terms of costs and added value (amortisation, rental rate increase opportunities) and compare the managed assets decarbonisation path with the compatibility with the EU Green Deal and compliance with the EU Taxonomy.

An important part of Corestate's holistic ESG approach is also our engagement process. Corestate is not only a member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV) and signatory of the United Nations Principles for Responsible Investment (PRI) but also a project leader of the ESG Circle of Real Estate (ECORE) & PRI Taxonomy Group. The ESG-Circle of Real Estate is a European industry initiative of more than 30 investment houses, that has the goal of establishing uniform management of global real estate portfolios as a basis for communication,

optimisation and risk management for all market participants. As part of the ECORE, we currently develop ESG industry-wide standards on benchmarking building performances in line with the EU Green Deal and Taxonomy.

### Corestate as an employer

Our employees are one of the most valuable cornerstones and the key to the successful development of our company. Consequently, we want our employees to be motivated and to find themselves in a working environment that is constantly evolving. Our ambitious goals can only be achieved with employees, who also set the highest standards of quality for themselves. At Corestate the aim is to support equal opportunities, motivate and develop our employees. Therefore, it is important that we provide a professional working environment, that keeps work and life in balance.

### Equal Opportunities

Corestate Capital Group is an equal opportunity employer and is proud to employ individuals from varying backgrounds and with different life experiences. We will not tolerate any discrimination whether based on colour, religion, sex, medical condition, age, national origin or ancestry, physical or mental disability, marital status, medical condition, sexual identity, military service status, gender identity, gender expression or any other consideration protected by applicable local laws. We understand that as a Corestate employee we should not behave in any discriminatory manner and that unlawful discrimination by any employee, regardless of their title and level, will

not be tolerated. Corestate's commitment to equal opportunity employment applies to all persons involved in any of the business areas of the organisation.

### Corestate Women

Along with our ESG Goals we were happy to introduce the Corestate WOMEN network. Corestate WOMEN, the women's network founded in November 2019 by Corestate Capital Holding S.A., promotes the exchange of experience, inspiration, cooperation and the fair participation of women, to foster personal potential and careers through professional development. Our key initiatives include regional and group-wide networking events – often with guest speakers from the real estate industry, a mentoring programme and regular updates via newsletters. Corestate has sponsored the "Fondsfrauen" career network. "Fondsfrauen" is an association with over 2,000 women as members, many of them in management positions in the financial sector. Joint events and the use of the mentoring network of "Fondsfrauen" are planned for Corestate's women's network.

### Personal Conduct

For our employees, it is important that they represent the interests of the business at all times. This means that we always act in a professional and respectful matter towards our colleagues, clients and customers. It is expected to uphold our values: Integrity, Team Spirit, Professionalism, Respect and Sustainability both during and outside the working hours.

### HR Software

Early 2020 we managed to launch a new HR software. A very significant milestone for our group-wide

digitalisation strategy. Our new HR software allows to connect our HR data group wide. Also, the changeover now enables the maintenance of a digital employee file, a better overview for time management, and the rapid processing of sick leave and vacation requests. Furthermore, the new software largely helps us to harmonise and speed up our work processes at local and group level.

Workflows can now be displayed and performed by one tool. From recruiting, onboarding, managing, to offboarding - all can be performed easily.

### Success Management

Our success management is an early 2020 project which has been rolled out group wide. The holistic process is also mapped and executed via our HR software.

With the first realisation in Q1 2020 we have made a significant step towards a more open and constructive exchange between managers and employees with the focus on strengths and areas of individual development. The biannual exchange between managers and employees will now paint a clear picture on task and expectation management.

Furthermore, a Corestate Capital employee has clear development objectives and will be supported in achieving these.

We put great value on the importance of workplace learning and a feedback culture. We are committed to provide all our employees the opportunity to grow in order for them to perform their roles to the highest standards, as well as encourage them to develop to their future potential.

We recognise that learning and development activities take a number of individual forms. Therefore, it is our commitment to:

- Communicate the organisation's objectives and values
- Work with the employees to identify their developmental needs and link these to the Corestate Capital Group objectives
- Work with employees to identify solutions to their learning needs
- Encourage employees to undertake and make use of learning and development activities
- Evaluate the impact of learning and development for individuals and the organisation

Employees are encouraged to:

- bring up learning and development needs and opportunities to their line manager,
- participate in learning and development activities,
- provide feedback on learning undertaken and its contribution to their personal development and that of the organisation.

### COVID-19

Just like everyone else, the impact of the Covid-19 pandemic has affected us deeply. Covid-19 has presented us with completely new challenges also in terms of working together. The major steps on the digitalisation of our daily tasks and projects within the entire group have helped us here tremendously. The government's requirements regarding hygiene and health restrictions at our operating locations were met immediately and without any concerns. Our employees

were able to maintain their work despite various regulations.

The Covid-19 pandemic in particular has reconfirmed that our employees have the highest priority for us. The immediate adaptation of their working methods to the exceptional situation reinforces the commitment our employees put into their daily work.

As an employer, we see ourselves as having a duty of care. To this day, we have taken all necessary measures with regard to hygiene and health regulations to protect our employees. For example: we issued mouth and nose protection masks several times, provided all our business premises with warning signs and added additional hygiene articles. Furthermore, we provided all our employees with a Corona Care package including a mouth and nose protection mask, hygiene articles and a TouchSafe handguard.

In addition, we rolled out virtual training courses to inform our employees on the latest hygiene measures as well as set up an extra committee consisting of the management board, HR, Legal, Risk, Communication and IT. The committee holds weekly meetings on the issue and keep our employees informed on all news and changes via e-mail communication.

### Advanced Leadership Team

A further milestone in the development of our employees was the successful roll-out of the ALT (Advanced Leadership Team) program. We planned the introduction for the beginning of 2020, but due to the fact that we were in the middle of the Covid-19 lockdown and almost all our employees were working from home, we were forced to shift to a different approach.

This intense interactive program for high performers and future senior employees was planned to be held at our different European locations. Again, our quick adaptation to the Covid-19 pandemic helped us to proceed with the plan and shift the program to a variety of online meetings.

The ALT has been designed for our highly motivated and committed employees to encourage their high intense work ethic and furthermore develop their professional and personal skills.

Members of the ALT work in group-wide teams together and were mentored by a senior leader of the organization. Also, here we pursue the approach of connecting our entities through joint tasks.

The various projects carried out by the groups independently, can differ between group-wide projects, as well as projects concerning boutiques.

### Leadership Guidelines

In mid-year 2020 we started the workshop for our new group-wide leadership guidelines. After the successful roll-out of the Corestate values in 2019 and beginning of 2020 the leadership guidelines were a consequential project. The principle also applies here that the guidelines should be worked out from within the organisation and not by top-down approach or by external consultants.

Our new leadership guidelines which will be launched in Q1 2021 describe the way in which all managers of our organisation should lead their employees and teams in order to live up to the overriding guiding culture and values. It is understood by itself that our leadership guidelines are binding for all our functional

and disciplinary managers. The purpose and objective of leadership guidelines is to establish and maintain the highest level of consistency in the management style of all managers.

### Core Award

Whilst developing our success management for the group we identified four areas of success. With the CORE AWARD our aim is to recognise particularly outstanding achievements. It is of great value to ensure our employees' efforts are seen, appreciated and rewarded.

The CORE AWARD acknowledges the work of individual employees, teams as well as entire departments in a group-wide manner. Participants are nominated for their outstanding projects or achievements and finally reviewed and chosen by the management board.

After that the nominations and winners will be revealed in a virtual ceremony. In the first attempt in November 2020 we rewarded the best projects in the category "Innovation". With the CORE AWARD we were able to underline the importance of transparency in our daily work. We are very happy with the number of nominations and the feedback we received from the entire organisation.

### Remuneration Report

The Remuneration Report explains the structure and amount of the remuneration of the Management Board and Supervisory Board. The Report is based on the recommendations of the German Corporate Governance Code (GCGC) as amended on 16 December

2019, and on the requirements of the German Commercial Code (HGB) and German accounting standards.

### Preliminary remark

#### *Thomas Landschreiber*

Thomas Landschreiber resigned from the Management Board of CORESTATE Capital Holding S.A. on 31 March 2020. The employment contract concluded with Mr Landschreiber provided for an appointment until 30 June 2022. The Supervisory Board and Mr Landschreiber mutually agreed on the premature termination of his contract as a member of the Management Board with effect from 31 March 2020.

#### *Nils Hübener*

The Management Board position of Chief Investment Officer (CIO) held by Mr Landschreiber was taken over by Mr Nils Hübener, who was appointed a new member of the Management Board by the Supervisory Board with effect from 1 April 2020.

#### *Lars Schnidrig*

Mr Lars Schnidrig prematurely resigned from his position as Chairman of the Management Board of CORESTATE Capital Holding S.A. with effect from 1 December 2020. The employment contract concluded with Mr Schnidrig provided for an appointment until 31 March 2023. The Supervisory Board and Mr Schnidrig were able to mutually agree on the premature termination of his position as Chairman of the Management Board. With effect from 1 December 2020, Mr Schnidrig once again assumed the role of Chief Financial Officer (CFO).

### René Parmantier

The Supervisory Board has appointed Mr René Parmantier Chairman of the Management Board with effect from 1 December 2020.

### Daniel Löhken

Daniel Löhken assumed responsibility for the newly created department Legal, HR, Compliance, Risk, Internal Audit and ESG as Chief Legal and HR Officer (CLHRO) effective 1 November 2020. Before his appointment as a member of the Management Board, Mr Löhken had already worked for the company for several years as Chief Legal Officer.

### Remuneration System of the Management Board

The remuneration system takes into account the financial performance and success of the company as well as the personal performance of the Management Board member in order to ensure the sustainable success of the company.

The remuneration system is performance and success-oriented, with the criteria of long-term orientation, appropriateness and sustainability being of decisive importance.

The remuneration of the Management Board for the entire financial year 2020 consists of a fixed remuneration component (basic remuneration), a variable remuneration component with a short-term incentive function (Short-Term Incentive, STI) and a variable remuneration component with a medium to long-term incentive function (Long-Term Incentive, LTI).

The respective contractually regulated annual target values of the individual remuneration components are as follows:

| € thousand                             | René Parmantier<br>(CEO) | Nils Hübener<br>(CIO) | Lars Schnidrig<br>(CEO) since<br>01.12.2020 (CFO) | Daniel Löhken<br>(CLHRO) | Thomas<br>Landschreiber<br>(CIO) |
|--|--------------------------|-----------------------|---|--------------------------|----------------------------------|
| Basic remuneration                     | 900.0                    | 400.0                 | 800.0   | 400.0                    | 442.0                            |
| one-year variable remuneration (STI)   | 600.0                    | 300.0                 | 500.0   | 275.0                    | 335.0                            |
| multi-year variable remuneration (LTI) | 800.0                    | 300.0                 | 600.0   | 325.0                    | 0.0                              |
| <b>Total sum</b>                       | <b>2,300.0</b>           | <b>1,000.0</b>        | <b>1,900.0</b>                                    | <b>1,000.0</b>           | <b>777.0</b>                     |

The total remuneration granted for the activity of the respective Management Board member for a financial year – including basic remuneration, the STI, the LTI (plus full utilisation of possible adjustments) amounts to a maximum of € 2.300m for René Parmantier, € 1.900m for Lars Schnidrig, € 1.000m for Nils Hübener and € 1.000m for Daniel Löhken.

#### Fixed remuneration component

The basic remuneration is paid to the Management Board members on a monthly basis in twelve equal instalments.

In the event of illness or incapacity to work during the employment contract through no fault of the Management Board member, the Management Board member is entitled to continued payment of the pro rata fixed salary and the pro rata average annual variable remuneration for twelve months, but no longer than until the end of the employment contract.

#### Fringe benefits

In addition to the basic remuneration, the members of the Management Board are contractually granted fringe benefits that are individually defined in some cases.

#### Assumption of contributions to health and long-term care insurance

The members of the Management Board of the company receive standard contributions of up to 50% for private health and long-term care insurance, but no more than the amount that would result if the member of the Management Board had statutory health insurance. In addition, the company reimburses the member of the Management Board for contributions payable to an occupational disability insurance policy upon presentation of proof.

#### Assumption of tax consulting costs by the company

Members of the Management Board are also reimbursed by the company for tax consulting costs incurred in connection with their annual income tax return up to a maximum amount of € 5,000.

### *Bahncard 100*

The company bears the annual costs for a Deutsche Bahn Bahncard Business 100 valid for 1st class.

### *Group accident insurance*

Furthermore, the members of the Management Board participate in a Group accident insurance policy for the company that covers both professional and private accidents. The benefits granted by the insurance to the insured person or his or her heirs amount to a maximum of € 100,000 in the event of death or a maximum of € 525,000 in the event of disability.

### *D&O insurance*

A D&O insurance policy without a deductible has also been taken out for the members of the Management Board.

### *Management Co-Investment Fund*

Member of the Management Board Thomas Landschreiber was the sole participant in a management co-investment vehicle and received a one-time payment of € 1,531,793 in the course of the settlement and termination of this co-investment programme in 2020.

### *Short-term variable remuneration component (Short-Term Incentive, STI)*

The Short-Term Incentive is an annual, pro rata temporis payment, the amount of which is determined by the degree of achievement of the following three STI targets:

- Earning targets in accordance with the business plan for the entire CORESTATE Group prepared annually by the company's Management Board and approved by the Group's Supervisory Board.
- Share price: Development of the company's share price or a share-price-related performance indicator in accordance with the individual regulations agreed to between the member of the Management Board and the Supervisory Board.
- The personal performance of the individual member of the Management Board.

The business plan applies for the bonus criterion earning targets. The STI for this criterion does not apply if the target achievement is 50% or less. From 50% target achievement, the bonus develops linearly and is limited to a maximum amount of 100%.

For the bonus criterion share price, the degree of target achievement is determined by comparing the key figures agreed to between the member of the Management Board and the Supervisory Board and the actual key figures achieved in the respective financial year. The STI for this criterion does not apply if target achievement is 50% or less. From 50% target achievement, the bonus is calculated on a straight-line basis and is capped at 100%.

The Supervisory Board decides on the degree of achievement of the Management Board member's personal performance, as a third STI target, at its reasonable discretion. If the degree of target achievement is exceeded due to exceptional performance by the Management Board members René Parmantier, Nils Hübener and Daniel Löhken, the maximum amount of 100% may also be exceeded. In the case of Management Board member Lars Schnidrig, there is an upper limit of 100% of target achievement.

Each of the targets is weighted at one third.

The STI for financial year 2020 comprises the following individual amounts:

- € 50,000 for René Parmantier (STI target considered at 100% based on time of board affiliation),
- € 112,500 for Nils Hübener (STI target considered at 50% based on reduced transaction volumes in current market environment), and
- € 45,833.33 for Daniel Löhken (STI target considered at 100% based on time of board affiliation).

If an STI is to be paid, it is to be determined individually for each Management Board member one week after adoption of the audited consolidated financial statements in the respective following fiscal year and paid out to the Management Board member.

### *Long-Term variable remuneration component (Long-Term Incentive, LTI)*

The LTI remuneration component can be structured in two ways, depending on the arrangement agreed to between the Management Board member and the company in an individual contract:

- A. The Long-Term Incentive as an entitlement to shares in the company to which the Management Board member is entitled under certain conditions (so-called LTI criteria).
- B. The Long-Term Incentive as an entitlement to LTI options, the allocation of which is not dependent on predefined prerequisites

The Management Board members René Parmantier and Daniel Löhken receive LTI components according to model A.

If the LTI component is granted as an entitlement to shares in the company to which the Management Board member is entitled under certain conditions (so-called LTI criteria), then an annual pro rata temporis allocation of the shares is made, provided that the following three LTI criteria have been achieved:

- Earning targets (in accordance with the business plan for the entire CORESTATE Group prepared annually by the company's Management Board and approved by the Supervisory Board of the Group)
- Development of the company's share price, also compared to certain peers of the company
- Implementation of ESG measures by the Management Board (in particular with regard to diversity and ensuring sustainable corporate development)

All LTI criteria are weighted at one third each. Shares are only allocated if the respective LTI criterion has a degree of achievement of 50% or more. In such cases, the pro rata equivalent value of the LTI shares is calculated on a straight-line basis according to the degree of target achievement, with a maximum limit of 100% target achievement.

The tranche of LTI shares is to be transferred to the Management Board member's securities account immediately after the Supervisory Board has determined the equivalent value for the respective financial year. The calculation of the actual number of shares to be transferred varies depending on the individual contractual arrangement of the Management Board member. The number of shares can be calculated by either dividing the calculated equivalent value of the shares by the volume-weighted 10-day average of the company's share price on the Xetra trading platform before the last trading day of the financial year for which the LTI shares are granted or

by dividing the calculated equivalent value of the shares by the closing price of the company's share on the day before transfer to the Management Board member's securities account.

From the date of transfer, each annual tranche of LTI shares is subject to a contractual holding period of four years.

The annual LTI value determined and, if necessary, adjusted after the end of the respective performance period is limited to € 800,000 for René Parmantier and € 325,000 for Daniel Löhken.

Management Board member Daniel Löhken is a participant in a share programme that was granted to him in 2019 for a total term of five years. This participation was also confirmed in the context of his appointment to the Management Board.

The Management Board members Lars Schnidrig and Nils Hübener receive LTI components according to model B.

If the LTI component is granted, as in the case of Lars Schnidrig and Nils Hübener, as an entitlement to LTI options whose allocation is not dependent on predefined conditions, then the Management Board member initially receives LTI options in the amount of an individual contractually structured settlement, which the Management Board member may choose to exercise either in shares in the company (LTI shares) or in a cash settlement dependent on the development of the share price (cash settlement).

The number of LTI options is determined by the quotient of the amount agreed in the individual contract and (i) the closing price of the company's share on a

day defined in the individual contract or (ii) the average closing price of the last five stock exchange days before the service contract takes effect, including this day, whereby the lower of the two values is decisive.

The Management Board member may then exercise the LTI options in a certain number of tranches, which is regulated in the individual contract.

For example, Nils Hübener may exercise the LTI options in three tranches, one third each after 12, 24 and 36 months (performance period) have elapsed since the employment contract came into effect and in each case either in the form of LTI shares or cash settlements. Lars Schnidrig, on the other hand, may exercise the LTI options in four tranches, one quarter each after the expiry of 1 April 2019 and subsequently after the expiry of 12, 24 and 36 months. Upon termination of the Management Board member's contract as Chief Executive Officer (CEO), all claims under his individual contractual LTI agreement were settled by a one-off payment in the amount of € 379,747.

If the Management Board member chooses the LTI shares option, the calculated number is to be transferred to the Management Board member's securities account after the end of the respective performance period.

The shares are subject to a holding period of twelve months from this point on, but no longer than until the end of the service contract.

If the Management Board member chooses the cash settlement option, the Management Board member receives an amount in euros immediately after the end of the respective performance period that corresponds to the product of the company's 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.

The amount defined for Nils Hübener for the three-year performance period is limited to a maximum of € 900,000 and the amount defined for Lars Schnidrig for

the four-year performance period is limited to a maximum of € 2.400m.

#### Total remuneration of the Management Board

| € thousand*  | René Parmantier<br>(CEO) |              |              | Nils Hübener<br>(CIO) |              |              | Lars Schnidrig (CEO)<br>since 01.12.2020 (CFO) |              |                | Daniel Löhken<br>(CLHRO) |              |              | Thomas Landschreiber<br>(CIO) |              |              |
|--|--------------------------|--------------|--------------|-----------------------|--------------|--------------|--|--------------|----------------|--------------------------|--------------|--------------|-------------------------------|--------------|--------------|
|  | 2020                     | 2020<br>min. | 2020<br>max. | 2020                  | 2020<br>min. | 2020<br>max. | 2020   | 2020<br>min. | 2020<br>max.   | 2020                     | 2020<br>min. | 2020<br>max. | 2020                          | 2020<br>min. | 2020<br>max. |
| fixed remuneration   | 72.5                     | 72.5         | 72.5         | 300.0                 | 300.0        | 300.0        | 800.0  | 800.0        | 800.0          | 66.7                     | 66.7         | 66.7         | 111.0                         | 111.0        | 111.0        |
| fringe benefits  | 0.5                      | 0.0          | 0.0          | 10.1                  | 0.0          | 0.0          | 28.1   | 0.0          | 0.0            | 2.2                      | 0.0          | 0.0          | 6.1                           | 0.0          | 0.0          |
| <b>Total fixed remuneration<br/>components</b>                 | <b>73.1</b>              | <b>72.5</b>  | <b>72.5</b>  | <b>310.1</b>          | <b>300.0</b> | <b>300.0</b> | <b>828.1</b>                                   | <b>800.0</b> | <b>800.0</b>   | <b>68.9</b>              | <b>66.7</b>  | <b>66.7</b>  | <b>117.1</b>                  | <b>111.0</b> | <b>111.0</b> |
| annual variable remuneration (STI)                             | 50.0                     | 25.0         | 50.0         | 112.5                 | 112.5        | 225.0        | 410.0  | 0.0          | 500.0          | 45.8                     | 22.9         | 45.8         | 366.2                         | 0.0          | 335.0        |
| <b>Total long-term incentive<br/>remuneration (LTI)</b>        | <b>0.0</b>               | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>            | <b>0.0</b>   | <b>0.0</b>   | <b>529.6</b>                                   | <b>0.0</b>   | <b>0.0</b>     | <b>0.0</b>               | <b>0.0</b>   | <b>0.0</b>   | <b>2,141.5</b>                | <b>0.0</b>   | <b>0.0</b>   |
| LTI  | 0.0                      | 0.0          | 0.0          | 0.0                   | 0.0          | 0.0          | 529.6  | 0.0          | 0.0            | 0.0                      | 0.0          | 0.0          | 0.0                           | 0.0          | 0.0          |
| share allocation   | 0.0                      | 0.0          | 0.0          | 0.0                   | 0.0          | 0.0          | 0.0  | 0.0          | 0.0            | 0.0                      | 0.0          | 0.0          | 609.7                         | 0.0          | 0.0          |
| MCIF (Management Co-Investment Fund)                           | 0.0                      | 0.0          | 0.0          | 0.0                   | 0.0          | 0.0          | 0.0  | 0.0          | 0.0            | 0.0                      | 0.0          | 0.0          | 1,531.8                       | 0.0          | 0.0          |
| <b>Total variable remuneration<br/>components</b>              | <b>50.0</b>              | <b>25.0</b>  | <b>50.0</b>  | <b>112.5</b>          | <b>112.5</b> | <b>225.0</b> | <b>939.6</b>                                   | <b>0.0</b>   | <b>500.0</b>   | <b>45.8</b>              | <b>22.9</b>  | <b>45.8</b>  | <b>2,507.7</b>                | <b>0.0</b>   | <b>335.0</b> |
| <b>Total fixed and variable<br/>remuneration components</b>    | <b>123.1</b>             | <b>97.5</b>  | <b>122.5</b> | <b>422.6</b>          | <b>412.5</b> | <b>525.0</b> | <b>1,767.7</b>                                 | <b>800.0</b> | <b>1,300.0</b> | <b>114.7</b>             | <b>89.6</b>  | <b>112.5</b> | <b>2,624.8</b>                | <b>111.0</b> | <b>446.0</b> |
| <b>One-time remuneration components</b>                        |                          |              |              |                       |              |              |  |              |                |                          |              |              |                               |              |              |
| severance payment  | 0.0                      | 0.0          | 0.0          | 0.0                   | 0.0          | 0.0          | 2,979.7  | 0.0          | 0.0            | 0.0                      | 0.0          | 0.0          | 0.0                           | 0.0          | 0.0          |
| Compensation payments<br>(bonus/salary/LTI/limit compensation) | 0.0                      | 0.0          | 0.0          | 300.0                 | 0.0          | 0.0          | 891.0  | 0.0          | 0.0            | 0.0                      | 0.0          | 0.0          | 110.5                         | 0.0          | 0.0          |
| one-time contractual payments                                  | 0.0                      | 0.0          | 0.0          | 0.0                   | 0.0          | 0.0          | 0.0  | 0.0          | 0.0            | 0.0                      | 0.0          | 0.0          | 102.4                         | 0.0          | 0.0          |
| <b>Total one-time remuneration<br/>components</b>              | <b>0.0</b>               | <b>0.0</b>   | <b>0.0</b>   | <b>300.0</b>          | <b>0.0</b>   | <b>0.0</b>   | <b>3,870.8</b>                                 | <b>0.0</b>   | <b>0.0</b>     | <b>0.0</b>               | <b>0.0</b>   | <b>0.0</b>   | <b>212.9</b>                  | <b>0.0</b>   | <b>0.0</b>   |
| <b>Total remuneration</b>                                      | <b>123.1</b>             | <b>97.5</b>  | <b>122.5</b> | <b>722.6</b>          | <b>412.5</b> | <b>525.0</b> | <b>5,638.4</b>                                 | <b>800.0</b> | <b>1,300.0</b> | <b>114.7</b>             | <b>89.6</b>  | <b>112.5</b> | <b>2,837.7</b>                | <b>111.0</b> | <b>446.0</b> |

\*the accrual principle applies to all figures

## Benefits on the occasion of the termination of Management Board activities

### *Thomas Landschreiber*

On the occasion of the termination of his employment contract, Management Board member Thomas Landschreiber received a one-time payment to settle bonus entitlements from 2020 in the amount of € 102,355 as well as a limit compensation for the period of three months after the end of the employment relationship in the amount of € 110,499. In addition, Mr Landschreiber was paid an STI payment for 2019 in the amount of € 366,154. In addition, he received a share allocation equivalent to € 609,711 based on the achievement of targets agreed in individual contracts.

### *Lars Schnidrig*

The Management Board contract as Chief Executive Officer (CEO) of Mr Lars Schnidrig was terminated with effect from 31 March 2021. On the occasion of the termination of his employment contract, Mr Schnidrig received a severance payment of € 2,979,747 from the company. In addition, a one-time payment totalling € 199,999 was made to Mr Schnidrig, as well as a pro-rata STI payment for 2020 of € 166,666. In addition, Mr Schnidrig received an amount of € 24,615 as compensation for remaining leave days.

All claims from Mr Schnidrig's LTI component regulated in his individual contract were settled by way of a one-time payment of € 379,747. Claims from another option agreement were settled in the form of a one-time payment of € 120,000.

### *Klaus Schmitt*

Management Board member Klaus Schmitt was appointed future Chief Executive Officer (CEO) by the Supervisory Board. Mr Schmitt did not assume the position and was compensated by making a payment of € 3.570m.

## Benefits in the event of premature termination of employment

In the event of premature termination due to the death of the Management Board member, the company shall pay the fixed salary and the average annual variable remuneration pro rata temporis for six further months, provided that the Management Board member leaves a spouse, a registered partner or minor children or, in the absence of such heirs, other persons towards whom he has a support obligation.

In the event that the appointment as a member of the Management Board is revoked by the company, the contractual provisions of Mr Nils Hübener and Mr Daniel Löhken provide for a special right of termination with a notice period of three months to the end of the month. In addition, in such a situation, Mr Löhken is entitled to a severance payment in the amount of the fixed salaries up to the original end of the contract.

## Remuneration system for the Supervisory Board

From 1 January 2020 to 5 June 2020, the Supervisory Board of the company had four members.

The Supervisory Board was reconstituted on 5 June 2020 and comprised five members under the chairmanship of Dr Georg Allendorf. With effect from 29 November 2020, the Supervisory Board was

reconstituted and now consists of three members. The chairmanship is held by Friedrich Munsberg.

The Articles of Association provide for the following remuneration for the members of the Supervisory Board. The Chairman of the Supervisory Board is entitled to annual remuneration of € 150,000 and the Deputy Chairman of the Supervisory Board to annual remuneration of € 100,000. All other members of the Supervisory Board are entitled to remuneration of € 75,000.

In addition to the annual remuneration, each member of the Supervisory Board is entitled to a meeting allowance of € 750 for each meeting the member attends in person. The Supervisory Board member is also reimbursed for all reasonable and properly documented expenses incurred in the course of his or her mandate and receives D&O insurance at market rates without a deductible.

The Chairman of the company's Audit Committee and the Chairman of the company's Nomination and Remuneration Committee are entitled to additional annual remuneration of € 15,000. The Chairman of any other company committee, should there be one, shall be entitled to additional annual remuneration of € 10,000. Each other member of the company's Audit Committee, Nomination and Remuneration Committee and any other company committee, should there be one, shall be entitled to additional annual remuneration of € 5,000.

According to the Articles of Association, the annual remuneration (after deduction of all taxes due) is payable in a single lump sum within ten days after the end of each financial year. Supervisory Board members who have been members of the Supervisory Board or a

committee of the Supervisory Board for only part of the financial year receive corresponding pro rata remuneration for that financial year.

#### Total remuneration of the Supervisory Board

| € thousand*   | Membership      |               | Supervisory Board        |                | Audit Committee          | Corporate Governance Committee | Nomination and Remuneration Committee | Remuneration paid pro rata | Attendance fee paid | Total per member |
|---|-----------------|---------------|--------------------------|----------------|--------------------------|--------------------------------|---------------------------------------|----------------------------|---------------------|------------------|
|   | Membership from | Membership to | annual remuneration max. | Attendance fee | annual remuneration max. | annual remuneration max.       | annual remuneration max.              |                            |                     |                  |
| Blattmann, Micha (Chairman AR, Member AC)                                     | 01.01.20        | 05.06.20      | 150.0                    | 0.75           | 5.0                      |                                |                                       | 66.5                       | 17.3                | <b>83.7</b>      |
| Felder, Urs (Board Member AR, Member AC)                                      | 01.01.20        | 05.06.20      | 75.0                     | 0.75           | 5.0                      |                                |                                       | 34.3                       | 11.3                | <b>45.6</b>      |
| Plett, Ulrich (Board Member AR & Chairman AC)                                 | 01.01.20        | 05.06.20      | 75.0                     | 0.75           | 15.0                     |                                |                                       | 38.6                       | 14.3                | <b>52.9</b>      |
| Lurie, Jon (Board Member AR)  | 01.01.20        | 05.06.20      | 75.0                     | 0.75           |                          |                                |                                       | 32.2                       | 10.5                | <b>42.7</b>      |
| Dr. Allendorf, Georg (Chairman AR, Member AC)                                 | 05.06.20        | 29.11.20      | 150.0                    | 0.75           | 5.0                      |                                | 15.0                                  | 83.1                       | 29.3                | <b>112.4</b>     |
| Blackwell, Timothy (Deputy Chairman AR & Member AC, Member CGC)               | 05.06.20        | 29.11.20      | 100.0                    | 0.75           | 5.0                      | 5.0                            | 5.0                                   | 56.2                       | 29.3                | <b>85.5</b>      |
| Klinger, Olaf (Board Member AR, Chairman AC)                                  | 05.06.20        | 29.11.20      | 75.0                     | 0.75           | 15.0                     |                                |                                       | 44.0                       | 25.5                | <b>69.5</b>      |
| Driessen, Marc (Board Member AR, Member CGC)                                  | 05.06.20        | 29.11.20      | 75.0                     | 0.75           |                          | 5.0                            | 5.0                                   | 41.6                       | 29.3                | <b>70.8</b>      |
| Dr. Apfelbacher, Gabriele (Board Member AR, Chairman CGC)                     | 05.06.20        | 29.11.20      | 75.0                     | 0.75           |                          | 10.0                           |                                       | 41.6                       | 27.0                | <b>68.6</b>      |
| Munsberg, Friedrich (Chairman AR & NA, Member AC & CGC)                       | 29.11.20        | 31.12.20      | 150.0                    | 0.75           | 5.0                      | 5.0                            | 15.0                                  | 15.3                       | 4.5                 | <b>19.8</b>      |
| Prof. Dr. Wagner, Hermann (Deputy Chairman AR, Chairman AC, Member CGC & NRA) | 29.11.20        | 31.12.20      | 100.0                    | 0.75           | 15.0                     | 5.0                            | 5.0                                   | 10.9                       | 4.5                 | <b>15.4</b>      |
| Dr. Oelrich, Friedrich (Member AR, AC & NRA, Chairman CGC)                    | 29.11.20        | 31.12.20      | 75.0                     | 0.75           | 5.0                      | 10.0                           | 5.0                                   | 8.3                        | 4.5                 | <b>12.8</b>      |

## Risk Management

### Risk Management System

#### 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 Corestate. In application of the "three lines of defense" theory, the risk management department operates within the second line of defense.

#### 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.

#### 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 Corestate operates and therefore entail a not inconsiderable reputational risk;
- risks resulting from actions that could endanger the continued existence of 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.

#### 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.

#### 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 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.

#### *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 Corestate as shown below. All identified risks are meaningfully sorted into one of the following four risk categories.

**Market price risks** 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 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 Corestate per se. These risks only have relevance beyond the investment assets if they radiate to the companies of Corestate, e.g. via damage to reputation or lost legal disputes. In these cases, the radiance to Corestate is usually accompanied by a previous product, system or process deficiency or by human error within 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 Corestate operates.

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

**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 Corestate per se for the time being. Only

if there are suspected spillover effects on Corestate, corresponding risks are included in this category.

**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 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 Corestate, as already mentioned.

**Operational risks** (including compliance risks) 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 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 Corestate are subject of official investigation proceedings).

**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.

**Classification of ESG risks** – In accordance with various supervisory bodies regarding the consideration of ESG risks, 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.

**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.

#### **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.

**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 Corestate.

**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.

**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.

**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.

**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.

**Control priorities** – All risks are depicted on a 5x5 matrix in a standardised manner regarding the extent of damage and probability of occurrence. The matrix itself is designed like this:

- Likelihood of occurrence: Class 1 at the very left reflects a very low likelihood of occurrence, class 5 at the very right a very high likelihood of occurrence. The classes 2 to 4 allow to graduate the likelihoods between class 1 and class 5.
- Impact: Class 1 at the very bottom reflects a very low value of damage, while class 5 at the very top indicate a very high value of damage. The floors of the classes 1 to 3 are fix, while the floor of class 4 is usually defined as reflecting c. 1.5% of the future expected EBITDA, and the floor of class 5 reflecting c. 5% of the future expected EBITDA.

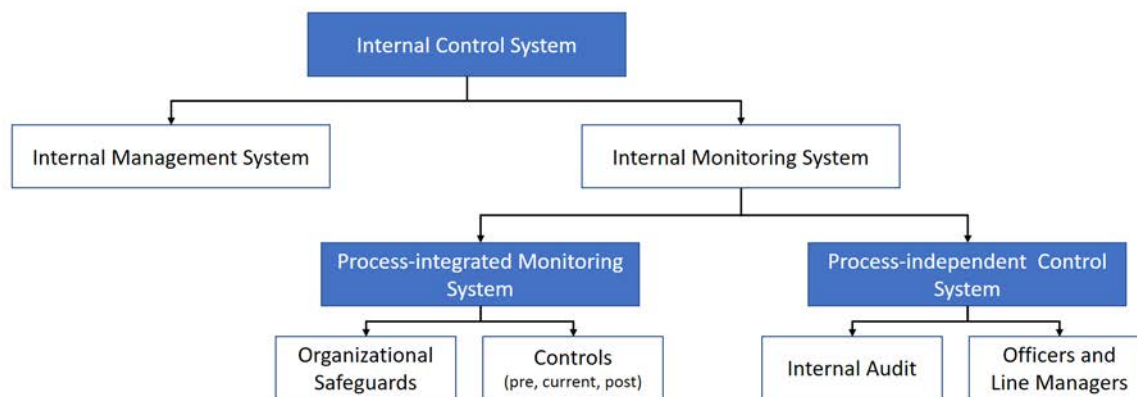
This matrix reflects the following with regard to the management priorities of risks:

**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.

**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.



White fields represent negligible control priorities, light blue fields low control priorities, medium blue fields medium control priorities and dark blue fields high control priorities.

**Risk reporting**

**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 quarter. 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.

**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.

**Description of the main features of the internal control system**

**Elements of the control system**

The internal control system (ICS) consists of regulations for managing the activities of 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 are 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.

### 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 necessary in the IT area
- 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.

### Controls

Controls are carried out by means of measures that are embedded in the work and operating procedures of the companies of 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.

### Basic elements and principles

The basic elements of the ICS of Corestate include:

- 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.



### 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

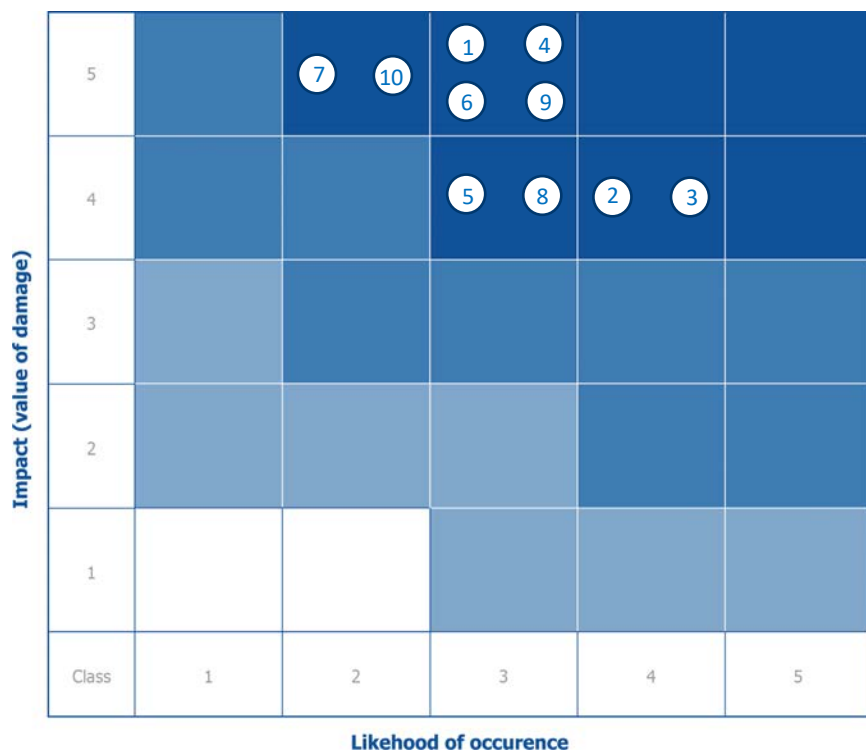
decentralised risk managers. Regular reports on the risks are provided.

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 2020, 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.

### Detailed Top 10 Risk Reporting

As of 31 December 2020, the top 10 risks were allocated as follows:



| Risk Number | Risk Category        | Description   |
|-------------|----------------------|---|
| 1           | Market Price Risk    | This reflects mainly the risks occurred due to the COVID-19 pandemic.   |
| 2           | Operational Risk     | This reflects the risk of non-compliance with international regulations   |
| 3           | Operational Risk     | This reflects the risk of less fee income related to projects that could not be finished due to failures caused by third parties        |
| 4           | Operational Risk     | This reflects a risk related to the planned changes of the German Real Estate Transfer Tax Act  |
| 5           | Operational Risk     | This reflects a risk related to less income due to possible negative tax rulings  |
| 6           | Liquidity Risk       | This reflects a risk related to reimbursement of already encashed fees for low performing funds in the context of the COVID-19 pandemic |
| 7           | Address Default Risk | This reflects the risk of non-foreseeable address default events  |
| 8           | Operational Risk     | This reflects a litigation risk   |
| 9           | Operational Risk     | This reflects a placement risk of a fund due to the COVID-19 pandemic   |
| 10          | Operational Risk     | This reflects a placement risk of a recently launched fund  |

# *Report on Corporate Governance*

## F. Corporate Governance

Corestate Capital Holding S.A. (hereinafter "Corestate" or the "Company") is strongly committed to the principles of good corporate governance as a basis of responsible and transparent management that is focused on sustainable long-term growth of Company value. We feel that good corporate governance is a fundamental 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 Ten 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 organized 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 system, (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, the supervisory board and its committees, (v) execution of Codex-compliant service agreements for new management board members René Parmantier (Chief Executive Officer) and Daniel Löhken (Chief Legal and HR Officer) establishment of a nomination and remuneration committee and a corporate governance committee of the supervisory board, (vii) regular assessment of the audits by the audit committee, (viii) implementation of yearly self-evaluations of the supervisory board of the effectiveness of its overall performance and that of its committees pursuant to section D.13 of the Codex (*Selbstbeurteilung des Aufsichtsrats*), (ix) dealing with conflicts of interest within the supervisory board and the management board in accordance with the Codex (E.1-E.3), (x) transparency and external reporting in accordance with F.1 and F.2 of the Codex and (xi) measures taken towards gender diversity.

### Compliance

As an integral part of Corestate's group corporate governance, our compliance management system is committed 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, thus safeguarding

the interests of both the Company and its stakeholders. 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. A key objective of our compliance management system is to safeguard adherence to all applicable laws and regulations and to train employees on the content and significance of relevant rules and legislation. 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 Luxembourg Law of 10 August 1915 on Commercial Companies (as amended from time to time) and the Company's articles of association ("Articles").

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, discharge of the management board and the supervisory board and on the appointment of statutory auditors. The annual general shareholders' meetings are generally 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](http://www.corestate-capital.com)). After the general shareholders' meeting, the results of the votes and the minutes are also published on the Company's website.

In the light of the exceptional circumstances surrounding the COVID-19 pandemic, Luxembourg has introduced laws and regulations to ease the requirements relating to the holding of shareholders' meetings and meetings of the management and supervisory boards. Accordingly, such meetings of the Company may be held exclusively by way of conference calls, videoconferences or similar means of communication, at least until 30 June 2021.

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 direct 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 as further provided for under the Articles.

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

According to the Articles, 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 the shareholders for a term not exceeding six years and shall be eligible for re-appointment. The general meeting of the 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 the shareholders.

The current composition of the supervisory board of the Company is as follows:

- Friedrich Munsberg (chairman of the supervisory board and of the nomination and remuneration committee) (executive manager, inter alia former CEO of Dexia Kommunalbank Deutschland AG and board member of different banks) – appointed by co-optation on 29 November 2020;
- Prof. Dr. Hermann Wagner (chairman of the audit committee), (professor at Frankfurt School of Finance and Management, certified auditor (*Wirtschaftsprüfer*), inter alia former partner and executive board member at Ernst & Young) – appointed by co-optation on 29 November 2020; and

- Dr. Friedrich Oelrich (chairman of the corporate governance committee) (executive manager and inter alia former member of the management board of DEKABank Deutsche Girozentrale) – appointed by co-optation on 29 November 2020.

All three current members of the supervisory board were appointed by co-optation at the occasion of a meeting of the supervisory board held on 29 November 2020 in accordance with article 441-2 of the Luxembourg Law of 10 August 1915 on Commercial Companies (as amended from time to time). Formal confirmation of their appointment will be proposed to the annual general meeting of the shareholders of the Company approving the annual accounts of the financial year ended on 31 December 2020, or any general meeting of the shareholders of the Company held before such meeting.

In the course of 2020, the composition of the supervisory board of the Company evolved as follows:

- Until 5 June 2020:
  - Micha Blattmann, member and chairman of the supervisory board since 23 September 2015;
  - Dr. Urs Felder, member of the supervisory board since 21 August 2015;
  - Ulrich Plett, member of the supervisory board since 23 September 2015;
  - Jonathan Matthew Lurie, member of the supervisory board since 26 April 2019;

- From 5 June 2020 until 29 November 2020:
  - Dr. Georg Allendorf, member and chairman of the supervisory board;
  - Dr. Gabriele Apfelbacher, member of the supervisory board;
  - Timothy Blackwell, member of the supervisory board;
  - Marc Drießen, member of the supervisory board; and
  - Olaf Klinger, member of the supervisory board.

The supervisory board members appointed at the last annual general meeting (5 June 2020) – i.e. Dr. Georg Allendorf (chairman of the supervisory board), Dr. Gabriele Apfelbacher, Olaf Klinger, Timothy Blackwell and Marc Drießen – have resigned from their positions on 29 November 2020 with immediate effect. The resignation of all supervisory board members and the appointment by co-optation of the current supervisory board members took place in the context of the investment of the new anchor shareholder Vestigo Immobilien Investments Limited Partnership as well as further investors.

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

In line with applicable laws and the Articles, the supervisory board shall carry out the permanent supervision of the management board, without being authorized to actively 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, whereby the chairman of the supervisory board has a casting vote in case of ties.

For the fulfillment of its supervision function, the supervisory board may require the management board to provide information of any kind. Besides that, the supervisory board may undertake or arrange for any investigations necessary for the performance of its duties.

The chairman coordinates the work of the supervisory board, as well as convokes and conducts supervisory board meetings as further prescribed under the Articles and applicable laws. 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 Prof. Dr. Hermann Wagner (chairman), Friedrich Munsberg and Dr. Friedrich Oelrich.

The corporate governance committee shall advise and supervise the management board of the Company (i) in complying with the standards of good and responsible corporate governance, based on the applicable

statutory provisions as well as the mission statement of the Codex and, where applicable, relevant industry-specific best practices, (ii) in complying with any requirements prescribed by the law and/or the Articles in relation to related party transactions, (iii) in taking measures to ensure compliance with government standards, official regulations and internal guidelines (Compliance) and (iv) on the implementation of the Company's ESG strategy and ESG goals. The current members of the corporate governance committee are Dr. Friedrich Oelrich (chairman), Friedrich Munsberg and Prof. Dr. Hermann Wagner.

Beside those committees, the supervisory board has established a nomination and remuneration 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 and to resolve on all remuneration matters concerning the Company's management board, including the remuneration report and remuneration policy as provided for under Directive (EU) 2017/828 (Shareholder Rights Directive II – SRD II). The current members of the nomination and remuneration committee are Friedrich Munsberg (chairman), Dr. Friedrich Oelrich and Prof. Dr. Hermann Wagner.

### **Profile of Competencies of the supervisory board**

The profile of competencies of the supervisory board of Corestate defines professional abilities and experience required for the supervisory board as a whole in order to properly execute both the supervision and advice of the management board. In sum, the qualifications of

the individual members of the supervisory board should complement each other in a way that secures the broadest possible pool of experience with a variety of specifications.

On the level of professional competencies, members of the supervisory board must have a sound understanding of key economic relationships, a comprehensive knowledge of the Company's operating environment, as well as its business models and core functions. These competencies should be rounded off by an outstanding awareness for Corestate's corporate social responsibility and sustainable business activities.

#### Design of the Profile of Competencies

The specific competencies and experience of the supervisory board as a whole should include the following areas:

*Management & Leadership* - A core task of a listed company is to increase the company's value and to meet the legitimate expectations of the shareholders, employees, clients and business partners. Many years of experience in managing complex organizations is needed to efficiently control and balance these requirements.

*Real Estate Market & Investment Environment* - The supervisory board and its members should have extensive knowledge in real estate markets, clients, products, financing and transactions in order to expertly assess opportunities and risks, but also to value propositions and developments of individual investments realistically.

*Regulatory Framework with a Focus on Asset Management and Financing* - Increasing customer needs and the growing complexity of regulatory requirements for asset management as well as in the real estate banking and financing environment require a sound understanding of the underlying practical demands, international standards and the legal framework. With this, the supervisory body is in the position to strategically accompany the development of operational structures and processes.

*Accounting and Auditing* - Effective and transparent control of accounting by the supervisory board, particularly in the audit committee, requires extensive experience and expert knowledge in the areas of accounting, controlling, valuation as well as in the preparation and auditing of annual financial statements and the quarterly reports. Ideally, this should be done by at least one member of the supervisory board who possesses long-standing professional experience as an auditor.

*Corporate Finance, Capital Market and M&A* - As a listed company that makes use of the equity and bond side of the capital and banking market as a source of financing, knowledge of the practices and standards of the international financial markets as well as the legal framework constitutes an integral aspect of the supervisory body's activity. The same applies to the experience of the members of the supervisory board in accompanying complex corporate transactions in order to secure a responsible examination of options for the strategic development of the Group including relevant financing opportunities.

*Compliance, Risk Management and Control System* - members of the supervisory board must bring many years of experience with the instruments of modern

compliance and sustainable risk management, as well as the corresponding internal control systems and assessment of employee qualifications to the table, in order to effectively monitor the Company and its range of activities.

*Ecological and social responsibility and good Corporate Governance* - Sensibly and responsibly addressing the many needs and requirements of the Company's various stakeholders is one of the key success factors on the market and vital to supporting the credibility of the Company's management and executive bodies. These competencies require a high level of transparency, independent decision-making and an unwavering commitment to sustainable business with the resources available to the Company.

#### State of Transfer and Achievement of Goals

In its composition in December 2020, the supervisory board took the above-mentioned competence requirements into account. The current supervisory board therefore reflects the requirements in terms of competencies and experience, both individually and collectively. The members of the supervisory board have the necessary professional and personal qualifications. For an extensive assessment of the members' individual competencies, please see the CVs of all supervisory board members available at [www.corestate-capital.com](http://www.corestate-capital.com) on the Company website.

#### Independence

To secure protection of the rights of minority shareholders, the majority of supervisory board members should be independent in accordance with

the criteria of both the Codex as well as the Ten Principles. In other words, members should not hold any advisory or executive functions with clients, suppliers, lenders or other third parties or otherwise hold any personal relationship to the Company or its executive bodies, which could give rise to conflicts of interest. In addition, no supervisory board member should hold any notable amount of shares in the Company.

As all current supervisory board members meet these requirements, all members of the supervisory board should be considered independent in accordance with the criteria of the Codex and the Ten Principles.

### Composition, powers and operating mode of the management board

According to the Articles, 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, professional and personal life experience. The aim is to increase the percentage of women in management positions, including the management board of the Company and as such, 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. 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 of allocation of responsibilities (*Geschäftsverteilungsplan*) and is required to notify the chairman of the management board of all material transactions and events.

The current composition of the management board of the Company is as follows:

- René Parmantier, Chief Executive Officer since 1 December 2020;
- Lars Schnidrig:
  - Chief Executive Officer from 1 April 2019 to 1 December 2020;
  - Chief Financial Officer since 1 December 2020;
- Nils Hübener, Chief Investment Officer since 1 April 2020;

- Daniel Löhken, Chief Legal and HR Officer since 1 November 2020;
- Sebastian Ernst, Chief Debt Investment Officer since 14 January 2021; and
- Johannes Märklin, Chief Debt Financing Officer since 14 January 2021.

The current mandates of all stated members of the management board are limited in time for a period of 3 years.

Thomas Landschreiber (previous Chief Investment Officer of the Company) left the management board of the Company on 31 March 2020.

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 to the general meeting or the supervisory board by the Luxembourg Law of 10 August 1915 on Commercial Companies as amended from time to time, or by the Articles fall within the authority of the management board.

Decision-making is implemented by the management board at regular meetings, which are convoked and conducted in line with the Articles. 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 clear aim is to increase the percentage of women in management positions. 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

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

The ExCom – consisting of the management board members and relevant group functions to be invited depending on the individual agenda – addresses the most important topics surrounding strategy, acquisitions, group finance, the capital market, legal, compliance and governance.

The OpCom coordinates all essential topics concerning customers, products, assets, investment management and all related operational processes. Besides the management board, the head of transactions, the head of equity-raising and other important central group functions are represented on it.

A further committee which has a huge impact on the professional strategy of the Company is the IC. The IC is the central decision-making body that deals with all major buying and selling decisions. It consists of voting and non-voting 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 IC's decisions are the basis on which the management board resolves on acquisitions and disposals as well as other transactions.

The ESG Committee supports core group divisions and group subsidiaries regarding the review and implementation of environmental, social and corporate governance standards.

Corestate has set up a group risk committee ("Risk Committee") that meets every six months and which is chaired by the group chief risk officer. Participants of the Risk Committee are the members of the management board and the heads of fundamental group functions. The Risk Committee aims to assess and manage the group's main risks and to discuss and implement the respective measures to be taken.

Corestate has installed an asset allocation committee which handles the allocation of properties and investments in situations in which a (directly or indirectly held) property is of interest to different group companies or investment funds managed by group companies.

Furthermore, in 2020 Corestate has pushed forward the development of its organizational structures below the management board level. The senior leadership team ("SLT") consists of up to 25 senior managers from all significant divisions and entities of the group. The advanced leadership team ("ALT") is a group of up to 25 junior managers from all significant divisions and entities of the Group. By membership in the ALT, top talents and outstanding performers across the entire Group shall be promoted and developed with the aim to assume senior management positions at Corestate in the future. The ALT-program is offering intensive training initiatives, business and strategy insights and the participation in various strategic projects.

### Further Corporate Governance Practices

#### Risk Management

Corestate maintains a sophisticated risk management system at group level covering the risks of the Company as well as the risks of the subsidiaries. All reported risks from the Corestate group entities are consolidated into comprehensive group risk reports, which are submitted to the management board and the supervisory board on a quarterly basis. In addition, all relevant risks are communicated to both the management board and the supervisory board on a case-by-case "ad-hoc" basis. This approach enables the management to have a full view on the risks sitting with Corestate, and to actively manage such 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 authorities. According to the "Three Lines of Defense Theory", Corestate's risk management is part of the second line of defense and



meets highest market standards. To ensure that our risk management framework is implemented throughout the entire organization, all local risk managers have a dotted reporting line to our group chief risk officer, who has direct oversight of all risks within our group, supported by a dedicated IT system. Our risk management framework and elements of internal control systems are discussed in detail 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 legally required, 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.

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.

### Managerial 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 other relevant instruments. Such trading activities are disclosed on the Corestate website.

In 2020, our previous supervisory board members Timothy Blackwell and Marc Drießen bought shares as did our previous chairmen of the supervisory board Micha Blattmann and Dr. Georg Allendorf. Also, Lars Schnidrig, former CEO and now CFO, as well as Nils Hübener, CIO, acquired shares. Details on the trades 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 2020 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 2020 have been prepared in accordance with Local GAAP. The independent auditor of the Group is Ernst & Young S.A. (EY), 35E, Avenue John F. Kennedy, Luxembourg. EY has been appointed for the audit of the 2020 financial statements by the annual general meeting on 5 June 2020. Overall, EY has been the independent auditor since 2015 with the Group being a public interest entity since 2016.

### 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](http://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](http://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 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.

# *Consolidated Financial Statements*

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

| m€  | Notes | 31.12.<br>2020 | 31.12.<br>2019 |
|---|-------|----------------|----------------|
| <b>Non-Current Assets</b>                   |       |                |                |
| Goodwill                                    | E.1   | 577.7          | 567.1          |
| Other Intangible Assets                     | E.2   | 87.8           | 109.6          |
| Investment in Associates and Joint Ventures | E.3   | 120.8          | 126.5          |
| Other Financial Instruments                 | E.4   | 153.9          | 172.2          |
| Property, Plant and Equipment               | E.5   | 22.3           | 24.2           |
| Non-Current Receivables                     | E.6   | 53.7           | 35.5           |
| Non-Current Loans to Associated Entities    | E.7   | 19.6           | 23.0           |
| Deferred Tax Assets                         | D.10  | 20.7           | 11.8           |
| <b>Total Non-Current Assets</b>             |       | <b>1,056.6</b> | <b>1,069.9</b> |
| <b>Current Assets</b>                       |       |                |                |
| Inventories                                 | E.8   | 73.8           | 62.3           |
| Contract Assets                             | E.10  | 51.0           | 23.0           |
| Trade Receivables                           | E.9   | 33.0           | 48.5           |
| Receivables from Associated Entities        |       | 13.6           | 31.7           |
| Other Current Financial Assets              | E.11  | 126.7          | 60.8           |
| Other Current Assets                        | E.12  | 16.6           | 14.4           |
| Current Income Tax Assets                   |       | 2.7            | 2.0            |
| Restricted Cash                             | E.13  | 23.0           | 2.6            |
| Cash and Cash Equivalents                   | E.13  | 68.2           | 103.2          |
| <b>Total Current Assets</b>                 |       | <b>408.5</b>   | <b>348.5</b>   |
| <b>TOTAL ASSETS</b>                         |       | <b>1,465.0</b> | <b>1,418.4</b> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### EQUITY AND LIABILITIES

| m€  | Notes | 31.12.<br>2020 | 31.12.<br>2019 |
|---|-------|----------------|----------------|
| <b>Equity</b>   |       |                |                |
| Share Capital   | E.14  | 1.9            | 1.6            |
| Other Reserves  |       | 752.9          | 563.3          |
| Net Profit/(Loss) for the Period                      |       | (69.1)         | 108.5          |
| Equity attributable to shareholders of parent company |       | 685.8          | 673.4          |
| Non-controlling Interests                             |       | 2.7            | 2.9            |
| <b>Total Equity</b>                                   |       | <b>688.5</b>   | <b>676.3</b>   |
| <b>Non-Current Liabilities</b>                        |       |                |                |
| Non-Current financial liabilities to bonds            | E.16  | 491.0          | 517.2          |
| Non-Current financial liabilities to banks            | E.17  | 4.6            | 7.0            |
| Other Non-Current financial liabilities               | E.18  | 29.3           | 20.9           |
| Other Non-Current Provisions                          | E.15  | 1.8            | 1.3            |
| Other Non-Current Liabilities                         |       | 9.2            | 6.4            |
| Deferred Tax Liabilities                              | D.10  | 13.0           | 9.7            |
| <b>Total Non-Current Liabilities</b>                  |       | <b>548.8</b>   | <b>562.5</b>   |
| <b>Current Liabilities</b>                            |       |                |                |
| Other Current Provisions                              | E.19  | 10.1           | 13.9           |
| Other Financial Liabilities to Banks                  | E.20  | 68.7           | 47.7           |
| Current Liabilities to Associated Entities            |       | 9.3            | 8.5            |
| Trade Payables  | E.21  | 13.1           | 14.3           |
| Current Income Tax Liabilities                        |       | 36.0           | 46.8           |
| Other Current Financial Liabilities                   | E.22  | 42.0           | 3.2            |
| Other Current Liabilities                             | E.23  | 48.5           | 45.2           |
| <b>Total Current Liabilities</b>                      |       | <b>227.7</b>   | <b>179.5</b>   |
| <b>SUBTOTAL LIABILITIES</b>                           |       | <b>776.6</b>   | <b>742.1</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                   |       | <b>1,465.0</b> | <b>1,418.4</b> |

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

| m€   | Notes        | 01.01.2020-<br>31.12.2020 | 01.01.2019-<br>31.12.2019 |
|--|--------------|---------------------------|---------------------------|
| Revenue from Acquisition Related Fees  | D.2.1        | 33.9                      | 35.1                      |
| Revenue from Asset and Property Management   | D.2.2        | 144.5                     | 175.3                     |
| Income from Mezzanine Loans  | D.2.5        | 10.3                      | 17.1                      |
| Revenue from Promote Fees realised   |              | 4.6                       | 8.8                       |
| <i>Total Revenue from Real Estate Investment Management</i>                              |              | <i>193.3</i>              | <i>236.2</i>              |
| <i>Total Expenses from Real Estate Investment Management</i>                             | <i>D.2.6</i> | <i>(117.7)</i>            | <i>(95.2)</i>             |
| <b>Total Earnings from Real Estate Investment Management</b>                             |              | <b>75.6</b>               | <b>141.0</b>              |
| Share of Profit or Loss from Associates and Joint Ventures                               | D.3.1        | (9.3)                     | 11.9                      |
| Dividends from other Alignment Capital   | D.3.2        | 8.8                       | 10.3                      |
| Gains/losses from fair value measurement of financial instruments related to real estate | D.3.3        | (6.8)                     | 11.6                      |
| Expenses from Management of Associates and Joint Ventures                                | D.3.4        | (17.3)                    | (12.2)                    |
| <b>Total Earnings from Alignment Capital Management</b>                                  |              | <b>(24.7)</b>             | <b>21.6</b>               |
| Net Rental Income  | D.4.1        | 5.5                       | 11.2                      |
| Revenue from Service Charges   |              | 0.9                       | 3.5                       |
| Net Gain from Selling Property Holding Companies/Inventories                             | D.4.2        | (0.8)                     | 18.7                      |
| <i>Total Income from Real Estate Operations/Warehousing</i>                              |              | <i>5.5</i>                | <i>33.4</i>               |
| <i>Expenses from Real Estate Operations/Warehousing</i>                                  | <i>D.4.3</i> | <i>(5.6)</i>              | <i>(19.2)</i>             |
| <b>Total Earnings from Real Estate Operations/Warehousing</b>                            |              | <b>(0.1)</b>              | <b>14.2</b>               |
| General and Administrative Expenses  | D.6          | (45.4)                    | (24.6)                    |
| Other Income   | D.5          | 11.2                      | 22.8                      |
| <b>Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)</b>           |              | <b>16.6</b>               | <b>175.0</b>              |

| m€   | Notes | 01.01.2020-<br>31.12.2020 | 01.01.2019-<br>31.12.2019 |
|--|-------|---------------------------|---------------------------|
| <b>Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)</b> |       | <b>16.6</b>               | <b>175.0</b>              |
| Depreciation and Amortisation  | D.7   | (54.7)                    | (31.1)                    |
| <b>Earnings before Interest and Taxes (EBIT)</b>                               |       | <b>(38.1)</b>             | <b>143.9</b>              |
| Financial Income   | D.8   | 5.3                       | 10.1                      |
| Financial Expenses   | D.9   | (29.1)                    | (33.6)                    |
| <b>Earnings before Taxes (EBT)</b>   |       | <b>(61.9)</b>             | <b>120.4</b>              |
| Income Tax Expense   | D.10  | (7.0)                     | (11.6)                    |
| <b>Net Profit/(Loss) for the Period</b>  |       | <b>(68.9)</b>             | <b>108.8</b>              |
| of which attributable to equity holders of parent company                      |       | (69.1)                    | 108.5                     |
| of which attributable to non-controlling interests                             |       | 0.2                       | 0.3                       |
| <b>Total Revenues <sup>1</sup></b>   |       | <b>199.6</b>              | <b>250.9</b>              |
| <b>Total Expenses <sup>2</sup></b>   |       | <b>(186.0)</b>            | <b>(151.2)</b>            |

<sup>1</sup> not including Share of Profit or Loss from Associates, Net Gain from Selling Property Holding Companies and not Dividends from other Alignment Capital

<sup>2</sup> excluding Financial Expenses and Depreciation and Amortisation

## Other Comprehensive Income

| m€   | Notes | 01.01.2020-<br>31.12.2020 | 01.01.2019-<br>31.12.2019 |
|--|-------|---------------------------|---------------------------|
| Earnings per Share (in €):   |       |                           |                           |
| Basic, Profit for the Year attributable to Ordinary Equity Holders of the Parent                     | D.11  | -3.04                     | 5.11                      |
| Diluted, Profit for the Year attributable to Ordinary Equity Holders of the Parent                   | D.11  | -3.04                     | 5.11                      |
| <b>Net Profit/(Loss) for the Period</b>  |       | <b>(68.9)</b>             | <b>108.8</b>              |
| <b>Other Comprehensive Income (in k€)</b>  |       |                           |                           |
| Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):  |       |                           |                           |
| Exchange differences on translation of foreign operations  |       | (1.7)                     | 0.2                       |
| Other differences  |       | 0.6                       | -                         |
| Net Other Comprehensive Loss to be Reclassified to Profit or Loss in Subsequent Periods              |       | (1.1)                     | 0.2                       |
| Net Other Comprehensive Income/(Loss) not to be Reclassified to Profit or Loss in Subsequent Periods |       | 0.2                       | -                         |
| <b>Other Comprehensive Income/(Loss) for the Period, Net of Tax</b>                                  |       | <b>(0.9)</b>              | <b>0.2</b>                |
| <b>Total Comprehensive Income for the Period, Net of Tax</b>   |       | <b>(69.8)</b>             | <b>109.0</b>              |
| of which attributable to equity holders of parent company  |       | (69.6)                    | 108.7                     |
| of which attributable to non-controlling interests   |       | (0.2)                     | 0.3                       |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| m€  | 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-CONTROLLING INTERESTS | TOTAL EQUITY |
|---|---------------|---------------|----------------------------|-------------------|---------------------|----------------|-----------------------------------|--|--|--|---------------------------|--------------|
| <b>Closing Balance of Capital Accounts as at 31 December 2018 (audited)</b> | <b>1.6</b>    | <b>0.1</b>    | <b>436.8</b>               | <b>82.6</b>       | <b>(3.5)</b>        | <b>516.0</b>   | <b>104.6</b>                      | <b>622.2</b>   | <b>0.1</b>   | <b>(1.3)</b>                                       | <b>(1.3)</b>              | <b>620.9</b> |
| Profit for the period   | 0             | 0             | 0                          | 0                 | 0                   | 0              | 108.5                             | 108.5  | 0  | 0.3  | 0.3                       | 108.8        |
| Other comprehensive income  | 0             | 0             | 0                          | 0                 | 0.2                 | 0.2            | 0                                 | 0.2  | 0  | 0  | 0                         | 0.2          |
| Total Comprehensive Income for the Period                                   | 0             | 0             | 0                          | 0                 | 0.2                 | 0.2            | 108.5                             | 108.7  | 0  | 0.3  | 0.3                       | 109.0        |
| Repurchase of own shares  | (0.0)         | 0             | (6.7)                      | 0                 | 0                   | (6.7)          | 0                                 | (6.7)  | 0  | 0  | 0                         | (6.7)        |
| Equity-settled share-based payment  | 0.0           | 0             | 0                          | 1.9               | 0.0                 | 1.9            | 0                                 | 1.9  | 0  | 0  | 0                         | 1.9          |
| Dividends paid  | 0             | 0             | 0                          | (52.9)            | 0                   | (52.9)         | 0                                 | (52.9)   | 0  | 0  | 0                         | (52.9)       |
| Reclassification/others   | 0             | 0.1           | 0                          | 104.7             | 0                   | 104.8          | (104.6)                           | 0.2  | 2.6  | 1.3  | 3.9                       | 4.1          |
| <b>Closing Balance of Capital Accounts as at 31 December 2019 (audited)</b> | <b>1.6</b>    | <b>0.2</b>    | <b>430.1</b>               | <b>136.4</b>      | <b>(3.3)</b>        | <b>563.3</b>   | <b>108.5</b>                      | <b>673.4</b>   | <b>2.6</b>   | <b>0.3</b>   | <b>2.9</b>                | <b>676.3</b> |
| Profit for the period   | 0.0           | 0.0           | 0.0                        | 0.0               | 0.0                 | 0.0            | (69.1)                            | (69.1)   | 0.0  | 0.2  | 0.2                       | (68.9)       |
| Other comprehensive income  | 0.0           | 0.0           | 0.0                        | 0.0               | (0.9)               | (0.9)          | 0.0                               | (0.9)  | 0.0  | 0.0  | 0.0                       | (0.9)        |
| Total Comprehensive Income for the Period                                   | 0.0           | 0.0           | 0.0                        | 0.0               | (0.9)               | (0.9)          | (69.1)                            | (70.0)   | 0.0  | 0.2  | 0.2                       | (69.8)       |
| Issue of new capital  | 0.3           | 0.0           | 78.3                       | 0.0               | 0.0                 | 78.3           | 0.0                               | 78.6   | 0.0  | 0.0  | 0.0                       | 78.6         |
| Repurchase of own shares  | 0.0           | 0.0           | 6.4                        | 0.0               | 0.0                 | 6.4            | 0.0                               | 6.4  | 0.0  | 0.0  | 0.0                       | 6.4          |
| Share issuance expense  | 0.0           | 0.0           | (0.8)                      | 0.0               | 0.0                 | (0.8)          | 0.0                               | (0.8)  | 0.0  | 0.0  | 0.0                       | (0.8)        |
| Equity-settled share-based payment  | 0.0           | 0.0           | 1.2                        | 0.0               | 0.0                 | 1.2            | 0.0                               | 1.2  | 0.0  | 0.0  | 0.0                       | 1.2          |
| Dividends paid  | 0.0           | 0.0           | 0.0                        | 0.0               | 0.0                 | 0.0            | 0.0                               | 0.0  | 0.0  | 0.0  | 0.0                       | 0.0          |
| Reclassification/others   | 0.0           | 0.0           | 0.0                        | 107.8             | (2.4)               | 105.4          | (108.5)                           | (3.1)  | (0.1)  | (0.3)  | (0.4)                     | (3.5)        |
| <b>Closing Balance of Capital Accounts as at 31 December 2020 (audited)</b> | <b>1.9</b>    | <b>0.2</b>    | <b>515.2</b>               | <b>244.2</b>      | <b>(6.6)</b>        | <b>752.9</b>   | <b>(69.1)</b>                     | <b>685.8</b>   | <b>2.5</b>   | <b>0.2</b>   | <b>2.7</b>                | <b>688.5</b> |



## CONSOLIDATED STATEMENT OF CASH FLOWS

| € million   | 01.01.2020-<br>31.12.2020 | 01.01.2019-<br>31.12.2019 | € million   | 01.01.2020-<br>31.12.2020 | 01.01.2019-<br>31.12.2019 |
|---|---------------------------|---------------------------|---|---------------------------|---------------------------|
| <b>Earnings before Interest and Taxes (EBIT)</b>  | <b>(38.1)</b>             | <b>143.9</b>              | <b>Net cash flows generated from/(used in) investing activities</b> | <b>(32.8)</b>             | <b>(88.3)</b>             |
| Depreciation/write-ups of non-current assets  | 54.7                      | 31.1                      | Proceeds from Issuance of New Share Capital                         | 78.6                      | -                         |
| Equity-settled share-based payment  | 1.2                       | 1.9                       | Share repurchase  | -                         | (6.7)                     |
| Net loss/(gain) on disposal of non-current assets   | 1.0                       | (2.3)                     | Distributions to the equity holders of parent company               | -                         | (52.9)                    |
| Changes in provisions   | (2.8)                     | (24.0)                    | Repayment of lease liabilities                                      | (4.5)                     | (2.7)                     |
| Share of results from Associates and Joint Ventures                                       | 9.3                       | (11.9)                    | Proceeds from loans and borrowings                                  | 28.5                      | 6.8                       |
| Changes from purchase and sale of inventories and advanced payments                       | (12.2)                    | (73.2)                    | Repayment of loans and borrowings                                   | (3.1)                     | (1.9)                     |
| Changes in receivables and other assets that are not attributable to investing activities | (74.4)                    | (82.2)                    | Finance Expenses  | (23.8)                    | (33.6)                    |
| Changes in liabilities that are not attributable to financing activities                  | 16.2                      | 105.9                     | Finance Income  | 2.6                       | 10.1                      |
| Income taxes received/(paid)  | (15.0)                    | (11.1)                    | <b>Net cash flows (used in)/from financing activities</b>           | <b>78.3</b>               | <b>(80.9)</b>             |
| <b>Net cash flows from operating activities</b>   | <b>(60.1)</b>             | <b>78.1</b>               | <b>Cash and cash equivalents at begin of Period</b>                 | <b>105.8</b>              | <b>196.9</b>              |
| Acquisition of Subsidiaries   | (24.0)                    | -                         | <i>Net increase in cash and cash equivalents</i>                    | (14.6)                    | (91.1)                    |
| Outflow for Alignment Capital Investments   | (16.4)                    | (54.0)                    | <b>Cash and cash equivalents at end of Period</b>                   | <b>91.2</b>               | <b>105.8</b>              |
| Inflow from repayment of Alignment Capital Investments                                    | 11.7                      | 27.5                      |   |                           |                           |
| Payments for acquisition of PPE   | (3.8)                     | (12.9)                    |   |                           |                           |
| Proceeds from sale of PPE   | 0.3                       | 20.3                      |   |                           |                           |
| Payments for acquisition of intangible assets   | (2.7)                     | (3.6)                     |   |                           |                           |
| Purchase of other financial instruments   | (6.3)                     | (65.5)                    |   |                           |                           |
| Sale of other financial instruments   | 8.4                       | -                         |   |                           |                           |
| <b>Net cash flows generated from/(used in) investing activities</b>                       | <b>(32.8)</b>             | <b>(88.3)</b>             |   |                           |                           |

# *Notes to Consolidated Financial Statements*

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# A. Corporate information & Basis of Preparation

## A.1 Corporate Information

Corestate Capital Holding S.A. (hereafter "CCH SA", "the Group" 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. The main focus of the business strategy in the future will be on Core and Core+ investments, whereas Core investments are located in metropolis with highly creditworthy tenants on a long-term basis and Core+ investments have a slightly more risk orientated alignment.

As per 31 December 2020, the Group employs 757 FTE (2019: 709 FTE) 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 2020 were authorized for issue in accordance with a resolution of the Management Board and the Supervisory Board on 19 March 2021. 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*.

## A.2 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 2020.

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 million (m€), except when otherwise indicated. Due to rounding, numbers presented may not add up precisely to totals provided. The consolidated financial statements provide comparative information in respect of the previous period.

The Group presents assets and liabilities in its statement of financial position based on current/non-current classification. Assets and liabilities are classified as current when

- the Group expects them to be realized or settled in the normal operating cycle (e.g. inventories from warehousing),
- the Group holds the asset or liability primarily for the purpose of trading,
- the Group expects them to be realized or settled within twelve months after the reporting date (e.g. trade receivables/payables), or
- the asset is cash or cash equivalent unless restricted.

All other assets and liabilities are classified as non-current, incl. deferred tax assets and liabilities.

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.

As a result of a change in presentation, the financial information as of 31 December 2019 included in this consolidated financial statement differ in certain limited aspects from the financial information as of 31 December 2019 included in the Group's Annual Consolidated Financial Statements. The change in presentation relates to the mezzanine loans and other current loans formerly included in the other current assets that are included in current financial instruments in the consolidated financial statement 2020 of financial position (see Note E.11).

### A.3 General Remarks on Effects Resulting from the Covid-19 Pandemic

The outbreak of the Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on the 11th March 2020, has impacted many aspects of daily life and the global economy – with most real estate markets experiencing significantly lower levels of transactional activity and liquidity.

Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short-term impacts and long-term structural changes, valuations for investment properties at Associates held under joint venture and co-investment agreements are under the inclusion of the material valuation uncertainty declaration as set out in the RICS Valuation – Global Standards. This uncertainty is impacting upon demand, with marketing voids increasing and rental levels under pressure. But for the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

The different types of lockdown in nearly all countries due to COVID-19 in 2020 and at the beginning of 2021 severely impacted the markets for hotels, service apartments, retail and shopping centers in particular. In contrast, the business of residential assets and offices with long-running rental contracts proved to be

very resilient. To restrict further "waves" of COVID-19, travel, movement, and operational restrictions have been implemented by many countries, which currently remain unchanged. Due to these persisting restrictions on business activities, it might be likely that there could be significant rental defaults leading to voids and a resulting shortfall in income for the respective asset classes of the company. This could lead to renewed write-downs on various asset classes due to lower profitability.

Despite all the uncertainty caused by the pandemic, all future considerations have been made to expect the pandemic to end during a reasonable time after the reporting period. The assessment of a gradual recovery is based on the progress made in the production and distribution of a COVID-19 vaccine, including timely national distribution strategies.<sup>1</sup> A recovery of the economy is expected<sup>2</sup> for all future outlooks relevant to the valuation, that the parameters included in the valuation (i.e. cash flows, interest rates) give a more positive outlook than expected in the current reporting period.

Nevertheless, an improved outlook is expected for the next years. This is shown in the planning periods of nearly all of Group's CGUs (for goodwill and impairment test issues see Note E.1). Here, a positive outlook as well as a fast recovery of the economy is expected within the next reporting period.

The large-scale business disruptions caused by COVID-19 may give rise to liquidity issues for some entities.

<sup>1</sup> Cf. WHO study on vaccine delivery and distribution: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/covid-19-vaccines>, and German Federal Ministry of Health vaccine distribution information:

[https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3\\_Downloads/C/Coronavirus/Impfstoff/German\\_National\\_COVID-19\\_Vaccination\\_Strategy\\_eng\\_061120.pdf](https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3_Downloads/C/Coronavirus/Impfstoff/German_National_COVID-19_Vaccination_Strategy_eng_061120.pdf)

<sup>2</sup> Cf. Berenberg – Real Estate Comment as of 8<sup>th</sup> January 2021

Deterioration in credit quality of loan portfolios and trade receivables (amongst other items) as well as the uncertainty caused by COVID-19 may have a non-negatable impact on the fair value measurements explicit for all financial instruments and for all impairment testing assets in the Group. The main impact of COVID-19 in Group's consolidated financial position and statement of profit or loss are shown in Notes D.2.3, D.3.1 and D.3.3 as well as E.1, E.3, E.4 and E.14.3.

#### **A.4 New standards, Interpretations and Amendments adopted and to be adopted by the Group**

There are no new standards, interpretations, or amendments in 2020 that are not yet effective but would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The same applies for all standards, interpretations, and amendments that became effective in 2020.

## B. Scope of Consolidation and Business Combinations

### B.1 Consolidation Scope

The consolidated financial statements comprise the financial statements of CCH SA and its subsidiaries as at 31 December 2020. 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. 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.

For the entities shown in the table on the right, CCH SA applies the exemption under §264 lit. 3 HGB and corresponding local legislations in the country of incorporation (for CCH SA's equity interest in each company please refer to Note F.7).

The subsidiaries CRM Students Limited (registered company number 04886412) and Corestate Capital Partners (UK) Limited (registered company number 11038752) are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act. The outstanding liabilities at 31 December 2020 of the above-named subsidiaries have been guaranteed by the Group pursuant to s479A to s479C of the Act.

| Name   | Seat and Country of incorporation |
|--|-----------------------------------|
| AF ATHENA GmbH                                 | Frankfurt on Main / Germany       |
| ATOS Property Management GmbH                  | Hamburg / Germany                 |
| CAPER A Immobilien Service GmbH                | Neu-Isenburg / Germany            |
| CE Bad Honnef Betriebsgesellschaft mbH         | Frankfurt on Main / Germany       |
| Corestate CAPITAL AG                           | Baar / Switzerland                |
| Corestate Capital Debt Advisors GmbH           | Frankfurt on Main / Germany       |
| Corestate Capital Group GmbH                   | Frankfurt on Main / Germany       |
| Corestate Capital Investors (Europe) GmbH      | Frankfurt on Main / Germany       |
| Corestate Capital Partners GmbH                | Zurich / Switzerland              |
| Corestate Capital Partners UK Limited          | London / United Kingdom           |
| Corestate Capital Transactions AG              | Baar / Switzerland                |
| Corestate CIV GmbH                             | Frankfurt on Main / Germany       |
| Corestate Marketing GmbH                       | Frankfurt on Main / Germany       |
| CRM Students Limited                           | Oxford / United Kingdom           |
| Corestate Capital Beteiligungs Verwaltung GmbH | Frankfurt on Main / Germany       |
| GENOST Consulting GmbH                         | Leipzig / Germany                 |
| UPARTMENTS Real Estate GmbH                    | Leipzig / Germany                 |

|                              | 2019       | First consolidation | Deconsolidation | Merger   | 2020       |
|------------------------------|------------|---------------------|-----------------|----------|------------|
| <b>Consolidated Entities</b> | <b>130</b> | <b>20</b>           | <b>22</b>       | <b>5</b> | <b>123</b> |
| thereof Germany              | 60         | 1                   | 5               | 1        | 55         |
| thereof Other Countries      | 70         | 19                  | 17              | 4        | 68         |

|                            | 2019       | Additions | Disposals | Merger   | 2020       |
|----------------------------|------------|-----------|-----------|----------|------------|
| <b>Associated Entities</b> | <b>104</b> | <b>2</b>  | <b>3</b>  | <b>-</b> | <b>103</b> |
| thereof Germany            | 18         | 1         | 1         | -        | 18         |
| thereof Other Countries    | 86         | 1         | 2         | -        | 85         |

Seven additions to the consolidated entities in other countries are part of the newly acquired business of STAM in January 2020. As a result of Corestate's strategic orientation or the termination of certain joint venture and co-investment agreements (JVCIA), 22 companies left the Group during the reporting period.

Overall, the Group acquired a total of net assets amounting to € 9.6m (2019: € 10.1m) through first-time consolidation of 20 entities presented above. These entities account for a total in revenues of € 6.2m (2019: € 2.8m) and net results of € -0.3m (2019: € -0.8m). The deconsolidation of 22 formerly full-consolidated entities presented above leads to a total net result of € -1.0m (2019: € 8.7m).

## B.2 Business Combinations

### B.2.1 Principles of business combination

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. The Group as acquirer measures the identifiable assets acquired and the liabilities assumed (including contingent liabilities) at their acquisition-date fair values. 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 Group as acquirer recognises goodwill as of the acquisition date measured as the excess of (a) the

aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

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 based on 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 a 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.

#### **Contingent liabilities recognized in a business combination**

As set out above, contingent liabilities recognised in a business combination are initially measured at fair value. After initial recognition and until the liabilities are settled, cancelled or expired, these liabilities are measured at the higher of (a) the amount that would be recognised in accordance with IAS 37; and (b) the amount initially recognised less, if appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

#### **B.2.2 Update on most recent business combinations**

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 product range to France and logistics as an asset class. In addition, Corestate offers its clients an improved market access to France and further increases its basis of institutional investors.

The purchase price allocation was finalized in the 4<sup>th</sup> quarter of 2020. After all information of the acquisition date were available, the transaction components could be finalized. Therefor the consideration transferred includes a cash component of € 25.4m, earn-out components measured at € 3.8m, a share component of € 10.4m which consists of € 6.4m in previously held treasury shares and € 4.0m in newly issued shares as well as a deferred share consideration amounted to € 2.0m.

The first earn-out component relates to a pass-through arrangement of promotes earned from already existing JVCIA structures that are payable to the sellers once earned. The fair value of this contingent consideration amounts to € 3.8m.

Due to more detailed information during the assessment period the second earn-out component initially measured with an amount of € 12.5m is dependent on a certain level of STAM Europe's net income for FY-2020 to 2022. The updated assessment of this earn-out component shows an expected earn-out amounting to € 0.0m at finalization of the purchase price allocation.

During the assessment period a more detail analysis of the asset management contracts of STAM led to an increased fair value allocated to such contracts and therefor a corresponding reduction of the initially recognized goodwill by an amount of € 1.2m.

The goodwill of € 32.2m reflects the expected synergies arising from the acquisition regarding the market entry into France as well as logistics as an asset class that complements the existing asset classes under management. The goodwill is fully allocated to the Real Estate Investment Management segment.

Transaction costs amounting to € 0.9m are included in the income statement within general and administrative costs.

The final purchase price allocation shows the following fair values of assets and liabilities as well as the calculation of recognized goodwill:



Fair value of net assets and liabilities recognized

**Business Combination: STAM Europe SAS**

|  | € million       |
|--|-----------------|
| Acquisition date                                 | 15 January 2020 |
| Total Cost of the combination (in €m)            | 41.6            |
| thereof purchase prices (in €m)                  | 37.8            |
| thereof contingent consideration                 | 3.8             |
| thereof other consideration transferred          | -               |
| Number of shares acquired                        | -               |
| Voting rights acquired (%)                       | 100%            |
| Property, plant & equipment                      | 1.4             |
| Intangible assets                                | 9.2             |
| Other financial instruments                      | 3.1             |
| Receivables                                      | 3.1             |
| Other assets                                     | 3.0             |
| Cash and cash equivalents                        | 4.3             |
| <b>Total assets</b>                              | <b>24.1</b>     |
| Deferred tax liability                           | -2.6            |
| Current tax liabilities                          | -2.4            |
| Trade payables                                   | -1.0            |
| Other (financial) liabilities                    | -8.6            |
| <b>Total liabilities</b>                         | <b>-14.6</b>    |
| <b>Fair value of net assets acquired</b>         | <b>9.5</b>      |
| <i>Non-controlling interests</i>                 | -               |
| <b>Recognized Goodwill</b>                       | <b>32.2</b>     |
| <b>Revenues generated since acquisition date</b> | <b>5.5</b>      |
| <b>Profit / loss since acquisition date</b>      | <b>-0.3</b>     |

## C. Significant accounting & valuation policies

### C.1 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.

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.

In the process of applying the Group's accounting policies, management has made the following judgements and estimates, which have significant

effect on the amounts recognized in the consolidated financial statements:

#### *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 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 valuations are linked closely to the assumptions made by the Group's management regarding the future performance of the assets concerned and any changes in the discount rate applied (see Note E.1).

#### *Recoverability of Goodwill and Trademarks*

The Group tests annually and, in addition, if any internal or external indicator exists, whether goodwill and trademarks with indefinite useful lives need to be impaired. If an indicator prevails, the recoverable amount of the affected cash-generating unit(s) has to be estimated which is determined as the greater of the fair value less costs to sell and the value in use. The determination of the recoverable amount involves making judgements and estimates related to the projection and discounting of future cash flows. Although the Group's management believes the assumptions used to calculate recoverable amounts are

appropriate, any unforeseen changes in these assumptions could result in an impairment to goodwill or trademarks in the future which could adversely affect the future financial position and operating results (see Note E.1).

#### *Assessing significant influence on associates and joint ventures*

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. 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.

With regard to providing real estate investment management services the Group regularly enters into asset management agreements 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 services, i.e. market information, asset management and business plan expertise. Hence, the provision of technical

services through an asset management contract to associated entities as investees is considered a supplementary indicator (see Note E.3).

#### *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 (discounted cash flow) based). Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the property's cash inflows and outflows over its 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 fair value. For the purpose of IFRS 13, the fair value measurement of investment property is considered to be a Level 3 method (see Note C.2).

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 capitalization 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). 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 (for further information see Note A.3 and a sensitivity analysis of the effect of changes in the value of the Associates and Joint Ventures see Note E.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, 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 (see Note D.2.2 to D.2.4).

## **C.2 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 F    |
| Disclosures of fair value measurement hierarchy                          | Note F    |
| Investment properties  | Note C.17 |
| Investment in unquoted equity shares                                     | Note F    |
| Financial instruments (including those carried at amortized cost)        | Note F    |

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 Management ("Group's management") determines the policies and procedures for both recurring fair value measurement, such as investment properties and certain financial assets.

At each reporting date, the Group's management 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 Group's management 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. Involvement of external valuers is determined annually by the Group's management. 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 based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### C.3 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 are fully consolidated. 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. As the sole exception, for CRM the functional currency is the British Pound (GBP).

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.

On consolidation, the assets and liabilities of foreign operations (i.e. CRM) are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange 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 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.

#### C.4 Goodwill

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.

#### C.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. 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.

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.

#### C.6 Investment in Associates & Joint Ventures

##### *Recognition and subsequent measurement*

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 Group's investments in its Associates and Joint Venture 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. All balance sheet items and line items in the consolidated statement of comprehensive income that are related to the associated entities belong to the Alignment Capital segment.

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 (see below).

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 amount, 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.

#### *Investment properties*

Associates invest in investment properties. 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.

## **C.7 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, the Group's financial assets are classified in the following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through profit or loss

#### *Financial assets at amortized cost (debt instruments)*

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 profit or loss*

Financial assets at fair value through profit or loss include 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 fair value through profit or loss if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as fair value through profit or loss 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. Therefore, a financial asset is derecognised when there is no reasonable expectation of recovering the contractual cash flows.

#### *Impairment of financial assets*

Further disclosures relating to impairment of financial assets are also provided in Note C.1

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.

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 31<sup>st</sup> 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 calibrates 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.

### C.8 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.

### C.9 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.

### C.10 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.

#### *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.

#### *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.

#### **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.

#### **C.11 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.

#### **C.12 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.

#### **C.13 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 predominantly related to the Coupon Participation Fee of HFS.

#### *Contract Liabilities*

A contract liability is an entity's obligation to transfer goods or services to a customer for which the Group has received consideration. If a customer of the Group pays consideration or has a right to an amount of consideration that is unconditional, before the Group transfers its goods or services to the customer, a contract liability is recognized.

### **C.14 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 and are classified as financial assets at amortised costs.

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.

### **C.15 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 D.11 and F.6.3).

#### *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.

## C.16 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 fair value through profit or loss if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered 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 fair value through profit or loss unless they are designated as effective hedging instruments.

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.

## C.17 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.

### C.18 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,
- Development Fees
- Sales Fees,
- Promote Fees
- Coupon Participation Fees and
- Income from mezzanine loans,

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 0.8% 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 € 0.5m 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.

Development Fees are generated by providing development services for the construction of new or the repositioning of an existing property. This includes services like planning, coordination, technical management and economical administration as well as supervising work. The Group's contracts with customers for these types of services typically include one performance obligation that is predominantly fulfilled over time. Development fees are usually a percentage based on construction costs of the property paid conducting the above-mentioned services.

Coupon Participation Fees are generated through sustainable and significant excess returns of mainly 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 relevant funds based on monthly fair value valuating of the mezzanine financing.

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.

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. In general, 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.

### **C.19 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 D.3.1). 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.

### **C.20 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 (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/loss from Selling Property Holding Companies/Inventories comprises the proceeds from selling real estate holding companies/inventories, less selling costs, less carrying amount 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 net gain/loss is recognized when control over the relevant real estate holding company is transferred to the buyer.

### **C.21 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.

### **C.22 Income Taxes**

#### *Current income taxes*

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.

#### *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

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.

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 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.

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.

## D. Notes to the Statement of Profit and Loss

### D.1 Total Earnings by Income Line

The total earnings by income line comprise both revenues and other income items including corresponding expenses to provide comprehensive insight in the respective earnings for Real Estate Investment Management, Alignment Capital Management, and Real Estate Operations / Warehousing. With regard to revenues, the revenue streams presented in the table on the right side can be found in the three segments.

The Group considers fees from asset & property management, development, and coupon participation as recurring revenues. Overall, in 2020 the recurring revenues from contracts with customers amount to € 144.5m (2019: € 175.3m).

| Revenue stream   | Description  | Recognition of revenues, other income, and gains and losses  |
|--|--|--|
| <b>Real Estate Investment Management (REIM)</b>                    |  |  |
| Acquisition-related fees   | fees are earned upon successful acquisition of assets (i.e. Corestate gains control)   | point in time (IFRS 15)  |
| Asset & property management fees                                   | fees are earned over the holding period of the respective asset for providing both asset and property management services  | over time (IFRS 15)  |
| Coupon participation fees  | success fee that allows the company to participate in the success of its managed equity (e.g. Opportunity Fund) and debt funds (e.g. Stratos Funds) above a certain hurdle rate      | over time (IFRS 15)  |
| Sales / Promote fees   | sale fees are a percentage of the asset value upon sale; promote fees are gained once the overall return of the holding period surpasses a certain hurdle rate incl. the sale return | point in time (IFRS 15)  |
| Development fees   | fees are earned by providing technical expertise with regard to (re-)positioning real estate estates, including refurbishment, change in asset class, or other measures              | over time (IFRS 15)  |
| Income from mezzanine loans  | interest income yielding from short-term bridge financing via mezzanine loans for development companies  | measurement of financial assets (IFRS 9)   |
| <b>Alignment Capital Management (ACM)</b>                          |  |  |
| Share of Profit or Loss from Associates                            | income results from the subsequent measurement of Corestate's share in the net profit of its associated entities   | share of net profit (IAS 28)   |
| Dividends from other alignment capital                             | income results from dividends paid by Corestate's associated entities  | dividends (IAS 28)   |
| Gains & losses from FV measurement of financial instruments        | changes in fair value of Corestate's other financial instruments that are measured at fair value in line with the eligible IFRS 9 categories   | measurement of financial assets (IFRS 9)   |
| <b>Real Estate Operations / Warehousing (REOW)</b>                 |  |  |
| Net Rental Income  | income resulting from acting as lessor for assets that are in a warehousing structure  | lease income (IFRS 16)   |
| Net Gain/Loss from Selling Property Holding Companies/ Inventories | occasional income/expense that results from sale of warehousing structures in share deals  | Measurement of gain or loss on deconsolidation (IFRS 10); measurement of financial assets (IFRS 9) |

## D.2 Revenues and Earnings from Real Estate Investment Management

The revenues from real estate investment management cover all phases of acquiring, holding, and selling-off real estate assets, including acquisition fees, various forms of asset and property management fees, as well as exit and promote fees.

### D.2.1 Revenue from Acquisition Related Fees

| € million                                   | 2020        | 2019        |
|---|-------------|-------------|
| Revenue from Acquisition Fee                | 28.4        | 30.4        |
| Revenue from other Acquisition Related Fees | 5.4         | 4.7         |
| Revenue from Onboarding Fee                 | 0.1         | 0.0         |
| <b>Total</b>                                | <b>33.9</b> | <b>35.1</b> |

Revenues from acquisition-related fees were slightly down compared to 2019 in line with the overall transaction volume; yet, a strong demand for mezzanine loans led to a comparably higher volume in acquisition fees on HFS level.

### D.2.2 Revenue from Asset and Property Management

The revenues from asset and property management comprises the following revenue streams:

| € million                             | 2020         | 2019         |
|---------------------------------------|--------------|--------------|
| Revenue from Asset Management Fee     | 53.6         | 67.9         |
| Revenue from Coupon Participation Fee | 44.3         | 56.7         |
| Revenue from Property Management Fee  | 33.1         | 29.9         |
| Revenue from Development Fee          | 9.1          | 15.9         |
| Revenue Other Fees                    | 4.3          | 4.9          |
| <b>Total</b>                          | <b>144.5</b> | <b>175.3</b> |

The decrease in Revenue from Asset Management Fee is related to a lower project volume compared to previous year volume. In contrast to the development of the Asset Management Fees, there has been an increased demand for property management services that led to the growth of Property Management Fees.

### D.2.3 Revenue from Coupon Participation Fees

The coupon participation fee in 2020 amounts to € 44.3m (2019: € 56.7m). Thereof, HFS contributed € 43.3m (2019: € 56.7m) where the decrease was primarily caused by revaluations in a few projects and necessary prolongation of bonds in the current circumstances which negatively affects the funds' performance on a temporary basis.

### D.2.4 Development Fee

Income from development fees of € 9.1m (2019: € 15.9m) comprises the revenues for project management and development coordination work. The decrease in development fees is primarily caused by a reduced amount of such services performed in 2020 as well as some projects being reversed due to termination agreements between investors and developers.

### D.2.5 Income from Mezzanine loans

Income from mezzanine loans of € 10.3m (2019: € 17.1m) comprises the interest income from short-term bridging activities through mezzanine loans to Real Estate developers. Mezzanine loans in 2020 were not used to the same extent as in 2019 which corresponds with a decrease in income from mezzanine loans.

### D.2.6 Total Expenses from Real Estate Investment Management

Expenses from Real Estate Investment Management of € 117.7m (2019: € 95.2m) 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. The increase in 2020 is mainly caused by write offs on contract assets related to development fees because of certain development projects being expected to be reversed due to termination agreements between investors and developers.



### D.3 Earnings from Alignment Capital Management

#### D.3.1 Share of Profit or Loss from Associates

Share of profit/loss for the year of € -9.3m (2019: € 11.9m) 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. Compared to previous year's positive measurement results, the 2020 COVID-19 pandemic situation has a particular negative impact on share of profit/loss from Associates. Major investments of the Associates are related to shopping malls and retail outlets that have been significantly affected by the imposed lockdowns. Hence, these assets are mainly causing the negative valuation effect.

#### D.3.2 Dividends from other Alignment Capital

Dividends from other alignment capital of € 8.8m (2019: € 10.3m) showed a rather stable development, however fell short against 2019 mainly due to reduced dividend payments from certain funds of Hannover Leasing.

#### D.3.3 Gains & losses from FV measurement of financial instruments related to real estate

Gains & losses from fair value measurements of financial instruments related to real estate cumulated to € -6.8m (2019: € 11.6m) and comprise the Group's results of operations that are allocated to financial instruments measured at fair value through profit and loss. The negative result was mainly driven by the COVID-19 pandemic. The pandemic, especially the worldwide lockdowns, result into a decrease of the overall economic development, which had a significant

negative impact on the macroeconomic input parameters for the fair value measurement.

#### D.3.4 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 € 17.3m (2019: € 12.2m).

### D.4 Revenues and Earnings from Real Estate Operations & Warehousing

#### D.4.1 Net Rental Income

Net rental income of in total € 5.5m (2019: € 11.2m) relates to income from properties classified as inventory. The lower net rental income is due to the fact that comparatively higher volumes were turned over in inventories in 2019 as a result of purchases and sales during the year. In 2020, inventories held at the beginning of the year remained largely unchanged.

#### D.4.2 Net Gain/Losses from Selling Property Holding Companies/ Inventories

The gains/losses from selling property holding companies/inventories reflect the realized margin from the Group's warehousing activities. In 2020 the net gain/losses from selling property holding companies/inventories amounted to € -0.8m (2019: € 18.7m). Compared to several sales in warehousing with a significant impact on the result of 2019, in the current period no such sales took place.

#### D.4.3 Expenses from Real Estate Operations/Warehousing

Expenses from Real Estate Operations/Warehousing of in total € 5.6m (2019: € 19.2m) include direct expenses in relation to the operation of the assets as a concurrent effect with the development of rental income.

### D.5 Other Income

Other income of in total € 11.2m (2019: € 22.8m) comprise the income that is not related to one of the recurring services of the Group's business. Other income in 2019 was primarily driven by a reversal of a dispute-related provision as the underlying case was predominantly completed and the utilisation was assessed as unlikely.

### D.6 General and Administrative Expenses

General and Administrative Expenses of € 45.4m (2019: € 24.7m) include both personnel and overhead expenses not allocated to either Expenses from Real Estate Investment Management, Expenses from Management for Associates and Expenses from Real Estate Operations. Costs rose in particular as a result of the increase in the number of employees and the severance payments due in 2020 for the changes in the CEO position.

## D.7 Depreciation and Amortization

Depreciation and amortization essentially tie to impairment and depreciation of intangible assets, property, plant and equipment, and right-of-use assets from lease contracts where the Group acts as lessee. The main portion of depreciation for Other intangible assets is due to asset management contracts that have been recognized as part of business combinations amounting to € 24.8m in 2020 (2019: € 22.7m).

| € million                     | 2020          | 2019          |
|-------------------------------|---------------|---------------|
| Goodwill                      | (21.7)        | 0.0           |
| Other intangible assets       | (26.2)        | (26.2)        |
| Property, plant and equipment | (1.6)         | (1.3)         |
| Rights of Use                 | (4.2)         | (2.9)         |
| Others                        | (1.0)         | (0.7)         |
| <b>Total</b>                  | <b>(54.7)</b> | <b>(31.1)</b> |

The impairment of goodwill is related to the segment real estate investment management (see Note E.1).

## D.8 Financial Income

In 2020, financial income decreased significantly by € 4.8m to € 5.3m (2019: € 10.1m). Income from currency translation declined by € 2.6m compared to previous year and relates to opposing development of exchange rates.

| € million               | 2020       | 2019        |
|-------------------------|------------|-------------|
| Interest income         | 3.2        | 3.2         |
| Foreign currency income | 0.8        | 3.3         |
| Other financial income  | 1.4        | 3.5         |
| <b>Total</b>            | <b>5.3</b> | <b>10.1</b> |

## D.9 Financial Expenses

Financial expenses decreased in 2020 by € 4.5m to € 29.1m (2019: € 33.6m). Interest expenses are mainly related to the two corporate bonds issued in 2017 and 2018 that amount to interest expenses of € 17.6m (2019: € 17.4m). In 2019, interest expenses of € 4.2m for two bridge loans for certain interim warehousing activities were included and repaid in the fourth quarter of 2019. Expenses from currency translation were € 2.7m lower than in the previous year. Other financial expenses contain bank charges.

| € million                           | 2020          | 2019          |
|-------------------------------------|---------------|---------------|
| Interest expenses                   | (23.4)        | (30.1)        |
| Profit or loss attributable to NCIs | (0.0)         | (0.3)         |
| Foreign currency expenses           | (3.0)         | (2.4)         |
| Other financial expense             | (2.7)         | (0.7)         |
| <b>Total</b>                        | <b>(29.1)</b> | <b>(33.6)</b> |

## D.10 Income tax

### Income tax (expense)/benefit

| € million                  | 2020         | 2019          |
|----------------------------|--------------|---------------|
| Current income tax expense | (14.9)       | (15.0)        |
| Deferred taxes             | 7.9          | 3.4           |
| <b>Total</b>               | <b>(7.0)</b> | <b>(11.6)</b> |

Income from deferred taxes mainly results from temporary differences in the recognition of assets and liabilities related to the sub-group Hannover Leasing and HFS Helvetic Financial Services AG as well as increased deferred tax assets of Corestate Capital Group GmbH. This income is partly being offset by expenses from deferred taxes, which are mainly due to changes in both temporary valuation differences and higher valuation allowances for 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% (2019: 24.94%) for CCH SA in Luxembourg.

| € million  | 2020          | 2019        |
|--|---------------|-------------|
| Consolidated Earnings before Taxes (EBT)                               | (61.9)        | 120.4       |
| Luxembourg statutory income tax rate for CCH SA                        | 24.94%        | 24.94%      |
| <b>Projected income tax (gain) / burden</b>                            | <b>(15.4)</b> | <b>30.0</b> |
| Adjustments in respect of income tax of previous years                 | 2.8           | 4.3         |
| Effect from changes in tax rates                                       | (0.2)         | 0.0         |
| Current tax losses for which no deferred tax asset has been recognised | 16.3          | 4.6         |
| Effect from permanent differences                                      | 6.8           | 3.0         |
| Effect from different tax rates  | (2.0)         | (9.3)       |
| Effect from dividends and other income exempt from taxation            | (1.1)         | (20.4)      |
| Other differences  | (0.2)         | (0.6)       |
| <b>Income tax reported in the Group's income statement</b>             | <b>7.0</b>    | <b>11.6</b> |
| Effective tax rate   | (11.3 %)      | 9.6%        |

Prior year's category of deferred tax assets from at-equity valuation of associates has been renamed and summarized into the category deferred tax assets from financial assets. Further, prior year's deferred tax liabilities from temporary differences on financial assets in the amount of € 7.7m have been separated into an own disclosure line item for deferred tax liabilities from temporary differences on intangible assets.

### Deferred tax assets and liabilities

| € million  | 2020          | 2019         |
|--|---------------|--------------|
| <b>Deferred tax assets</b>                           |               |              |
| from tax loss carryforward                           | 7.4           | 9.2          |
| from temporary differences on accruals               | 1.6           | 1.0          |
| from temporary differences on liabilities            | 0.4           | 0.0          |
| from temporary differences on shares in subsidiaries | 8.3           | 0.6          |
| from temporary differences on properties             | 1.8           | 0.7          |
| from temporary differences on financial assets       | 4.3           | 0.7          |
| from temporary differences on receivables            | 0.7           | 0.0          |
| from valuation of other assets                       | 0.1           | 0.1          |
| from temporary differences on financial liabilities  | 7.1           | 4.6          |
| from temporary differences on share-based payments   | 0.0           | 0.0          |
| <b>Set-off of deferred tax liabilities</b>           | <b>(11.0)</b> | <b>(5.1)</b> |
| <b>Total</b>   | <b>20.7</b>   | <b>11.8</b>  |

| € million  | 2020          | 2019         |
|--|---------------|--------------|
| <b>Deferred tax liabilities</b>                    |               |              |
| from temporary differences on financial assets     | 5.6           | 1.0          |
| from at-equity valuation of associates             | 0.1           | 1.1          |
| from temporary differences on liabilities          | 1.5           | 0.0          |
| from temporary differences on receivables          | 0.1           | 0.2          |
| from temporary differences on accruals             | 0.4           | 0.0          |
| from temporary differences on properties           | 6.6           | 4.6          |
| from temporary differences on intangible assets    | 9.0           | 7.7          |
| from temporary differences on other assets         | 0.7           | 0.2          |
| from temporary differences on share-based payments | 0.0           | 0.0          |
| <b>Set-off of deferred tax assets</b>              | <b>(11.0)</b> | <b>(5.1)</b> |
| <b>Total</b>                                       | <b>13.0</b>   | <b>9.7</b>   |

No deferred tax assets have been recognized on tax loss carryforwards related to German Corporate taxes of € 57.9m (2019: € 34.0m), German trade tax on income of € 113.9m (2019: € 79.3m) and other income taxes of € 76.8m (2019: € 28.6m). These tax loss carryforwards are indefinitely available with the exception of those related to other income taxes in an amount of € 4.9m expiring after seven years and in an amount of € 36.1m which expire after 17 years.

Deferred taxes on tax loss carryforwards and temporary differences are recognized only to the extent that sufficient future taxable income is expected to be generated against which the losses and temporary differences can be utilized. The total amount of accordingly unrecognized deferred tax assets is € 38.0m (2019: € 19.5m).

### D.11 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)

|  | 01.01.2020 - 31.12.2020 |            | 01.01.2019 - 31.12.2019 |            |
|--|-------------------------|------------|-------------------------|------------|
|  | number of shares        | days       | number of shares        | days       |
| <b>Shares at the beginning of the period</b>                   | <b>21.179.449</b>       | <b>365</b> | <b>21.329.417</b>       | <b>365</b> |
| Reactivated shares from repurchasing program                   | 174.968                 | 352        |                         |            |
| Issue of new shares on 15 January 2020                         | 125.226                 | 352        |                         |            |
| Issue of new shares on 11 September 2020                       | 4.186.382               | 112        |                         |            |
| 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        |
| <b>Shares at the end of the period</b>                         | <b>25.666.025</b>       |            | <b>21.179.449</b>       |            |
| <b>Weighted average number of shares for the period</b>        | <b>22.753.540</b>       |            | <b>21.228.904</b>       |            |

#### Calculation of weighted average number of shares (diluted)

|   | 01.01.2020 - 31.12.2020 |      | 01.01.2019 - 31.12.2019 |      |
|---|-------------------------|------|-------------------------|------|
|   | number of shares        | days | number of shares        | days |
| New shares from the exercise of share-based payments    |                         |      |                         |      |
| Issue of new shares on 15 January 2020                  | 54.037                  | 352  |                         |      |
| Employee Share program                                  |                         |      | 140.799                 |      |
| <b>Weighted average number of shares for the period</b> | <b>22.805.652</b>       |      | <b>21.369.703</b>       |      |

#### Calculation of weighted average number of shares (diluted)

|   | 01.01.2020 - 31.12.2020 |      | 01.01.2019 - 31.12.2019 |      |
|---|-------------------------|------|-------------------------|------|
|   | number of shares        | days | number of shares        | days |
| New shares from the exercise of share-based payments    |                         |      | 16.501                  |      |
| <b>Weighted average number of shares for the period</b> | <b>22.805.652</b>       |      | <b>21.386.204</b>       |      |

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 2020. The Group's management therefor considered the convertible bonds to be anti-dilutive as it is very unlikely that the bond could be converted into ordinary shares.

For 2020, given the net loss recognized for the period, the remaining potentially ordinary shares were also ignored for determining dilutive EPS which would have caused an anti-dilutive effect.

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

#### Earnings per share (undiluted)

| €  | 2020              | 2019              |
|--|-------------------|-------------------|
| Profit attributable to ordinary equity holders of the parent:                          |                   |                   |
| Continuing operations (m€)   | (69.1)            | 108.5             |
| <b>Profit attributable to ordinary equity holders of the parent for basic earnings</b> | <b>(69.1)</b>     | <b>108.5</b>      |
| Weighted average number of ordinary shares (undiluted):                                |                   |                   |
| Share capital  | 22,753,540        | 21,228,904        |
| <b>Weighted average number of ordinary shares (total)</b>                              | <b>22,753,540</b> | <b>21,228,904</b> |
| <b>Earnings per share</b>  | <b>-3.04 €</b>    | <b>5.11 €</b>     |

## E. Notes to the consolidated statement of financial position

### E.1 Goodwill

As at 31 December 2020 the Goodwill of € 577.7m (2019: € 567.1m), which was fully allocated to multiple CGUs within the Real Estate Investment Management segment, comprises the following individual positions:

#### Goodwill – Detailed composition

| € million                          | 2020         | 2019         |
|------------------------------------|--------------|--------------|
| HFS Helvetic Financial Services AG | 520.1        | 520.1        |
| STAM Europe                        | 32.2         | -            |
| ATOS Capital                       | -            | 21.7         |
| HANNOVER LEASING GmbH & Co. KG     | 15.0         | 15.0         |
| CRM Students Ltd.                  | 10.3         | 10.3         |
| <b>Total</b>                       | <b>577.7</b> | <b>567.1</b> |

In 2020, Corestate acquired the Paris-based Asset Manager STAM Europe which led to an increase in Goodwill from business combination amounting to

€ 32.2m. In contrast, the recoverable amount of ATOS Capital is below the carrying value. Therefore the goodwill had to be fully impaired by € 21.7m in 2020 as Corestate's management no longer expects the CGU to achieve its former and present profitability in the future. The change in expectation is mainly caused by the departure of key management personnel and the fundamental change in Corestate's business strategy from opportunistic and value-add to core and core+ real estate objects. Furthermore, the COVID-19 pandemic negatively influenced the risk appetite by both private and institutional investors regarding opportunistic and value-add assets which reduces the short- to mid-term profitability of related products. The impairment is based on the value in use.

#### Goodwill

| € million                         | 2020         | 2019         |
|-----------------------------------|--------------|--------------|
| Acquisition cost                  |              |              |
| As of 1 January                   | 567.1        | 567.1        |
| Changes in scope of consolidation | 32.3         | -            |
| Thereof Additions                 | 32.2         | -            |
| Thereof Currency translations     | 0.1          | -            |
| <b>As of 31 December</b>          | <b>599.4</b> | <b>567.1</b> |
| Impairment losses                 |              |              |
| As of 1 January                   | 0.0          | 0.0          |
| Impairment for the year           | 21.7         | 0.0          |
| <b>As of 31 December</b>          | <b>21.7</b>  | <b>0.0</b>   |
| <b>Total (Carrying amount)</b>    | <b>577.7</b> | <b>567.1</b> |

The Group performed its annual impairment test at year end. The Group determines whether goodwill and other intangible 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 following major assumptions have been applied for determining value in use:

| CGU REIM of HFS Helvetic Financial Services AG                           | 2020 | 2019 |
|--|------|------|
| Discount rate (before Tax) applied to cash flows within the next 5 years | 8.1% | 8.8% |
| Growth rate after year 5   | 1.0% | 1.0% |
| CGU ATOS Capital GmbH  | 2020 | 2019 |
| Discount rate (before Tax) applied to cash flows within the next 5 years | 7.6% | 6.3% |
| Growth rate after year 5   | 1.0% | 1.0% |
| CGU Hannover Leasing GmbH & Co. KG                                       | 2020 | 2019 |
| Discount rate (before Tax) applied to cash flows within the next 5 years | 6.4% | 7.6% |
| Growth rate after year 5   | 1.0% | 1.0% |
| CGU CRM Ltd.   | 2020 | 2019 |
| Discount rate (before Tax) applied to cash flows within the next 5 years | 6.7% | 8.7% |
| Growth rate after year 5   | 1.0% | 1.0% |

| <b>CGU STAM</b>  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| Discount rate (before Tax) applied to cash flows within the next 5 years | 5.6%        | -           |
| Growth rate after year 5   | 1.0%        | -           |

The Group's most recent budget and forecast as well as extrapolations for periods beyond budgeted projections includes a detailed budget for 2021 as well as a medium-term projection of 4 years for each CGU until 2025. The last year depicts the perpetual annuity that includes the last year of the medium-term projection with an additional growth rate of 1.0%. Due to COVID-19, the planning assumptions for the budget and forecasted projections were still subjected to a restricted transaction volume. Nevertheless, the Group expects the number of transactions to normalize to a pre-pandemic level across all asset classes in the further course of 2021 and the following years. Therefor the planning assumptions for the medium-term projections show a comparably higher transaction volume to 2020 as well as an improved long-term profitability.

For HFS, the Group expects a visible increase in the volume of funds which will have a positive impact on fees, with an average sales growth of 8.6% and costs remaining virtually unchanged over the planning period. For HL, the Group expects a continued focus on business with semi-institutional investors and a resulting increase in AuM that results in an expected sales growth averaging 5.2%. At CRM, the Group assumes a temporary continuation of the pandemic-related restriction in the use of student housing, so that a notable recovery in occupancy and the earnings situation of the managed properties is expected from 2022. This results in an average sales development of

6.1% over the planning period. For STAM, the Group expects a solid recovery in transaction volume given the focus on Core/Core+ and logistic assets which is expected to further accelerate over the planning period resulting in a sales development averaging 20.7%.

A sensitivity analysis was performed on the major assumptions for the impairment test. The following table shows an analysis at what percentage these assumptions have to change to result in a headroom of Zero; for STAM only 2020 figures are listed as STAM was just acquired at the beginning of 2020:

| <b>CGU</b> | <b>EBITDA</b> |             | <b>WAAC post Tax</b> |             | <b>Growth Rate</b> |             |
|------------|---------------|-------------|----------------------|-------------|--------------------|-------------|
|            | <b>2020</b>   | <b>2019</b> | <b>2020</b>          | <b>2019</b> | <b>2020</b>        | <b>2019</b> |
| HFS        | -20.6%        | -13.5%      | 10.3%                | 7.8%        | -3.3%              | -0.4%       |
| HL         | -38.3%        | -45.6%      | 9.1%                 | 6.0%        | -3.5%              | -4.5%       |
| STAM       | -59.4%        | -           | 9.4%                 | -           | -6.6%              | -           |
| CRM        | -26.9%        | -37.3%      | 8.4%                 | 7.2%        | -1.4%              | -4.8%       |

## E.2 Other intangible assets

| € million                            | 2020         | 2019         |
|--------------------------------------|--------------|--------------|
| Acquisition cost                     |              |              |
| As of 1 January                      | 179.8        | 176.4        |
| Additions from business combinations | 9.2          | 0.0          |
| Currency changes                     | 0.1          | 0.0          |
| Additions                            | 2.7          | 3.6          |
| Disposals                            | (10.1)       | (0.3)        |
| <b>As of 31 December</b>             | <b>181.7</b> | <b>179.8</b> |
| Amortisation and impairment losses   |              |              |
| As of 1 January                      | 70.2         | 44.0         |
| Currency changes                     | (0,0)        | 0,0          |
| Additions to cumulative amortization | 26.2         | 26.3         |
| Disposals                            | (2.6)        | (0.1)        |
| <b>As of 31 December</b>             | <b>93.8</b>  | <b>70.2</b>  |
| <b>Total (Carrying amount)</b>       | <b>87.8</b>  | <b>109.6</b> |

Within the purchase price allocation of STAM group an amount of € 9.2m was identified as asset management contracts. These contracts are recognized as intangible assets (for more details of the business combination of STAM group see Note B.2.2).

Other intangible assets include mainly trademarks and asset management contracts. The asset management contracts have useful lives between 1 and 16 years. The trademarks have indefinite useful lives. As at 31 December 2020, trademarks amounting to € 47.1m (2019: € 47.1m) were tested for impairment as part of

the annual impairment testing of CGUs of real estate investment management segment (see note E.1) resulting in no impairment losses.

## E.3 Investment in Associates and Joint Ventures

The table below shows the key financial information of the Group's investments in main associates and joint ventures:

| € million   | Highstreet VIII | Liver        | Quartier West | Echo         | Other*        |
|---|-----------------|--------------|---------------|--------------|---------------|
| Other non-current assets                          | 227.7           | 79.7         | 31.3          | 60.2         | 911.9         |
| Cash (restricted and free cash)                   | 17.7            | 1.9          | 0.1           | 2.3          | 60.7          |
| Other current assets                              | 11.9            | 0.8          | -             | 1.4          | 9.0           |
| Non-current financial liabilities                 | (146.0)         | (34.0)       | -             | (29.0)       | (355.4)       |
| Other non-current liabilities                     | (47.1)          | 1.4          | -             | (1.7)        | (38.7)        |
| Current financial liabilities                     | (3.0)           | 0.0          | -             | 0.0          | (137.0)       |
| Other current liabilities                         | (11.6)          | (1.3)        | (0.0)         | (6.0)        | (39.2)        |
| <b>Equity</b>                                     | <b>49.7</b>     | <b>48.5</b>  | <b>31.4</b>   | <b>27.3</b>  | <b>411.3</b>  |
| Revenues  | 19.5            | 5.3          | -             | 2.0          | 34.4          |
| Interest income                                   | 0.0             | 0.0          | -             | -            | 0.0           |
| Interest expenses                                 | (4.2)           | (1.0)        | (0.2)         | (0.5)        | (6.6)         |
| Income tax expense or income                      | 1.6             | 1.5          | -             | 0.0          | 2.1           |
| <b>Profit / (loss) from continuing operations</b> | <b>(10.6)</b>   | <b>(6.4)</b> | <b>(1.0)</b>  | <b>(5.6)</b> | <b>(35.7)</b> |
| Total comprehensive income                        | (10.6)          | (6.4)        | -             | (5.6)        | (35.7)        |
| Dividends received                                | -               | -            | -             | -            | -             |

\*Others include investments < m€ 15.0 carrying value



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

| € million   | Highstreet<br>VIII | Liver       | Quartier<br>West | Echo        | Other*       |
|---|--------------------|-------------|------------------|-------------|--------------|
| Other non-current assets                          | 240.4              | 84.1        | 33.8             | 56.0        | 809.7        |
| Cash (restricted and free cash)                   | 19.8               | 1.2         | 1.4              | 7.4         | 157.7        |
| Other current assets                              | 8.0                | 3.6         | -                | 0.5         | 46.1         |
| Non-current financial liabilities                 | (147.7)            | (36.1)      | -                | (28.0)      | (376.1)      |
| Other non-current liabilities                     | (48.6)             | 2.2         | -                | (1.7)       | (26.5)       |
| Current financial liabilities                     | (3.0)              | -           | -                | (0.0)       | (3.5)        |
| Other current liabilities                         | (7.3)              | (2.0)       | (18.5)           | (1.1)       | (37.9)       |
| <b>Equity</b>                                     | <b>61.6</b>        | <b>53.0</b> | <b>16.7</b>      | <b>33.1</b> | <b>569.5</b> |
| Revenues  | 16.8               | 5.5         | -                | 1.0         | 44.4         |
| Interest income                                   | -                  | 0.2         | -                | -           | 0.3          |
| Interest expenses                                 | (3.9)              | (1.4)       | (0.8)            | (0.3)       | (6.0)        |
| Income tax expense or income                      | (0.4)              | (0.8)       | -                | (1.7)       | (18.8)       |
| <b>Profit / (loss) from continuing operations</b> | <b>0.7</b>         | <b>11.4</b> | <b>(1.2)</b>     | <b>8.1</b>  | <b>88.8</b>  |
| Total comprehensive income                        | 0.7                | 11.4        | (1.2)            | 8.1         | 88.8         |
| Dividends received                                | -                  | -           | -                | -           | 0.2          |

\*Others include investments < m€ 15.0 carrying value

Investment properties held by the associates are measured at fair value which includes assumptions on macro and micro economic developments in the future. In 2020, the hotel/serviced living assets and retail assets managed by the Group experienced two negative impacts introduced by the COVID-19 pandemic. First, negative operational results caused by the continuing lockdown that prevents national and international travel as well as on-site shopping. Second, mostly negative valuation results based on negative short- to mid-term assumptions about normalization of travel and shopping routines which have been further shifted to ecommerce activities during the ongoing lockdown.

The following table shows the participation quote and the movements in Group's investments in associates and joint ventures:

**Investment in Associates and Joint Ventures –  
Movement in carrying amount 2020 (in € million)**

| Project                     | participation<br>quote<br>01 Jan 2020 | participation<br>quote<br>31 Dec 2020 | 1 Jan 2020   | Additions/<br>Transfers | Share of<br>profit/ (Loss)<br>for the<br>period | Dividends<br>and capital<br>repayments<br>received in<br>cash | Disposals/<br>Transfers | Currency<br>translation<br>adjustments | 31<br>December<br>2020 |
|-----------------------------|---------------------------------------|---------------------------------------|--------------|-------------------------|---|---|-------------------------|--|------------------------|
| LIVER                       | 34.6%                                 | 35.1%                                 | 20.8         | -                       | (1.8)   | -   | -                       | (1.2)                                  | 17.8                   |
| QUARTIER WEST               | 37.3%                                 | 31.7%                                 | 12.6         | 3.4                     | (0.3)   | -   | (2.0)                   | -                                      | 13.7                   |
| ECHO                        | 37.7%                                 | 38.2%                                 | 13.0         | -                       | (1.8)   | -   | -                       | -                                      | 11.3                   |
| HIGHSTREET VIII             | 21.1%                                 | 21.6%                                 | 11.3         | -                       | (0.9)   | (0.3)   | -                       | -                                      | 10.1                   |
| TABLAS                      | 42.7%                                 | 42.7%                                 | 5.8          | 1.6                     | (0.8)   | -   | -                       | -                                      | 6.6                    |
| Tempelhof Twins             | 11.0%                                 | 11.0%                                 | 5.9          | 0.2                     | 0.4   | -   | -                       | -                                      | 6.5                    |
| PALLARS                     | 42.4%                                 | 42.4%                                 | 1.3          | 4.1                     | (0.3)   | -   | -                       | -                                      | 5.1                    |
| Neuss                       | -                                     | 35.5%                                 | -            | 5.0                     | -   | -   | -                       | -                                      | 5.0                    |
| HIGHSTREET VI               | 10.0%                                 | 10.0%                                 | 5.0          | -                       | (0.2)   | -   | -                       | -                                      | 4.9                    |
| HIGHSTREET PII              | 10.0%                                 | 10.0%                                 | 4.2          | -                       | (0.3)   | -   | -                       | -                                      | 3.9                    |
| OLYMPIC                     | 10.0%                                 | 10.5%                                 | 5.3          | 0.2                     | (2.2)   | -   | -                       | -                                      | 3.3                    |
| PLUTOS                      | 10.2%                                 | 13.0%                                 | 2.5          | -                       | 0.3   | -   | -                       | -                                      | 2.8                    |
| TURICUM                     | 5.5%                                  | 6.0%                                  | 2.7          | -                       | (0.1)   | -   | -                       | -                                      | 2.6                    |
| BAIN                        | 10.0%                                 | 10.0%                                 | 0.8          | 1.7                     | (0.2)   | -   | -                       | -                                      | 2.2                    |
| BOCHUM                      | 10.1%                                 | 10.1%                                 | 1.8          | -                       | (0.0)   | -   | -                       | -                                      | 1.8                    |
| ISABELA                     | 10.5%                                 | 11.7%                                 | 0.5          | 0.1                     | 0.8   | -   | -                       | -                                      | 1.5                    |
| CONDOR                      | 10.0%                                 | 10.5%                                 | 1.8          | 0.1                     | (0.5)   | (0.1)   | -                       | -                                      | 1.4                    |
| POSEIDON                    | 10.1%                                 | 10.7%                                 | 2.2          | -                       | (0.0)   | (0.8)   | -                       | -                                      | 1.4                    |
| ANNAPURNA                   | 10.3%                                 | 10.3%                                 | 3.1          | -                       | (0.2)   | (1.5)   | -                       | -                                      | 1.3                    |
| CASSANDRA                   | 10.5%                                 | 11.0%                                 | 1.3          | -                       | (0.0)   | -   | -                       | -                                      | 1.3                    |
| ACROSS                      | 10.0%                                 | 12.3%                                 | 1.1          | -                       | (0.1)   | -   | -                       | -                                      | 1.0                    |
| DONALD                      | 5.1%                                  | 5.1%                                  | 0.9          | -                       | (0.0)   | (0.0)   | -                       | -                                      | 0.8                    |
| KING                        | 10.0%                                 | 10.6%                                 | 0.6          | -                       | (0.0)   | -   | -                       | -                                      | 0.5                    |
| FLIGHT 47                   | 24.7%                                 | 26.0%                                 | 0.4          | -                       | -   | -   | -                       | -                                      | 0.4                    |
| Venloer4711                 | 10.1%                                 | 10.1%                                 | 1.1          | -                       | (0.5)   | -   | -                       | -                                      | 0.7                    |
| HABANA                      | 46.5%                                 | 49.0%                                 | 0.1          | 0.0                     | 0.0   | -   | -                       | -                                      | 0.1                    |
| ROSE                        | 5.4%                                  | 5.4%                                  | 0.2          | -                       | (0.0)   | -   | -                       | -                                      | 0.1                    |
| HIGHSTREET VII              | 40.8%                                 | 41.1%                                 | 6.7          | 35.8                    | (0.1)   | (42.2)  | (0.2)                   | -                                      | 0.0                    |
| VOLARE                      | 94.9%                                 | 100.0%                                | 0.1          | -                       | (0.0)   | -   | (0.1)                   | -                                      | 0.0                    |
| ENERGY                      | 0.0%                                  | Merged                                | 0.0          | -                       | -   | -   | (0.0)                   | -                                      | 0.0                    |
| <b>Associates, total</b>    |                                       |                                       | <b>113.2</b> | <b>52.1</b>             | <b>(8.9)</b>                                    | <b>(44.9)</b>   | <b>(2.3)</b>            | <b>(1.2)</b>                           | <b>108.0</b>           |
| Moviestar                   | 18.0%                                 | 18.0%                                 | 10.4         | -                       | -   | -   | -                       | -                                      | 10.4                   |
| RAW                         | 50.0%                                 | 50.0%                                 | 2.9          | -                       | (0.5)   | -   | -                       | -                                      | 2.3                    |
| SCORE                       | 50.0%                                 | 50.0%                                 | 0.0          | -                       | (0.0)   | -   | -                       | -                                      | 0.0                    |
| Santes Fair                 | 50.0%                                 | 50.0%                                 | 0.0          | -                       | (0.0)   | -   | -                       | -                                      | 0.0                    |
| Accontis Exporo             | 47.5%                                 | 50.0%                                 | 0.0          | -                       | (0.0)   | -   | -                       | -                                      | 0.0                    |
| <b>Joint Venture, total</b> |                                       |                                       | <b>13.4</b>  | <b>-</b>                | <b>(0.5)</b>                                    | <b>-</b>  | <b>-</b>                | <b>-</b>                               | <b>12.8</b>            |
| <b>Total</b>                |                                       |                                       | <b>126.5</b> | <b>52.1</b>             | <b>(9.4)</b>                                    | <b>(44.9)</b>   | <b>(2.3)</b>            | <b>(1.2)</b>                           | <b>120.8</b>           |

### Investment in Associates and Joint Ventures – Movement in carrying amount 2019 (in € million)

| Project                     | participation<br>quote<br>01 Jan 2019 | participation<br>quote<br>31 Dec 2019 | 1 Jan 2019  | Additions/<br>Transfers | Share of<br>profit/ (Loss)<br>for the period | Dividends and<br>capital<br>repayments<br>received in<br>cash | Disposals/<br>Transfers | Currency<br>translation<br>adjustments | 31<br>December<br>2019 |
|-----------------------------|---------------------------------------|---------------------------------------|-------------|-------------------------|--|---|-------------------------|--|------------------------|
| LIVER                       | 34.6%                                 | 34.6%                                 | 16.9        | 0.8                     | 3.2  | 0.0   | 0.0                     | (0.0)                                  | 20.8                   |
| ECHO                        | -                                     | 37.7%                                 | 0.0         | 9.9                     | 3.1  | 0.0   | 0.0                     | 0.0                                    | 13.0                   |
| QUARTIER WEST               | -                                     | 37.3%                                 | 0.0         | 15.8                    | (0.2)  | 0.0   | (3.0)                   | 0.0                                    | 12.6                   |
| HIGHSTREET VIII             | 21.1%                                 | 21.1%                                 | 17.2        | 3.3                     | (0.7)  | (0.0)   | (8.5)                   | 0.0                                    | 11.3                   |
| HIGHSTREET VII              | 6,2%                                  | 40.8%                                 | 6.1         | 0.0                     | 1.0  | (0.4)   | 0.0                     | 0.0                                    | 6.7                    |
| Tempelhof Twins             | -                                     | 11.0%                                 | 0.0         | 5.6                     | 0.3  | 0.0   | 0.0                     | 0.0                                    | 5.9                    |
| TABLAS                      | -                                     | 42.7%                                 | 0.0         | 6.1                     | (0.3)  | 0.0   | 0.0                     | 0.0                                    | 5.8                    |
| OLYMPIC                     | 10.0%                                 | 10.0%                                 | 2.0         | 0.0                     | 3.4  | (0.1)   | 0.0                     | 0.0                                    | 5.3                    |
| HIGHSTREET VI               | 10.0%                                 | 10.0%                                 | 5.2         | 0.0                     | 0.1  | (0.3)   | 0.0                     | 0.0                                    | 5.0                    |
| HIGHSTREET PII              | 10.0%                                 | 10.0%                                 | 4.3         | 0.0                     | (0.1)  | 0.0   | 0.0                     | 0.0                                    | 4.2                    |
| ANNAPURNA                   | 10.3%                                 | 10.3%                                 | 1.5         | 0.0                     | 1.6  | (0.0)   | 0.0                     | 0.0                                    | 3.1                    |
| TURICUM                     | 5.5%                                  | 5.5%                                  | 2.8         | 0.0                     | (0.1)  | 0.0   | 0.0                     | 0.0                                    | 2.7                    |
| PLUTOS                      | -                                     | 10.2%                                 | 0.0         | 2.9                     | (0.4)  | 0.0   | 0.0                     | 0.0                                    | 2.5                    |
| POSEIDON                    | 10.1%                                 | 10.1%                                 | 1.2         | 1.1                     | (0.1)  | 0.0   | 0.0                     | 0.0                                    | 2.2                    |
| CONDOR                      | 10.0%                                 | 10.0%                                 | 1.3         | 0.0                     | 0.6  | 0.0   | 0.0                     | 0.0                                    | 1.8                    |
| BOCHUM                      | -                                     | 10.1%                                 | 0.0         | 1.8                     | 0.0  | 0.0   | 0.0                     | 0.0                                    | 1.8                    |
| PALLARS                     | -                                     | 42.4%                                 | 0.0         | 1.6                     | (0.2)  | 0.0   | 0.0                     | 0.0                                    | 1.3                    |
| CASSANDRA                   | -                                     | 10.5%                                 | 0.0         | 1.3                     | (0.0)  | 0.0   | 0.0                     | 0.0                                    | 1.3                    |
| Venloer4711                 | 10.1%                                 | 10.1%                                 | 1.2         | 0.0                     | (0.1)  | 0.0   | 0.0                     | 0.0                                    | 1.1                    |
| ACROSS                      | 10.0%                                 | 10.0%                                 | 1.1         | 0.0                     | (0.0)  | 0.0   | 0.0                     | 0.0                                    | 1.1                    |
| DONALD                      | 5.1%                                  | 5.1%                                  | 0.6         | 0.0                     | 0.3  | (0.0)   | 0.0                     | 0.0                                    | 0.9                    |
| BAIN                        | -                                     | 10.0%                                 | 0.0         | 0.8                     | 0.0  | 0.0   | 0.0                     | 0.0                                    | 0.8                    |
| KING                        | 10.0%                                 | 10.0%                                 | 0.6         | 0.0                     | (0.0)  | 0.0   | 0.0                     | 0.0                                    | 0.6                    |
| ISABELA                     | 10.5%                                 | 10.5%                                 | 0.7         | 0.0                     | (0.1)  | (0.1)   | 0.0                     | 0.0                                    | 0.5                    |
| FLIGHT 47                   | 24.7%                                 | 24.7%                                 | 0.8         | 0.0                     | 0.0  | (0.3)   | 0.0                     | 0.0                                    | 0.4                    |
| ROSE                        | 5.4%                                  | 5.4%                                  | 0.3         | 0.0                     | 0.1  | (0.2)   | 0.0                     | 0.0                                    | 0.2                    |
| HABANA                      | 46.5%                                 | 46.5%                                 | 0.1         | 0.0                     | 0.0  | 0.0   | 0.0                     | 0.0                                    | 0.1                    |
| VOLARE                      | 94.9%                                 | 94.9%                                 | 0.6         | 0.0                     | (0.4)  | 0.0   | 0.0                     | 0.0                                    | 0.1                    |
| ENERGY                      | 10.7%                                 | sold                                  | 0.1         | 0.0                     | 0.0  | (0.1)   | (0.0)                   | 0.0                                    | 0.0                    |
| CLG                         | 49.0%                                 | sold                                  | 0.1         | 0.0                     | 0.0  | 0.0   | (0.1)                   | 0.0                                    | 0.0                    |
| REGIA                       | 49.0%                                 | sold                                  | 11.6        | 0.0                     | 0.3  | (11.8)  | 0.0                     | 0.0                                    | 0.0                    |
| <b>Associates, total</b>    |                                       |                                       | <b>75.9</b> | <b>51.0</b>             | <b>11.2</b>                                  | <b>(13.3)</b>   | <b>(11.6)</b>           | <b>(0.0)</b>                           | <b>113.2</b>           |
| Moviestar                   | 18.0%                                 | 18.0%                                 | 10.4        | 0.0                     | 0.0  | 0.0   | 0.0                     | 0.0                                    | 10.4                   |
| RAW                         | 50.0%                                 | 50.0%                                 | 0.0         | 3.0                     | (0.1)  | 0.0   | 0.0                     | 0.0                                    | 2.9                    |
| Santes Fair                 | 50.0%                                 | 50.0%                                 | 0.1         | 0.0                     | 0.1  | (0.2)   | 0.0                     | 0.0                                    | 0.0                    |
| Accontis Exporo             | -                                     | 47.5%                                 | 0.0         | 0.0                     | (0.0)  | 0.0   | 0.0                     | 0.0                                    | 0.0                    |
| SCORE                       | 50.0%                                 | 50.0%                                 | 0.0         | 0.0                     | 0.0  | 0.0   | 0.0                     | 0.0                                    | 0.0                    |
| <b>Joint Venture, total</b> |                                       |                                       | <b>10.6</b> | <b>3.0</b>              | <b>(0.1)</b>                                 | <b>(0.2)</b>  | <b>0.0</b>              | <b>0.0</b>                             | <b>13.4</b>            |
| <b>Total</b>                |                                       |                                       | <b>86.5</b> | <b>54.0</b>             | <b>11.1</b>                                  | <b>(13.5)</b>   | <b>(11.6)</b>           | <b>(0.0)</b>                           | <b>126.6</b>           |

The following sensitivity analysis shows how the Group's Investment in Associates and Joint Ventures and Loans to Associates and Joint Ventures (carrying amount) 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

| € million   | Property value (+10%) | Property value (+5%) | Carrying value | Property value (-5%) | Property value (-10%) |
|-------------|-----------------------|----------------------|----------------|----------------------|-----------------------|
| <b>2020</b> | 138.4                 | 129.7                | <b>120.8</b>   | 111.8                | 102.0                 |
| 2019        | 136.2                 | 131.4                | <b>126.5</b>   | 121.5                | 116.1                 |

The decrease in other financial instruments reflects the negatively impacted market environment due to the COVID-19 pandemic. There is a downsize in fair value measurement as well as an impairment recognized in one of the ATOS projects in total of € 8.8m. Furthermore, an additional decrease of € 9.9m relates to changes in shares due to outplacements of projects in subgroup HL.

#### E.4 Other Financial Instruments

Other Financial instruments mainly contain minority shares in partnership structures managed by HL, which are invested in real estate. Since shares in partnerships are treated as debt instruments, valuation changes are recognized in profit and loss. Other major positions for 2020 relate to Corestate's Opportunity Fund and the Stratos funds managed by HFS. Both funds are treated as equity instruments designated at fair value through profit and loss.

The following overview shows the amount of the major positions of Group's other financial instruments:

| € million         | 2020         | 2019         |
|-------------------|--------------|--------------|
| Opportunity Fund  | 58.4         | 58.1         |
| Stratos Funds     | 35.6         | 41.9         |
| Private Invest    | 9.8          | 12.7         |
| Other Instruments | 50.1         | 59.5         |
| <b>Total</b>      | <b>153.9</b> | <b>172.2</b> |

## E.5 Property, Plant and Equipment, Right-of-use Assets

| € million                                  | Land and buildings | Office and other equipment | 2020        | 2019        |
|--|--------------------|----------------------------|-------------|-------------|
| <b>Acquisition cost</b>                    |                    |                            |             |             |
| As of 1 January                            | 0.0                | 32.2                       | 32.2        | 23.0        |
| IFRS 16 adjustment                         | -                  | -                          | -           | 13.4        |
| As of 1 January (adjusted)                 | 0.0                | 32.2                       | 32.2        | 36.3        |
| Changes in scope of consolidated companies | -                  | 0.4                        | 0.4         | 0.0         |
| Currency changes                           | -                  | (0.1)                      | (0.1)       | 0.1         |
| Additions                                  | 3.0                | 6.3                        | 9.3         | 12.9        |
| Transfers                                  | 23.6               | (23.6)                     | 0.0         | 0.0         |
| Transfers to inventories                   | -                  | -                          | 0.0         | 3.1         |
| Disposals                                  | (2.2)              | (1.4)                      | (3.7)       | (20.3)      |
| <b>As of 31 December</b>                   | <b>24.4</b>        | <b>13.7</b>                | <b>38.1</b> | <b>32.2</b> |
| <b>Depreciation and impairment losses</b>  |                    |                            |             |             |
| As of 1 January                            | 0.0                | 8.0                        | 8.0         | 4.1         |
| Changes in scope of consolidated companies | -                  | 0.3                        | 0.3         | 0.0         |
| Currency changes                           | -                  | (0.0)                      | (0.0)       | 0.0         |
| Additions to cumulative depreciation       | 3.2                | 5.6                        | 8.9         | 4.2         |
| Transfers                                  | 2.9                | (2.9)                      | 0.0         | 0.0         |
| Disposals                                  | -                  | (1.2)                      | (1.2)       | (0.4)       |
| <b>As of 31 December</b>                   | <b>6.2</b>         | <b>9.7</b>                 | <b>15.8</b> | <b>8.0</b>  |
| <b>Total (Carrying amount)</b>             | <b>18.3</b>        | <b>4.0</b>                 | <b>22.3</b> | <b>24.2</b> |

The addition of € 9.3m mainly relates to new and extended lease contracts as well as new office and other equipment in CRM Students Ltd.

Office and other equipment mainly refer to student accommodation management company CRM Students Ltd., Hannover Leasing KG, Corestate Capital Advisors GmbH and one of the Group's property management companies 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 have lease terms mostly 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:

| € million                     | Office premises | Cars       | Office equipment | Other assets | Total       |
|-------------------------------|-----------------|------------|------------------|--------------|-------------|
| As of 1 January 2020          | 19.8            | 0.5        | 0.1              | 0.2          | 20.7        |
| Additions                     | 2.1             | 0.2        | 0.0              | 0.2          | 2.5         |
| Depreciation                  | (3.7)           | (0.4)      | 0.0              | (0.1)        | (4.2)       |
| <b>As of 31 December 2020</b> | <b>18.2</b>     | <b>0.3</b> | <b>0.1</b>       | <b>0.3</b>   | <b>19.0</b> |

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

| € million                | 2020        | 2019        |
|--------------------------|-------------|-------------|
| As of 1 January          | 21.0        | 13.4        |
| Additions                | 11.0        | 10.3        |
| Accretion of interest    | 1.1         | 0.6         |
| Payments                 | (5.7)       | (3.3)       |
| <b>As of 31 December</b> | <b>27.4</b> | <b>21.0</b> |

In 2020, the Group recognized a finance lease receivable initially amounted to € 9.4m (2019: € 0.0m) and a lease liability due to the headlease of the initial agreement of € 6.7m (2019: € 0.0m). The delta is recognized in Group's profit and loss statement. The maturity analysis of lease liabilities is disclosed in Note F.4.1 Liquidity risk.

The following table shows the amounts recognised in profit or loss:

| € million   | 2020         | 2019         |
|---|--------------|--------------|
| Depreciation expense of right-of-use assets       | (4.2)        | (2.9)        |
| Income of Subleasing recognized at inception date | 2.7          | -            |
| Interest expense on lease liabilities             | (1.1)        | (0.6)        |
| Interest income on lease receivables              | 0.3          | -            |
| Expense relating to leases of low-value assets    | (0.2)        | (0.2)        |
| Expense relating to short-term leases             | (0.0)        | (0.0)        |
| <b>Total amount recognised in profit or loss</b>  | <b>(2.6)</b> | <b>(3.7)</b> |

Corestate had total cash outflows for leases of € 5.9m (2019: € 3.5m).

## E.6 Non-Current Receivables

| € million  | 2020        | 2019        |
|--|-------------|-------------|
| Long-term Loans to third parties                     | 33.6        | 22.0        |
| Long-term Loans to former majority shareholder of HL | 8.5         | 8.5         |
| Long-term Loans other                                | 11.6        | 5.0         |
| <b>Total</b>   | <b>53.7</b> | <b>35.5</b> |

Non-current receivables increased by € 18.2m and is mainly driven by a loan into WGS Management GmbH amounting to € 14.0m. For this loan, the term was renegotiated and extended in 2020. This was previously included in full in other current financial assets.

## E.7 Non-Current Loans to Associates

| € million                                   | 2020        | 2019        |
|---|-------------|-------------|
| Loans granted by sub-group Hannover Leasing | 13.4        | 21.6        |
| Others                                      | 6.2         | 1.4         |
| <b>Total</b>                                | <b>19.6</b> | <b>23.0</b> |

Loans granted by sub-group Hannover Leasing – details:

- Loans granted to Project HL Invest Neuss GmbH € 7.0m (2019:-).
- Loans granted to Project KANADA HAUS KG € 5.0m (2019: € 4.3m).
- Loans granted to other Hannover Leasing sub-group projects € 1.4m (2019: € 1.0m).

The table below shows the movements of impairment losses within the period 2020:

| € million                            |             |
|--------------------------------------|-------------|
| <b>1 January 2020</b>                | <b>18.3</b> |
| Provision for expected credit losses | 2.1         |
| Impairment Reversal                  | (1.3)       |
| <b>31 December 2020</b>              | <b>19.1</b> |

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

| € million                            |             |
|--------------------------------------|-------------|
| <b>1 January 2019</b>                | <b>18.9</b> |
| Provision for expected credit losses | 1.9         |
| Utilization                          | (0.5)       |
| Change in scope of consolidation     | (2.0)       |
| <b>31 December 2019</b>              | <b>18.3</b> |

## E.8 Inventories

Inventories comprise real estate properties of the segment "Real Estate Operations and Warehousing" which are to be converted into 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 totalling € 73.8m (2019: € 62.3m) are related to the Projects Highstreet Giessen and Bego as well as the newly acquired project Gabriela in 2020.

According to the underlying business plan, all real estate assets classified as inventories are expected to be sold in the normal business cycle (up to three years).

| € million  | 2020        | 2019        |
|--|-------------|-------------|
| Highstreet Giessen PropCo S.à r.l. (property located in Giessen)               | 65.4        | 57.6        |
| Bego PropCo I S.L. (property located in Spain)                                 | 4.6         | 4.6         |
| Thorfin Invest S.L. in future Gabriela PropCo S.L. (property located in Spain) | 3.7         | -           |
| <b>Total (Carrying amount)</b>   | <b>73.8</b> | <b>62.3</b> |

## E.9 Trade Receivables

Trade receivables of € 33.0m (2019: € 48.5m) 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.

The table below shows the risk provision for financial assets at amortised cost showing cumulative impairment losses of € 1.3m (2019: € 1.7m) that are recognised for doubtful accounts:

| € million                            | Step 2<br>Simplified<br>Approach | Step 3<br>Simplified<br>Approach | Total      |
|--------------------------------------|----------------------------------|----------------------------------|------------|
| <b>1 January 2020</b>                | <b>0.2</b>                       | <b>1.4</b>                       | <b>1.7</b> |
| Provision for expected credit losses | 0.3                              | 0.1                              | 0.4        |
| Write-off                            | 0.0                              | (0.8)                            | (0.8)      |
| <b>31 December 2020</b>              | <b>0.5</b>                       | <b>0.8</b>                       | <b>1.3</b> |

## E.10 Contract Assets

Contract assets of € 51.0m (2019: € 23.0m) are mainly driven by the recognition of the coupon participation fees for the Stratos Funds. The coupon participation fees are calculated on a monthly basis but are chargeable every three to six months.

## E.11 Other Current Financial Assets

Other current financial assets amounted to € 126.7m (2019: € 60.8m) mainly comprise 3 loans granted for warehousing activities as well as finance lease receivables. The total amount of loans granted for bridge financing activities are € 107.1m.

## E.12 Other Current Assets

Other current assets, predominantly comprising other tax receivables, amount to € 16.6m (2019: € 14.4m) and hence remain relatively stable.

## E.13 Restricted Cash, Cash and Cash Equivalents

Restricted cash (€ 23.0m; 2019: € 2.6m) relates to the CAPEX loan drawn in 2020 for improvement measures performed at the project Highstreet Gießen.

Cash and Cash Equivalents (€ 68.2m; 2019: € 103.2m) 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.

## E.14 Share capital

### E.14.1 Share capital

| € million                                     | 2020       | 2019       |
|---|------------|------------|
| <b>As of 1 January</b>                        | <b>1.6</b> | <b>1.6</b> |
| Issue of share capital (contribution in cash) | 0.3        | 0.0        |
| Repurchase of shares                          | -          | (0.0)      |
| Equity-settled share-based payments           | 0.0        | -          |
| <b>As of 31 December</b>                      | <b>1.9</b> | <b>1.6</b> |

In January 2020 the Group issued 108,725 new shares against contribution in kind that have been transferred as part of the purchase price for sub-group STAM. Also, all of the treasury shares amounting to 174,968 have been used as consideration for acquiring STAM. In total, the share capital increased by 108.725 shares amounting to € 8,154. Additional to that the treasury shares used for the acquisition and the new shares issued lead to an increase of the other reserves of € 6,392,517 and 3,976,306, respectively.

In March 2020, 16,501 shares were granted as part of a remuneration payment due to the termination of the contract of a former Group's member of the board (see Note F.6.3).

Furthermore, in September 2020 the Group issued new shares amounted to 4,186,382 as a capital increase. The increase in capital added an amount of € 313,979 into the share capital. The Group has completed its



capital increase from authorized capital against cash contributions. The new issued ordinary shares were placed with domestic and international institutional investors outside the United States at a price of € 17.82 per share, resulting in gross proceeds of € 74,601,327. These new shares are entitled to dividends as of 1 January 2020 and were also included to trading in the Primary Standard segment of the Frankfurt Stock Exchange as of 18 September 2020.

Overall, the Company's share capital as of 31 December 2020 is set at € 1,924,953 (2019: € 1,588,460) represented by 25,666,025 (2019: 21,179,449) shares which are fully paid up. All shares are dematerialized shares without a par value. 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.

#### E.14.2 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. Since 2017, the authorized capital represented by a maximum of 26,666,666

shares without nominal value of in the Company in an amount of € 2,000,000 was given.

In 2020, 4,311,608 shares representing a share capital increase of € 336,493, have been issued by the management board out of the authorized capital.

As per December 2020, 22,289,732 shares without nominal value in an amount of € 1,658,608 remains in authorized capital.

#### E.14.3 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 22 April 2020, Corestate withdrew its outlook for the financial year 2020 due to the COVID-19 pandemic. In view of the significant shift in investment decisions, transactions and valuation approaches in core markets and products, the Company considered it no longer likely that it would achieve its originally planned targets for this financial year and revenues were likely to fall short of expectations, particularly in the areas of acquisition and performance-based fees as well as warehousing and alignment capital. Corestate shifted its focus from being on a sustainable growth path to preserving liquidity and further strengthening to company's balance sheet. Accordingly, the Annual General Meeting, held for the first time purely online, decided on 5 June 2020 that no dividend will be distributed for the financial year ended 31 December 2019.

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 € 52.9m (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 (see Note F.6.3) result in an increase of the capital reserve in an amount of € 1.2m in the financial year 2020 (2019: € 1.9m).

### E.15 Other Non-Current Provisions

Other Non-Current Provisions include different forms of guarantees and other commitments that typically arise from Corestate's warehousing or product placement activities. Hence, the volume in rental guarantees declined as warehousing activities were reduced from 2019 to 2020. As at 31 December 2020, other provisions mainly include pension-related obligations.

#### Other Non-Current Provisions – Detailed composition

| € million                        | 01 Jan 2020 | Reversals    | Additions  | Transfer   | 31 Dec 2020 |
|----------------------------------|-------------|--------------|------------|------------|-------------|
| Rental Guarantees                | 0.4         | -            | -          | (0.4)      | -           |
| Guarantees and other commitments | 0.5         | -            | -          | -          | 0.5         |
| Other provisions                 | 0.4         | (0.1)        | 0.0        | 1.0        | 1.3         |
| <b>Total</b>                     | <b>1.3</b>  | <b>(0.1)</b> | <b>0.0</b> | <b>0.6</b> | <b>1.8</b>  |

| € million                        | 01 Jan 2019 | Utilization  | Reversals    | Additions  | 31 Dec 2019 |
|----------------------------------|-------------|--------------|--------------|------------|-------------|
| Rental Guarantees                | 2.0         | (1.2)        | (0.5)        | 0.0        | 0.4         |
| Guarantees and other commitments | 3.7         | (3.0)        | (0.1)        | -          | 0.5         |
| Other provisions                 | 0.4         | -            | -            | -          | 0.4         |
| <b>Total</b>                     | <b>6.0</b>  | <b>(4.2)</b> | <b>(0.6)</b> | <b>0.0</b> | <b>1.3</b>  |

### E. 16 Non-Current Financial Liabilities from Bonds

#### 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 € 9.7m and reflects the value of the conversion right (written call option).

The Company being 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.

The table below shows the amounts of the Group's bonds:

| € million                                   | 2020         | 2019         |
|---|--------------|--------------|
| Bonds 2018                                  | 296.5        | 294.9        |
| Convertible bonds 2017                      | 194.5        | 191.8        |
| Bonds of HFS Helvetic Financial Services AG | -            | 30.5         |
| <b>Total</b>                                | <b>491.0</b> | <b>517.2</b> |

Bonds of HFS Helvetic Financial Services AG are shown in other current financial liabilities (see Note E.22).

### E.17 Non-Current Financial Liabilities to Banks

Financial liabilities to banks of € 4.6m (2019: € 7.0m) presented a remaining term of more than one year. The decrease in the reporting period is mainly driven by reclassification to current financial liabilities (also see Note E.22).

### E.18 Other Non-Current Financial Liabilities

Other non-current financial liabilities of € 29.3m (2019: € 20.9m) mainly comprise lease liabilities (2020: € 22.9m; 2019: € 17.8m) resulting from procurement leases where the Group makes use of offices and cars. Cars are mainly used for property management and Genost consulting employees.

### E.19 Other Current Provisions

The table below shows the detailed compensation of current provisions:

| € million                    | 01 Jan 2020 | Utilization  | Reversals    | Transfer   | Additions  | 31 Dec 2020 |
|------------------------------|-------------|--------------|--------------|------------|------------|-------------|
| Litigation costs             | 3.4         | (0.3)        | (0.8)        | -          | 0.8        | 3.1         |
| Restructuring                | 1.3         | (0.5)        | (0.1)        | -          | 0.4        | 1.2         |
| Tax law procedures and risks | 5.8         | (3.7)        | (0.2)        | -          | 0.7        | 2.7         |
| Rental Guarantees            | -           | -            | -            | 0.4        | 0.5        | 0.9         |
| others                       | 3.4         | (2.2)        | (0.7)        | -          | 1.7        | 2.2         |
| <b>Total</b>                 | <b>13.9</b> | <b>(6.6)</b> | <b>(1.7)</b> | <b>0.4</b> | <b>4.1</b> | <b>10.1</b> |

Other current provisions decreased by € 3.8m mainly due to utilizations of provisions for tax law procedures and risks of € 3.7m. The provision for litigation costs and the restructuring provision remained comparably unchanged at € 3.1m (2019: € 3.4m) respectively € 1.2m (2019: € 1.3m). Provisions for rental guarantees increased by € 0.9m. Thereof, € 0.4m was reclassified from non-current provisions.

### E.20 Other Current Financial Liabilities to Banks

Other current financial liabilities to banks of € 68.7m (2019: € 47.7m) mainly comprises financing of warehousing projects as well as the CAPEX loan drawn in 2020 for improvement measures performed at the project Highstreet Gießen (see also Note E.13).

### E.21 Trade Payables

Trade payables (€ 13.1m; 2019: € 14.3m) mainly consist of amounts due to utilized services and are not interest-bearing. The payment of trade payables is settled in accordance with normal business practice.

## E.22 Other Current Financial Liabilities

Other current financial liabilities amounted to € 42.0m (2019: € 3.2m) and mainly comprise the previous year's non-current HFS Bond of € 30.5m (see also Note E.16) and current lease liability of € 4.5m (2019: € 3.2m).

## E.23 Other Current Liabilities

| € million   | 2020        | 2019        |
|---|-------------|-------------|
| Liabilities from employee                         | 16.9        | 7.3         |
| Liabilities from other taxes<br>(VAT, stamp duty) | 5.8         | 5.2         |
| Deferred income                                   | 3.5         | 7.2         |
| Others  | 22.3        | 25.5        |
| <b>Total</b>                                      | <b>48.5</b> | <b>45.2</b> |

The increase in liabilities from employee benefits are mainly driven by settlement payments for former employees and provision for bonuses in a total amount of € 11.6m (2019: € 5.8m). The position 'Others' includes liabilities for social security as well as deposits received and the position 'Deferred income' includes all income other than revenues transferred in the reporting period but belonging to the next year (e.g. accrued interests).

## F. Other information

### F.1 Segment information

#### F.1.1 Operating segments & chief operating decision maker (CODM)

For management purposes, the Group is organized into business units based on its assets and services and therefor reports the three following segments:

- 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 chief operating decision-maker and is based on operating business divisions ("management approach"). The chief operating decision-maker is the Group's Management Board.

The Group's management 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 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.

#### *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 fees such as acquisition-related fees, asset management fees, coupon participation fees, as well as sales fees and 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, the Real Estate Investment Management result comprises interest income from short-term

bridging activities of mezzanine loans to Real Estate development companies.

#### *Alignment Capital Management*

Another element of the business model of the Group are alignment capital investments, in particular investment products for the Group's 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.

#### *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 assets 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 competitive advantage. Over the holding period, the Group is managing the respective 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).

### F.1.2 Segment information

#### Segment Information for the period from 1 January to 31 December 2020

| € million  | Real Estate Investment Management | Alignment Capital Management | Real Estate Operations/Warehousing | Total Segments | Overhead (not allocated) | Consolidated Financial Statements |
|--|-----------------------------------|------------------------------|------------------------------------|----------------|--------------------------|-----------------------------------|
| <b>Revenues:</b>   |                                   |                              |                                    |                |                          |                                   |
| Revenues   | 193.3                             | 0                            | 6.3                                | 199.6          | 0                        | 199.6                             |
| Inter-segment revenues   | 0                                 | 0                            | 0                                  | 0              | 0                        | 0                                 |
| <b>Total Revenues</b>  | <b>193.3</b>                      | <b>0</b>                     | <b>6.3</b>                         | <b>199.6</b>   | <b>0</b>                 | <b>199.6</b>                      |
| Income/expenses  |                                   |                              |                                    |                |                          |                                   |
| Expenses from Real Estate Investment Management  | (117.7)                           | 0                            | 0                                  | (117.7)        | 0                        | (117.7)                           |
| Share of Profit or Loss from Associates and Joint Ventures                               | 0                                 | (9.3)                        | 0                                  | (9.3)          | 0                        | (9.3)                             |
| Dividends from other Alignment Capital   | 0                                 | 8.8                          | 0                                  | 8.8            | 0                        | 8.8                               |
| Gains/losses from fair value measurement of financial instruments related to real estate | 0                                 | (6.8)                        | 0                                  | (6.8)          | 0                        | (6.8)                             |
| Expenses from Management of Associates and Joint Ventures                                | 0                                 | (17.3)                       | 0                                  | (17.3)         | 0                        | (17.3)                            |
| Net Gain (losses) from Selling Property Holding Companies / Inventories                  | 0                                 | 0                            | (0.8)                              | (0.8)          | 0                        | (0.8)                             |
| Expenses from Real Estate Operations   | 0                                 | 0                            | (5.6)                              | (5.6)          | 0                        | (5.6)                             |
| <b>Total earnings</b>  | <b>75.6</b>                       | <b>(24.7)</b>                | <b>(0.1)</b>                       | <b>50.8</b>    | <b>0</b>                 | <b>50.8</b>                       |
| General and Administrative Expenses  | 0                                 | 0                            | 0                                  | 0              | (45.4)                   | (45.4)                            |
| Other income   | 0                                 | 0                            | 0                                  | 0              | 11.2                     | 11.2                              |
| Depreciation & Amortisation  | (48.6)                            | 0                            | 0                                  | (48.6)         | (6.1)                    | (54.7)                            |
| Financial Income   | 0                                 | 0                            | 0                                  | 0              | 5.3                      | 5.3                               |
| Financial Expenses   | 0                                 | 0                            | 0                                  | 0              | (29.1)                   | (29.1)                            |
| Income Tax Expense   | 0                                 | 0                            | 0                                  | 0              | (7.0)                    | (7.0)                             |
| <b>Segment Net Profit/(Loss)</b>   | <b>27.0</b>                       | <b>(24.7)</b>                | <b>(0.1)</b>                       | <b>2.2</b>     | <b>(71.1)</b>            | <b>(68.9)</b>                     |
| <b>Total Assets (31 December 2020)</b>   | <b>883.1</b>                      | <b>218.1</b>                 | <b>209.0</b>                       | <b>1,310.2</b> | <b>154.9</b>             | <b>1,465.0</b>                    |
| <b>Total Liabilities (31 December 2020)</b>  | <b>549.4</b>                      | <b>100.2</b>                 | <b>103.4</b>                       | <b>753.0</b>   | <b>23.6</b>              | <b>776.6</b>                      |
| Other disclosures  |                                   |                              |                                    |                |                          |                                   |
| <b>Investment in Associates and Joint Ventures</b>                                       | <b>0</b>                          | <b>120.8</b>                 | <b>0</b>                           | <b>120.8</b>   | <b>0</b>                 | <b>120.8</b>                      |

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

| € million  | Real Estate Investment Management | Alignment Capital Management | Real Estate Operations/Warehousing | Total Segments | Overhead (not allocated) | Consolidated Financial Statements |
|--|-----------------------------------|------------------------------|------------------------------------|----------------|--------------------------|-----------------------------------|
| <b>Revenues:</b>   |                                   |                              |                                    |                |                          |                                   |
| <b>Total revenues</b>  | <b>236.2</b>                      | <b>0.0</b>                   | <b>14.7</b>                        | <b>250.9</b>   | <b>0.0</b>               | <b>250.9</b>                      |
| Income/expenses  |                                   |                              |                                    |                |                          |                                   |
| Expenses from Real Estate Investment Management  | (95.2)                            | 0                            | 0                                  | (95.2)         | 0                        | (95.2)                            |
| Share of Profit or Loss from Associates and Joint Ventures                               | 0                                 | 11.9                         | 0                                  | 11.9           | 0                        | 11.9                              |
| Dividends from other Alignment Capital   | 0                                 | 10.3                         | 0                                  | 10.3           | 0                        | 10.3                              |
| Gains/losses from fair value measurement of financial instruments related to real estate | 0                                 | 11.6                         | 0                                  | 11.6           | 0                        | 11.6                              |
| Expenses from Management of Associates and Joint Ventures                                | 0                                 | (12.2)                       | 0                                  | (12.2)         | 0                        | (12.2)                            |
| Net Gain from Selling Property Holding Companies / Inventories                           | 0                                 | 0                            | 18.7                               | 18.7           | 0                        | 18.7                              |
| Expenses from Real Estate Operations   | 0                                 | 0                            | (19.2)                             | (19.2)         | 0                        | (19.2)                            |
| <b>Total earnings</b>  | <b>141.0</b>                      | <b>21.6</b>                  | <b>14.2</b>                        | <b>176.9</b>   | <b>0</b>                 | <b>176.9</b>                      |
| General and Administrative Expenses  | 0                                 | 0                            | 0                                  | 0              | (24.6)                   | (24.6)                            |
| Other income   | 0                                 | 0                            | 0                                  | 0              | 22.8                     | 22.8                              |
| Depreciation & Amortisation  | (23.6)                            | (0.1)                        | (0.2)                              | (23.9)         | (7.2)                    | (31.1)                            |
| Financial Income   | 0                                 | 0                            | 0                                  | 0              | 10.1                     | 10.1                              |
| Financial Expenses   | 0                                 | 0                            | 0                                  | 0              | (33.6)                   | (33.6)                            |
| Income Tax Expense   | 0                                 | 0                            | 0                                  | 0              | (11.6)                   | (11.6)                            |
| <b>Segment Net Profit/(Loss)</b>   | <b>117.4</b>                      | <b>21.5</b>                  | <b>14.0</b>                        | <b>152.9</b>   | <b>(44.1)</b>            | <b>108.8</b>                      |
| <b>Total Assets (31 December 2019)</b>   | <b>839.5</b>                      | <b>268.3</b>                 | <b>124.6</b>                       | <b>1,232.4</b> | <b>186.0</b>             | <b>1,418.4</b>                    |
| <b>Total Liabilities (31 December 2019)</b>  | <b>522.7</b>                      | <b>95.1</b>                  | <b>98.2</b>                        | <b>716.1</b>   | <b>26.7</b>              | <b>742.7</b>                      |
| Other disclosures  |                                   |                              |                                    |                |                          |                                   |
| <b>Investment in Associates and Joint Ventures</b>                                       | <b>0</b>                          | <b>126.5</b>                 | <b>0</b>                           | <b>126.5</b>   | <b>0</b>                 | <b>126.5</b>                      |

### F.1.3 Group-wide disclosures

The Group operates currently with a focus on Germany, Austria, United Kingdom, Switzerland, France, 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 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. The additions of CRM and STAM in 2019 and 2020 has broadened the Group's geographical footprint to the UK and France in terms of both capital allocation and revenues.

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)

| € million                 | 2020         | 2019         |
|---------------------------|--------------|--------------|
| <b>Capital Allocation</b> | <b>227.7</b> | <b>243.5</b> |
| Germany                   | 174.9        | 182.4        |
| Benelux                   | 0.0          | 0.0          |
| UK                        | 18.4         | 21.1         |
| Spain                     | 19.3         | 22.9         |
| Poland                    | 10.9         | 11.6         |
| Switzerland               | 1.5          | 3.6          |
| Austria                   | 2.6          | 1.8          |
| France                    | 0.0          | -            |
| <b>Revenues</b>           | <b>199.6</b> | <b>250.9</b> |
| Germany                   | 160.2        | 207.5        |
| UK                        | 14.4         | 14.1         |
| Spain                     | 2.0          | 8.1          |
| Austria                   | 6.0          | 6.1          |
| USA                       | 5.1          | 5.1          |
| Benelux                   | 4.7          | 4.6          |
| Switzerland               | 0.8          | 4.4          |
| Asia                      | 0.8          | 0.5          |
| Poland                    | 0.0          | 0.5          |
| France                    | 5.5          | -            |

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 Group's management 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.

One of Group's customer account for more than 10% of consolidated revenue as same as in previous year. These revenues of € 58.4m (2019: € 74.8m) are completely recognized in the segment Real Estate Investment Management and mainly relate to the coupon participation fees.

### F.2 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

| € million  | 2020        | 2019        |
|--|-------------|-------------|
| Loan commitment                                      | 13.4        | 39.4        |
| Placing and takeover obligations                     | 44.1        | 2.8         |
| Obligations under guarantees and warranty agreements | 8.5         | 1.0         |
| <b>Total Loss Contingencies</b>                      | <b>66.0</b> | <b>43.2</b> |

The increase in the Contingent Liabilities is mainly the result of the projects "Weitblick Augsburg (HL Invest Augsburg KG)" and "WISAG Neuss (HL Invest Neuss KG)". For both projects HL KG acts as the placement warrantor. The placing and takeover obligations increased by € 43.9m through the project "Weitblick Augsburg". The loan commitments mainly relate to HL Invest Neuss KG (€ 7.1m). In 2019, loan commitments included € 26,4m from both HL Quartier West Darmstadt KG and HL Invest Hannover KG which were no longer granted at end of the reporting period. The increase in obligations under guarantees and warranty agreements predominantly relates to newly set-up HL Invest Chemnitz KG (€ 4.5m) and HL Invest Hannover KG (€ 1.4m).

The Group 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 in 2020.

### F.3 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 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 2020.

### F.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 and operations 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 at regular intervals. In addition, 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 management oversees the administration of these risks to ensure that an appropriate balance between risk and control is achieved. The Group's management reviews and agrees policies for managing each of these risks which are summarized below.

#### F.4.1 Liquidity risk

The Group monitors its risk of a shortage of funds using a recurring liquidity planning which is updated monthly. 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 (2020)

| € million                          | Closing Balance<br>31 Dec<br>2020 | < 1<br>year  | 1 to 5<br>years | > 5<br>years |
|------------------------------------|-----------------------------------|--------------|-----------------|--------------|
| Financial Liabilities to Banks     | 73.3                              | 72.2         | 4.7             | -            |
| Other Financial Liabilities        | 562.3                             | 60.1         | 530.7           | 9.9          |
| <i>thereof lease liabilities</i>   | <i>27.4</i>                       | <i>4.5</i>   | <i>13.0</i>     | <i>9.9</i>   |
| Current liabilities to Associates  | 9.3                               | 9.3          | -               | -            |
| Trade payables                     | 13.1                              | 13.1         | -               | -            |
| <b>Total financial liabilities</b> | <b>658.0</b>                      | <b>154.7</b> | <b>535.4</b>    | <b>9.9</b>   |

### Maturities of financial liabilities (2019)

| € million                          | Closing Balance<br>31 Dec<br>2019 | < 1<br>year | 1 to 5<br>years | > 5<br>years |
|------------------------------------|-----------------------------------|-------------|-----------------|--------------|
| Financial Liabilities to Banks     | 54.7                              | 49.3        | 5.9             | -            |
| Other Financial Liabilities        | 541.3                             | 17.5        | 578.4           | 0.0          |
| <i>thereof lease liabilities</i>   | <i>21.0</i>                       | <i>3.2</i>  | <i>17.8</i>     | <i>0.0</i>   |
| Current liabilities to Associates  | 8.5                               | 8.5         | -               | -            |
| Trade payables                     | 14.3                              | 14.3        | -               | -            |
| <b>Total financial liabilities</b> | <b>618.8</b>                      | <b>89.6</b> | <b>584.3</b>    | <b>0.0</b>   |

#### F.4.2 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 finance 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)

| € million   | Not yet due | Past-due - 1<br>to 90 days | Past-due - 91<br>to 180 days | Past-due - 181<br>to 360 days | Past-due -<br>from 361<br>days | Total |
|---|-------------|----------------------------|------------------------------|-------------------------------|--------------------------------|-------|
| Default ratio   | 0,4%        | 0,5%                       | 1,5%                         | 4,2%                          | 10,3%                          | 1,7%  |
| Gross carrying amount of trade receivables as of 31 December 2020 | 1.1         | 21.5                       | 4.3                          | 2.0                           | 2.5                            | 31.4  |
| Expected credit loss  | 0.0         | 0.1                        | 0.1                          | 0.1                           | 0.3                            | 0.5   |

Default ratios for 2020 do not materially deviate from 2019 numbers.

### Other Receivables (general approach)

The table below shows the effect of ECLs on financial assets as at 31 December 2020:

| € million                               | Gross carrying amount | Expected credit loss |
|---|-----------------------|----------------------|
| Financial assets - Real estate industry | 169.0                 | 0.4                  |
| Financial assets - Others               | 33.1                  | 0.0                  |
| <b>Total other receivables</b>          | <b>202.0</b>          | <b>0.4</b>           |

The table below shows the effect of ECLs on financial assets as at 31 December 2019:

| € million                               | Gross carrying amount | Expected credit loss |
|---|-----------------------|----------------------|
| Financial assets - Real estate industry | 76.2                  | 0.1                  |
| Financial assets - Others               | 188.8                 | 0.0                  |
| <b>Total other receivables</b>          | <b>265.0</b>          | <b>0.1</b>           |

The increase of financial assets relating to the real estate industry totalling € 92.8m can be mainly attributed to a growth in loans for warehousing activities (see Note E.11) and an increase in receivables from finance lease (€ 8.6m).

### F.4.3 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 does not face foreign currency risks for its 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.

|     | Change in FX rate | Effect on EBIT 2020 | Effect on EBIT 2019 |
|-----|-------------------|---------------------|---------------------|
| USD | +10%              | m€ 1.7              | m€ 3.1              |
|     | - 10%             | m€ -2.1             | m€ -3.5             |
| GBP | +10%              | < m€ 0.1            | < m€ 0.1            |
|     | - 10%             | <m€ -0.1            | <m€ -0.1            |
| CHF | +10%              | <m€ 0.1             | <m€ 0.1             |
|     | - 10%             | < m€ -0.1           | < m€ -0.1           |

### F.4.4 Interest rate risk

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 (European Interbank Offered Rate) reference rate.

All financial assets – with the exception of loans to 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. With all other variables held constant, the Group's earnings before tax (EBT) would be affected through the impact on floating rate financial instruments, as follows:

| Increase/decrease in basis points | Effect on financial result 2020 | Effect on financial result 2019 |
|-----------------------------------|---------------------------------|---------------------------------|
| +50%                              | <m€ -0.1                        | <m€ -0.1                        |
| -50%                              | <m€ 0.1                         | <m€ 0.1                         |

### F.5 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 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 are mainly within Level 3. Whereas, the fair value measurement of financial liabilities is mainly within level 1 due to corporate bonds traded on the capital market.

The Group's management 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 Management Board.

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 as at 31 December 2020:

| € million                                  | Carrying amount<br>31 December 2020 | Measurement in accordance with |   |                | Fair value<br>31 December 2020 |
|--|-------------------------------------|--------------------------------|---|----------------|--------------------------------|
|  |                                     | IFRS 9                         |   |                |                                |
|  |                                     | Amortized cost                 | Fair value<br>recognised through<br>profit and loss | not applicable |                                |
| Other Financial Instruments                | 153.9                               | 5.0                            | 148.9   |                | 153.9                          |
| Non-Current Receivables                    | 53.7                                | 15.6                           | 18.5  | 19.6           | 34.1                           |
| Non-Current Loans to Associates            | 19.6                                | 13.2                           | 6.4   |                | 19.6                           |
| Other Current Financial Assets             | 126.7                               | 124.7                          |   | 2.0            | 124.7                          |
| Receivables from Associates                | 13.6                                | 13.6                           |   |                | 13.6                           |
| Trade Receivables                          | 33.0                                | 33.0                           |   |                | 33.0                           |
| Restricted Cash                            | 23.0                                | 23.0                           |   |                | 23.0                           |
| Cash and Cash Equivalents                  | 68.2                                | 68.2                           |   |                | 68.2                           |
| <b>Total Financial Assets</b>              | <b>491.7</b>                        |                                |   |                | <b>470.1</b>                   |
| Non-Current Financial Liabilities to Banks | 4.6                                 | 4.6                            |   |                | 5.9                            |
| Non-Current Financial Liabilities to bonds | 491.0                               | 491.0                          |   |                | 404.3                          |
| Other non-current liabilities              | 29.3                                | 6.4                            |   | 22.9           | 6.4                            |
| Current Financial Liabilities to Banks     | 68.7                                | 68.7                           |   |                | 68.7                           |
| Other Current Financial Liabilities        | 42.0                                | 37.6                           |   | 4.5            | 37.6                           |
| Current Liabilities to Associates          | 9.3                                 | 9.3                            |   |                | 9.3                            |
| Trade Payables                             | 13.1                                | 13.1                           |   |                | 13.1                           |
| <b>Total Financial Liabilities</b>         | <b>658.0</b>                        |                                |   |                | <b>545.3</b>                   |

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 as at 31 December 2019:

The table below shows which level of the fair value hierarchy, for Assets and Liabilities, as at 31 December 2020 is used to measure fair value:

| € million                                  | Carrying amount<br>31 December 2019 | Measurement in accordance with<br>IFRS 9 |   |                | Fair value<br>31 December 2019 |
|--|-------------------------------------|--|---|----------------|--------------------------------|
|  |                                     | Amortized cost                           | Fair value<br>recognised through<br>profit and loss | not applicable |                                |
| Other Financial Instruments                | 172.2                               | 5.0                                      | 167.2   |                | 172.2                          |
| Non-Current Receivables                    | 35.5                                | 8.8                                      | 18.2  | 8.5            | 27.0                           |
| Non-Current Loans to Associates            | 23.0                                | 17.2                                     | 5.8   |                | 23.0                           |
| Other Current Financial Instruments        | 13.2                                | 13.2                                     |   | -              | 13.2                           |
| Receivables from Associates                | 31.7                                | 31.7                                     |   |                | 31.7                           |
| Trade Receivables                          | 48.5                                | 48.5                                     |   |                | 48.5                           |
| Restricted Cash                            | 2.3                                 | 2.3                                      |   |                | 2.3                            |
| Cash and Cash Equivalents                  | 103.2                               | 103.2                                    |   |                | 103.2                          |
| <b>Total Financial Assets</b>              | <b>430.6</b>                        |  |   |                | <b>422.1</b>                   |
| Non-Current Financial Liabilities to Banks | 7.0                                 | 8.6                                      |   |                | 8.6                            |
| Non-Current Financial Liabilities to bonds | 517.2                               | 517.2                                    |   |                | 486.6                          |
| Other Non-Current Financial Liabilities    | 20.9                                | 3.1                                      |   | 17.8           | 3.1                            |
| Other Financial Liabilities to Banks       | 47.7                                | 47.7                                     |   |                | 47.7                           |
| Other Current Financial Liabilities        | 3.2                                 | -  |   | 3.2            | 3.2                            |
| Current Liabilities to Associates          | 8.5                                 | 8.5                                      |   |                | 8.5                            |
| Trade Payables                             | 14.3                                | 14.3                                     |   |                | 14.3                           |
| <b>Total Financial Liabilities</b>         | <b>618.7</b>                        |  |   |                | <b>597.7</b>                   |

Non-applicable items mainly relate to lease receivables (€ 13.0m; 2019: -) respectively lease payables (€ 27.4m; 2019: € 20.9m) that are considered in the context of IFRS 16. Non-Current

receivables also include a receivable under a contingent contract (€ 8.5m; 2019: € 8.5m) that is not considered a financial instrument within the meaning of IFRS 9.

The table below shows which level of the fair value hierarchy, for Assets and Liabilities, as at 31 December 2020 is used to measure fair value:

| € million  | Fair value measurement using |         |         |         |
|--|------------------------------|---------|---------|---------|
|  | Total                        | Level 1 | Level 2 | Level 3 |
| <b>Assets measured at fair value and for which fair values are disclosed</b> |                              |         |         |         |
| Other Financial Instruments  | 153.9                        | -       | 5.0     | 148.9   |
| Non-Current Receivables  | 34.1                         | -       | 34.1    | -       |
| Non-Current Loans to Associates  | 19.6                         | -       | 19.6    | -       |
| <b>Liabilities for which fair values are disclosed</b>                       |                              |         |         |         |
| Non-Current Financial Liabilities to Banks                                   | 5.9                          | -       | 5.9     | -       |
| Other Non-Current Financial Liabilities                                      | 410.7                        | 404.4   | 6.3     | -       |

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:

| € million  | Fair value measurement using |         |         |         |
|--|------------------------------|---------|---------|---------|
|  | Total                        | Level 1 | Level 2 | Level 3 |
| <b>Assets measured at fair value and for which fair values are disclosed</b> |                              |         |         |         |
| Other Financial Instruments  | 172.2                        | -       | 5.3     | 166.9   |
| Non-Current Receivables  | 27.0                         | -       | 27.0    | -       |
| Non-Current Loans to Associates  | 23.0                         | -       | 17.2    | 5.8     |
| <b>Liabilities for which fair values are disclosed</b>                       |                              |         |         |         |
| Non-Current Financial Liabilities to Banks                                   | 8.6                          | -       | 8.6     | -       |
| Other Non-Current Financial Liabilities                                      | 489.7                        | 486.6   | 3.1     | -       |

The table below reconciles all Level 3 financial instruments from the opening balance to the closing balance as at 31 December 2020:

| € million   | Other Financial Instruments | Non-Current Loans to Associates |
|---|-----------------------------|---------------------------------|
| <b>Fair Value as at 1 January 2020</b>                      | <b>166.9</b>                | <b>5.8</b>                      |
| Additions / Disposals                                       | (9.9)                       | (0.5)                           |
| Changes in the fair value valuation through profit and loss | (7.2)                       | 1.1                             |
| Gains/losses to exchange rate differences                   | (0.9)                       | -                               |
| Transfer to Level 2   | -                           | (6.4)                           |
| <b>Fair Value as at 31 December 2020</b>                    | <b>148.9</b>                | <b>0.0</b>                      |

The table below reconciles all Level 3 financial instruments from the opening balance to the closing balance as at 31 December 2019:

| € million   | Other Financial Instruments | Non-Current Loans to Associates |
|---|-----------------------------|---------------------------------|
| <b>Fair Value as at 1 January 2019</b>                      | <b>87.8</b>                 | <b>8.2</b>                      |
| Additions / Disposals                                       | 67.8                        | (1.8)                           |
| Changes in the fair value valuation through profit and loss | 11.3                        | (0.6)                           |
| <b>Fair Value as at 31 December 2019</b>                    | <b>166.9</b>                | <b>5.8</b>                      |

Fair value changes are recognized in "Gains/losses from fair value measurement of financial instruments related to real estate". In "Other income" is recognized the changes of foreign exchange due to a financial asset shown in USD.

For the major positions within the balance sheet item "Other Financial Instruments" the Group uses third-party pricing information. The remaining positions (€ 15.1m) 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.

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 € -20.1m to € +21.3m.

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 as at 31 December 2020:

| € million                        | At Amortized Cost |                       | FVtPL            |
|----------------------------------|-------------------|-----------------------|------------------|
|                                  | Financial assets  | Financial liabilities | Financial assets |
| Net results from disposal        | 0.0               | 0.0                   | (1.2)            |
| Net measurement effects          | 0.8               | (3.0)                 | 0.2              |
| Impairment gain/loss             | (0.5)             | 0.0                   | (6.8)            |
| Effective interest rate income   | 1.9               | 0.0                   | 0.7              |
| Effective interest rate expenses | 0.0               | (23.4)                | 0.0              |
| <b>Total</b>                     | <b>2.2</b>        | <b>(26.4)</b>         | <b>(7.0)</b>     |

The table below summarizes per IFRS 9 category the net gains and losses resulting from financial instruments as at 2019:

| € million                        | At Amortized Cost |                       | FVtPL            |                       |
|----------------------------------|-------------------|-----------------------|------------------|-----------------------|
|                                  | Financial assets  | Financial liabilities | Financial assets | Financial Liabilities |
| Net results from disposal        | -                 | -                     | (0.3)            | -                     |
| Net measurement effects          | 3.4               | (2.4)                 | 3.5              | (0.4)                 |
| Impairment gain/loss             | (0.9)             | -                     | 11.6             | -                     |
| Effective interest rate income   | 2.8               | -                     | 0.4              | -                     |
| Effective interest rate expenses | -                 | (30.1)                | -                | -                     |
| <b>Total</b>                     | <b>(5.2)</b>      | <b>(32.5)</b>         | <b>15.2</b>      | <b>(0.4)</b>          |

The Group's liabilities arising from financing activities mainly relate to the senior and convertible bond and lease liabilities. The bonds do not change significantly during their term and the lease liabilities are initially not cash effective. In 2020, the main cash effective change in liabilities from financing activities is driven by a CAPEX loan drawn for improvement measures performed at the project Highstreet Gießen amounting to € 23m (see Note E.13).

## F.6 Related Party Information

CCH SA has identified all Group companies as related parties as well as the following entities and persons as related parties. For 2020, the Group has identified several major changes in its related parties due to different reasons.

One, the changes in the executive Management Board that have been concluded by the extension of the Management Board to four members including the onboarding of René Parmantier as CEO and the shift of Lars Schnidrig from CEO to CFO.

Two, the changes in the Supervisory Board in the aftermath of the annual general meeting in June 2020 led to the extension of the Supervisory Board to five members led by Georg Allendorf (as also presented in detail in the Q2 2020 interim financial report). The extended Supervisory Board resigned at the end of November 2020 and was superseded by a new three-member Supervisory Board led by Friedrich Munsberg. At the same time, Vestigo Immobilien Investments Limited Partnership acquired a stake in the Group as Norbert Ketterer and family divested their shares. Hence, the comprehensive list of related parties in 2020 shows the following persons and companies:

## Major shareholders and shareholders' related entities

| Related Parties as at 31 December 2020 | related to/as     |
|--|-------------------|
| Friedrich Munsberg                     | Supervisory Board |
| Prof. Dr. Hermann Wagner               | Supervisory Board |
| Dr. Friedrich Oelrich                  | Supervisory Board |
| René Parmantier                        | Management Board  |
| Lars Schnidrig                         | Management Board  |
| Nils Hübener                           | Management Board  |
| Daniel Löhken                          | Management Board  |

| Former Related Parties as at 31 December 2020 | related to/as                |
|---|------------------------------|
| Norbert Ketterer                              | Shareholder until 2020       |
| Sandra Ketterer                               | Shareholder until 2020       |
| W5 Group AG                                   | Shareholder until 2019       |
| W5 Group GmbH                                 | Shareholder until 2019       |
| W5 Group LLC                                  | Shareholder until 2019       |
| Ketom AG                                      | Shareholder until 2020       |
| Helvetic Real Estate Financing AG (HREF)      | Shareholder until 2020       |
| Gateway AG                                    | Shareholder until 2020       |
| Dr. Georg Allendorf                           | Supervisory Board until 2020 |
| Dr. Gabriele Apfelbacher                      | Supervisory Board until 2020 |
| Timothy Blackwell                             | Supervisory Board until 2020 |



|                         |   |
|-------------------------|---|
| Marc Drießen            | Supervisory Board until 2020                |
| Olaf Klinger            | Supervisory Board until 2020                |
| Thalos                  | Supervisory Board (M. Blattmann) until 2020 |
| Vicenda                 | Supervisory Board (M. Blattmann) until 2020 |
| Felur Swiss Treuhand AG | Supervisory Board (U. Felder) until 2020    |
| Micha Blattmann         | Supervisory Board until 2020                |
| Urs Felder              | Supervisory Board until 2020                |
| Ulrich Plett            | Supervisory Board until 2020                |
| Jonathan Lurie          | Supervisory Board until 2020                |
| Realty Corporation Ltd  | Supervisory Board (J. Lurie) until 2020     |
| Thomas Landschreiber    | Management Board until 2020                 |

### *CCH SA Key Management People*

On 1 April 2020, Nils Hübener joined CORESTATE Capital Holding S.A. as Chief Investment Officer. On 1. November 2020, Daniel Löhken was promoted to the executive management board as Chief Legal & HR Officer. On 1. December 2020, René Parmantier joined the Group as Chief Executive Officer, taking over from Lars Schnidrig who continued his work as Chief Financial Officer since then. Hence, the Group's Management Board has had the following members in 2020:

- René Parmantier (Chief Executive Officer of CORESTATE Capital Holding S.A.) – since 1 December 2020

- Lars Schnidrig (Chief Financial Officer of CORESTATE Capital Holding S.A.) – since 1 December 2020; from 1 April 2019 until 1 December 2020 Chief Executive Officer; from 1 July 2017 until 31 March 2019 Chief Financial Officer
- Nils Hübener (Chief Investment Officer of CORESTATE Capital Holding S.A.) – since 1 April 2020
- Thomas Landschreiber (Chief Investment Officer of CORESTATE Capital Holding S.A.) – since 21 August 2015 until 31 March 2020
- Daniel Löhken (Chief Legal & HR Officer of CORESTATE Capital Holding S.A.) – since 1 November 2020

In addition to the individually agreed base salary, annual bonus payments, and long-term share-based incentives, under their service agreements, the Management Board members are entitled to ancillary benefits that include, among other things, continued 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 Group also reimburses all travelling costs and incidental expenses.

The annual general meeting on 5 June 2020 appointed five new members to the Supervisory Board of the Group for a term of office ending after the annual general meeting of the Group which will be held in 2023. The Supervisory Board led by Dr. Georg Allendorf however resigned on 29 November 2020 and a new three-member Supervisory Board led by Friedrich Munsberg has been appointed on 29 November 2020:

### *Member of the Supervisory Board*

- Friedrich Munsberg (Chairman) – since 29 November 2020
  - Prof. Dr. Hermann Wagner (Deputy Chairman) – since 29 November 2020
  - Dr. Friedrich Oelrich (Member) – since 29 November 2020
- Prof. Dr. Wagner heads the audit committee and is considered the independent financial expert.

### *Former Member of the Supervisory Board in 2020*

- Dr. Georg Allendorf – 5 June 2020 until 29 November 2020
- Timothy Blackwell – 5 June 2020 until 29 November 2020
- Dr. Gabriele Apfelbacher – 5 June 2020 until 29 November 2020
- Marc Drießen – 5 June 2020 until 29 November 2020
- Olaf Klinger – 5 June 2020 until 29 November 2020
- Micha Blattmann – 23 September 2015 until 5 June 2020
- Urs Felder – 21 August 2015 until 5 June 2020
- Ulrich Plett – 23 September 2015 until 5 June 2020
- Jonathan Lurie – 26 April 2019 until 5 June 2020

### F.6.1 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 2020. Hence, such amounts do not necessarily reconcile with the Consolidated Income Statement for the financial year 2020.

### Transactions with shareholders and shareholder related entities

| € million  | 2020  | 2019   |
|--|-------|--------|
| Fees paid to W5 Group/W5 Group LLC under consultancy agreements                | -     | (0.2)  |
| Cost reimbursements to W5 Group/W5 Group LLC                                   | -     | (0.2)  |
| Compensation payment to W5 Group/W5 Group LLC under termination agreement      | -     | (2.0)  |
| Fees paid to Realty Corporation Ltd. (John Lurie) under consultancy agreements | (1.2) | -      |
| Transaction fee Gateway AG   | 2.7   | -      |
| Remuneration N. Ketterer as Chairman of the Board of Directors of HFS          | (0.3) | (0.3)  |
| Rental Costs to Vicenda  | (0.1) | (0.0)  |
| Co-Investment and Short-term Liabilities by Ketom and HREF                     | -     | 35.0   |
| Repayment of Co-Investment and Short-term Liabilities by Ketom and HREF        | -     | (35.0) |
| Interest paid to Ketom and HREF  | -     | (2.6)  |
| Repayment of loans granted by shareholders                                     | -     | (18.9) |
| Repayment other Liabilities to shareholders                                    | -     | (39.0) |
| Dividends (including capital repayments) paid to shareholders                  | -     | (52.9) |

### F.6.2 Transactions with Key Management Personnel

The total remuneration of the Management Board consists of the basic remuneration as well as a short-term incentive and a long-term incentive component.

The basic remuneration relates to the annual base salary agreed under the service agreements with each member of the Group's Management Board. The short-term incentive (STI) is a cash bonus component that depends on certain Group-related and individually agreed targets as described in the entities remuneration policy. The long-term incentive (LTI) is a share-based program that either grants or give the option of equity-settled shares or phantom shares, which are settled in cash.

### Transactions with Key Management Personnel and members of Supervisory Board

| € million                         | 2020          | 2019         |
|-----------------------------------|---------------|--------------|
| Basic remuneration                | (1.4)         | (1.2)        |
| <b>Fixed remuneration</b>         | <b>(1.4)</b>  | <b>(1.2)</b> |
| STI                               | (0.8)         | (1.9)        |
| LTI                               | (2.7)         | (2.4)        |
| <b>Variable remuneration</b>      | <b>(3.5)</b>  | <b>(4.3)</b> |
| Compensation/termination payments | (8.0)         | -            |
| <b>Total remuneration</b>         | <b>(12.8)</b> | <b>(5.5)</b> |

In prior years, some senior management members participated in minority investments through limited partner structures. All profits were distributable to the senior management members as limited partners. The program was stopped, and all minority interests were bought back by the Group resulting in LTI termination payments of € 1.5m in 2020. In September 2020, Lars Schnidrig's mandate as CEO was terminated by mutual

agreement. Due to the still ongoing employment contract, Lars Schnidrig received a severance payment in the amount of € 3.9m. All contractual payment claims were settled with the compensation.

In November 2020, the mandate for Klaus Schmidt as CEO was terminated by mutual agreement. Due to the still ongoing employment contract, Klaus Schmidt received a severance payment in the amount of € 3.6m. With the severance payment all contractual payment claims were settled.

The total remuneration of the Supervisory Board members amounted to € 0.8m in 2020 (2019: € 0.5m). No advances or loans were granted.

### F.6.3 Share-based payments

In 2020, the Management Board was extended to four members. All Management Board members are granted long-term incentives in two different forms of share-based remuneration schemes:

#### *Equity-settled LTI-Plans*

Daniel Löhken and René Parmantier are granted equity-settled LTI options. The two board members are granted LTI options in three tranches, one third each year of being appointed to the Group's Management Board. The amount of share-based payments for each tranche depends on the individual achievement of the board members' agreed targets. Therefor the targets are not only based on financial KPIs but also on non-financial aspects (e.g. ESG). If a board member achieves 50% or less of its annual targets no LTI shares are transferred. If a board member achieved between 51% and 100% of targets, this leads to a proportional allocation of the yearly LTI options and the calculated number of LTI shares (gross) will be transferred, if

necessary, after issuing new shares, at the end of the respective performance period to the deposit of the board member. If the service agreement starts or ends during the course of a fiscal year, the amount shall be calculated pro-rata basis. From this point on, the shares are subject to a contractual holding period of four years.

Daniel Löhken is entitled to an amount of € 975,000, for each tranche € 325,000, in LTI options. The specific number of LTI Shares to be transferred is determined by dividing the calculated equivalent value by the closing price of the Company's share on the day before the transfer to the Board Member's securities account takes place. In 2020, the expenses recognized for the first tranche amounted to € 0.1m (respectively a total of 3,455 shares).

René Parmantier is entitled to an amount of € 2,400,000 in LTI options that are distributed in three tranches of € 800,000 shares each. In this plan the number of LTI options results from the quotient of the above amount and the volume-weighted 10-days average of the share price of the Company on the XETRA trading platform before the last trading day of the fiscal year for which the LTI shares are granted. The expenses granted for the first tranche amounted to € 0.1m (respectively a total of 3,863 shares).

The former board member Thomas Landschreiber, who left the Management Board of CORESTATE Capital Holding S.A. as of March 31, 2020, received a share package for the year 2019 in the equivalent amount of € 0.6m at the beginning of 2020 due to the achievement of individually agreed targets. The shares (16,501) were delivered to the board member in March 2020.

#### *Cash-settled LTI-plans*

Nils Hübener has been granted LTI options based on a target amount totalling € 900,000. The number of LTI options results from the quotient of the above target amount and (i) the closing price of the Group's share on 12 September 2019 or (ii) the average closing price of the last five trading days before taking effect of the service agreement including this day as of 1 April 2020. The lower of the two values is decisive. He can execute the LTI options in three tranches, one third each after 12, 24 and 36 months after this service agreement entered into force. He can further choose between equity or cash settlement. Therefor the LTI-plan is recognized as a cash-settled plan. The decision of the board member in respect of the settlement shall be communicated to the Chairman of the Supervisory Board within four weeks after the respective performance period. If there is no such notification or if it is not done in due time the cash settlement option will be applied. If the board member chooses the equity settlement, the calculated number of LTI shares (gross) will be transferred, if necessary, after issuing new 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 receives the payment 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 2020, the related expense as well as the corresponding obligation amounted to € 0.2m.

Lars Schnidrig was granted LTI options based on a target amount totalling € 2.400,000. The number of LTI options results from the quotient of the above target amount and (i) the closing price of the Group'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 as of 1 April 2019. The lower of the two values is decisive. He receives 25% of the granted shares at grant date and the additional 75% over the four years of his appointment. He can choose either equity or cash settlement. Therefore the LTI-plan is classified as a cash-settled plan. The decision of the board member in respect of the settlement shall be communicated to the Chairman of the Supervisory Board within four weeks after the respective performance period. If there is no such notification or if it is not done in due time it means that the cash settlement option will be applied. If the board member chooses the equity settlement, the calculated number of LTI shares (gross) will be transferred, if necessary, after issuing new 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 2020 the Executive Board member Lars Schnidrig received a tranche from his individual LTI-option agreement in the amount of € 0.5m. With the termination of his contract as Chief Executive Officer

(CEO) all claims relating to LTI-options were settled with a lump sum payment of € 0.3m at the end of 2020. Claims from a further option agreement resulting from his former contract as Chief Financial Officer (CFO) were settled with a one-time payment of € 0.1m.

Lars Schnidrig was appointed CFO effective December 2020 whereas his service agreement as Chief Financial Officer of the Group started in January 2021, he will participate with a new share-based payment agreement.

#### *Corestate Capital Holding S.A. Share Program*

In 2019, Corestate started a Performance Share Program for important senior manager and high performer as well as for new hires who joined the Group after the 1 January 2019. At the beginning of the performance period in 2019 or if the participant is entering one or more years later, all participants receive an individualized grant letter in which the individual target value of the performance shares in euros ("target value") is set out. The grant letter contains 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 or if the participants join the program later from their third year on based on their start date in the program (it requires a waiting period of two years in which no real shares are transferred). The transfer is take in place in four or less equivalent tranches (25% or 33,33% or 50% of the total number of performance shares each, depending on the start of the participant

in the program) – subject to the achievement of the relevant performance targets which is an annually increase 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 12 trading months 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).

The fair value of the synthetic stock options is measured using a Monte Carlo option pricing model considering 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 simulation. 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 Performance Share Program was classified as equity-settled plan and the resulting expense are

recognized during the vesting period on a pro-rata-basis with a corresponding increase in equity (other reserves). 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.

The total fair value of the awards granted in 2019 amounted to € 3.7m. Total expenses recognized in 2020 amounted to € 1.1m (2019: € 1.2m).

#### F.6.4 Transactions with Associated Entities (Co-Investments & Joint Ventures)

The terms and conditions agreed with associates for the services of the Group are negotiated and set out in the underlying documentation for each investment with the respective investor (JVCIA, AMA, etc.). Such terms and conditions are at arm's length.

#### Transactions with Associates (Co-Investments)

| € million  | 2020  | 2019  |
|--|-------|-------|
| Revenue from Acquisition Related Fees                      | (0.0) | 7.9   |
| Revenue from Asset and Property Management                 | 11.6  | 9.5   |
| Management Expenses  | (1.5) | (3.8) |
| Share of Profit or Loss from Associates and Joint Ventures | (9.3) | 11.9  |
| Gains/losses from Selling Property Holding Companies       | (0.8) | 18.7  |
| General and Administrative Expenses                        | (1.1) | (0.1) |
| Interest income from Associates                            | 0.6   | 0.3   |

#### Balance with Associates (Co-Investments)

| € million                             | 2020  | 2019 |
|---------------------------------------|-------|------|
| Receivables from Associates           | 33.2  | 54.7 |
| Receivables from Affiliated Companies | 4.1   | 1.7  |
| Trade receivables                     | 15.2  | 24.3 |
| Other current receivables             | 0.4   | 8.7  |
| Non-current loans to associates       | 19.6  | 23.0 |
| Liabilities to Associates             | (9.3) | 8.5  |
| Liabilities from Affiliated Companies | (3.7) | 3.5  |
| Liabilities to related parties        | -     | 0.0  |

## F.7 Group entities

CCH SA is the parent company of the Group. The consolidated financial statements include all

companies which the Group controls, i.e. for which particularly CCH SA owns, directly or indirectly through subsidiaries, more than half of the voting

rights. There are no restrictions regarding cash or dividend payments from such subsidiaries.

### Group entities

| Name   | Seat and Country of incorporation | 2020                  | 2019                  |
|--|-----------------------------------|-----------------------|-----------------------|
|  |                                   | % equity interest     | % equity interest     |
| <b>Corestate Capital Holding S.A.</b>  | <b>Luxembourg</b>                 | <b>Parent Company</b> | <b>Parent Company</b> |
| AF ATHENA GmbH   | Frankfurt on Main/Germany         | 100,00%               | 100,00%               |
| ATOS Property Management GmbH  | Hamburg/Germany                   | 100,00%               | 100,00%               |
| Ardville Invest S.L.   | Madrid/Spain                      | 100,00%               | n.a.                  |
| Bayreuth Student Home AcquiCo II S.à r.l.                                    | Luxembourg                        | 100,00%               | 100,00%               |
| Bagley Invest S.L.   | Madrid/Spain                      | 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%               | 100,00%               |
| CAPERA Immobilien Service GmbH   | Neu-Isenburg/Germany              | 100,00%               | 100,00%               |
| CE Bad Honnef Betriebsgesellschaft mbH                                       | Frankfurt on Main/Germany         | 100,00%               | 100,00%               |
| Corestate Capital International S.à r.l. (prev. CCIS Master HoldCo S.à r.l.) | Luxembourg                        | 100,00%               | 100,00%               |
| Cisnes E Silhuettas  | Lisbon/Portugal                   | 100,00%               | 100,00%               |
| Corestate Ben HoldCo GmbH & Co. KG   | Frankfurt on Main/Germany         | 100,00%               | 100,00%               |
| CORESTATE Capital Advisors GmbH  | Frankfurt on Main/Germany         | 100,00%               | 100,00%               |
| CORESTATE Capital Advisors GmbH (Spanish branch)                             | Madrid/Spain                      | 100,00%               | 100,00%               |
| CORESTATE CAPITAL AG   | Baar/Switzerland                  | 100,00%               | 100,00%               |
| CORESTATE Capital Beteiligungs Verwaltungs GmbH                              | Frankfurt on Main/Germany         | 100,00%               | 100,00%               |
| Corestate Capital Dept Advisory GmbH   | Frankfurt on Main/Germany         | 100,00%               | 100,00%               |
| Corestate Capital Italy S.R.L.   | Milan/Italy                       | 100,00%               | n.a.                  |
| Corestate Capital France HoldCo SAS  | Paris/France                      | 100,00%               | 100,00%               |
| CORESTATE CAPITAL Fund Management S.à r.l.                                   | Luxembourg                        | 100,00%               | 100,00%               |

|  |                           |         |         |
|--|---------------------------|---------|---------|
| CORESTATE Capital Group GmbH                                 | Frankfurt on Main/Germany | 100,00% | 100,00% |
| Corestate Capital Investors (Europe) GmbH                    | Frankfurt on Main/Germany | 100,00% | 100,00% |
| CORESTATE Capital Partners GmbH                              | Zurich/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 Services GmbH                              | Wollerau/Switzerland      | 100,00% | 100,00% |
| CORESTATE Capital Transactions AG                            | Baar/Switzerland          | 100,00% | 100,00% |
| CORESTATE CIV GmbH   | Frankfurt on Main/Germany | 100,00% | 100,00% |
| Corestate FIF Portfolio Verwaltung GmbH                      | Hamburg/Germany           | 100,00% | 100,00% |
| Corestate Marketing GmbH                                     | Frankfurt on Main/Germany | 100,00% | 100,00% |
| CORESTATE MCIF GmbH & Co. KG                                 | Frankfurt on Main/Germany | 100,00% | 86,67%  |
| CORESTATE MCIF Germany GmbH & Co. KG                         | Frankfurt on Main/Germany | 100,00% | 83,87%  |
| Corestate Shelf 11 S.à r.l.                                  | Luxembourg                | 100,00% | 100,00% |
| Corestate Shelf 15 S.à r.l.                                  | Luxembourg                | 100,00% | 100,00% |
| Corestate Student Home Holding S.à r.l.                      | Luxembourg                | 100,00% | 100,00% |
| Corestate ZGE Feeder GmbH & Co. KG                           | Frankfurt on Main/Germany | 100,00% | 100,00% |
| Court HoldCo GmbH  | Frankfurt on Main/Germany | 100,00% | 100,00% |
| Court PropCo S.à r.l.  | Luxembourg                | 100,00% | 100,00% |
| CRM Micro Living Services Italy S.R.L.                       | Milan/Italy               | 100,00% | n.a.    |
| CRM Poland sp.z.o.o.   | Warsaw/Poland             | 100,00% | n.a.    |
| CRM Students Ltd   | Oxford/United Kingdom     | 100,00% | 100,00% |
| Dedan AIF S.à r.l. (prev. Dedan HoldCo S.à r.l.)             | Luxembourg                | 100,00% | 100,00% |
| Design Center AIF 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% |
| Gabriela HoldCo S.à r.l. (prev. Corestate Shelf 18 S.à r.l.) | Luxembourg                | 100,00% | 100,00% |
| Gabriela HoldCo S.L.   | Madrid/Spain              | 100,00% | n.a.    |
| Gabriela PropCo S.L.   | Madrid/Spain              | 100,00% | n.a.    |
| GENOST Consulting GmbH                                       | Leipzig/Germany           | 100,00% | 100,00% |
| Ginova AIF S.à r.l.  | Luxembourg                | 100,00% | 100,00% |
| Ginova 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 TopCo Ltd.                            | 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 Investments II HoldCo S.à r.l.              | Luxembourg                | 100,00% | 100,00% |
| Iberian PropCo II S.L.                              | Madrid/Spain              | 100,00% | 100,00% |
| JOYN Vermietungsgesellschaft mbH                    | Frankfurt on Main/Germany | 100,00% | n.a.    |
| LOMBARDO Verwaltungsgesellschaft mbH                | Pullach/Germany           | 89,58%  | 89,58%  |
| Madison HoldCo S.à r.l.                             | Luxembourg                | 100,00% | n.a.    |
| Mainz Student Home AcquiCo II S.à r.l.              | Luxembourg                | 100,00% | 100,00% |
| Marburg TopCo Ltd.                                  | Guernsey                  | 100,00% | 100,00% |
| MicroLiving Service zwei GmbH                       | Vienna/Austria            | 100,00% | 100,00% |
| Monet S.à r.l.                                      | Luxembourg                | 77,67%  | n.a.    |
| PALMYRA Verwaltungs GmbH & Co. Vermietungs KG       | Pullach/Germany           | 89,58%  | 89,58%  |
| PALMYRA Verwaltungs GmbH & Co. Verm. KG S.e.n.c     | Luxembourg                | 84,92%  | 84,92%  |
| Paolia Sp. z o.o.                                   | Warsaw/Poland             | 100,00% | n.a.    |
| Plutos HoldCo S.à r.l.                              | Luxembourg                | 100,00% | 100,00% |
| Potsdam Student Home AcquiCo II S.à r.l.            | Luxembourg                | 100,00% | 100,00% |
| Projekt AcquiCo III 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% |
| STAM Europe SAS                                     | Paris/France              | 100,00% | n.a.    |
| STAM France Investment Managers SAS                 | Paris/France              | 100,00% | n.a.    |
| STAM Property Management SAS                        | Paris/France              | 100,00% | n.a.    |
| STAM RE III S.à r.l.                                | Paris/France              | 100,00% | n.a.    |
| Stam Co-Invest                                      | Luxembourg                | 77,67%  | n.a.    |
| Tempelhof Twins HoldCo S.à r.l.                     | Luxembourg                | 100,00% | 100,00% |
| Tempelhof Twins TopCo S.à r.l.                      | Luxembourg                | 100,00% | 100,00% |
| UPARTMENTS Real Estate GmbH                         | Leipzig/Germany           | 100,00% | 100,00% |
| Urban Micro Estate Immobilienverwaltungs GmbH       | Vienna/Austria            | 100,00% | 100,00% |
| Urban Micro Estate Swiss Immobilienverwaltungs GmbH | Zurich/Switzerland        | 100,00% | n.a.    |
| Wallhalla HoldCo S.à r.l.                           | Luxembourg                | 100,00% | 100,00% |



|  |                           |            |         |
|--|---------------------------|------------|---------|
| Wallhalla PropCo S.à r.l.                                | Luxembourg                | 100,00%    | 100,00% |
| Across OpCo S.à r.l. (prev. Corestate Shelf 19 S.à r.l.) | Luxembourg                | sold       | 100,00% |
| ATOS Real Estate GmbH                                    | Vienna/Austria            | sold       | 100,00% |
| CC Venture Management S.à r.l.                           | Luxembourg                | sold       | 100,00% |
| Corestate Capital Senior BondCo S.à r.l.                 | Luxembourg                | sold       | 100,00% |
| Corestate Capital Junior BondCo S.à r.l.                 | Luxembourg                | sold       | 100,00% |
| Corestate Condor PropCo GmbH                             | Vienna/Austria            | sold       | 100,00% |
| CAP FinCo S.à r.l.                                       | Luxembourg                | sold       | 100,00% |
| CAP HoldCo S.à r.l.                                      | Luxembourg                | sold       | 100,00% |
| ISARTAL Beteiligungsverwaltungs GmbH                     | Frankfurt on Main/Germany | sold       | 100,00% |
| Manneken AIF S.à r.l.                                    | Luxembourg                | sold       | 100,00% |
| Manneken HoldCo S.à r.l.                                 | Luxembourg                | sold       | 100,00% |
| Micro Living Properties Spain S.L.U.                     | Madrid/Spain              | sold       | 100,00% |
| RECAP FinCo VI S.à r.l.                                  | Luxembourg                | sold       | 100,00% |
| RECAP FinCo II S.à r.l.                                  | Luxembourg                | sold       | 100,00% |
| TURBO FRA AcquiCo II GmbH & Co. KG                       | Frankfurt on Main/Germany | merged     | 100,00% |
| CORESTATE ENERGY HoldCo S.à r.l. i. L.                   | Luxembourg                | merged     | 100,00% |
| Corestate Condor TopCo GmbH                              | Frankfurt on Main/Germany | merged     | 100,00% |
| Squirrel AcquiCo I S.à r.l.                              | Luxembourg                | merged     | 100,00% |
| Corestate CAPTIVE PropCo V S.à r.l.                      | Luxembourg                | merged     | 100,00% |
| Highstreet IX HoldCo S.à r.l.                            | Luxembourg                | merged     | 100,00% |
| CORESTATE Capital Advisors (Singapore) Pte. Ltd.         | Singapore                 | liquidated | 100,00% |
| Highstreet Premium II AcquiCo Limited                    | Guernsey                  | liquidated | 100,00% |
| Investam S.à r.l.  | Luxembourg                | liquidated | n.a.    |

### Group entities (Sub Group Hannover Leasing)

| Name  | Seat and Country of incorporation | 31. Dec 20        | 31. Dec 19        |
|---|-----------------------------------|-------------------|-------------------|
|   |                                   | % equity interest | % equity interest |
| Hannover Leasing GmbH & Co. KG                                      | Pullach/Germany                   | 94,90%            | 94,90%            |
| Accontis GmbH Finanzanlagen und Beteiligungen                       | Frankfurt on Main/Germany         | 94,90%            | 94,90%            |
| AKANTHUS Verwaltungsgesellschaft mbH                                | Pullach/Germany                   | 89,21%            | 89,21%            |
| BERYTOS Verwaltungsgesellschaft mbH                                 | Pullach/Germany                   | 94,90%            | 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%            |
| FRITION Verwaltungsgesellschaft mbH                                 | Pullach/Germany                   | 62,63%            | 62,63%            |
| Galena Verwaltungsgesellschaft mbH & Co. Vermietungs KG             | Pullach/Germany                   | 94,59%            | 94,59%            |
| GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG            | Pullach/Germany                   | 86,43%            | 86,43%            |
| 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 GmbH                                    | 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%            | 86,60%            |
| HANNOVER LEASING Private Invest II GmbH & Co. KG                    | Pullach/Germany                   | 86,60%            | 86,60%            |
| HANNOVER LEASING Treuhand GmbH                                      | Pullach/Germany                   | 94,90%            | 94,90%            |
| 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 Treuhand-Vermögensverwaltung GmbH                  | Pullach/Germany                   | 94,90%            | 94,90%            |
| HERSCHEL Verwaltungsgesellschaft mbH                                | Pullach/Germany                   | 62,63%            | 62,63%            |
| IKARIA Verwaltungsgesellschaft mbH & Co. Vermietungs KG             | Pullach/Germany                   | 94,90%            | 94,90%            |
| KERA Verwaltungsgesellschaft mbH                                    | Pullach/Germany                   | 62,63%            | 62,63%            |
| MANCALA Verwaltungsgesellschaft mbH & Co. Vermietungs KG            | Pullach/Germany                   | 94,90%            | 94,90%            |
| NIGRESCO Verwaltungsgesellschaft mbH                                | Pullach/Germany                   | 94,90%            | 94,90%            |

|  |                 |            |        |
|--|-----------------|------------|--------|
| NOVELLINO Geschäftsbesorgung GmbH & Co. Verwaltungs KG         | Pullach/Germany | 94,90%     | 94,90% |
| ORION Verwaltungsgesellschaft mbH & Co. Beteiligungs KG        | Pullach/Germany | 94,90%     | 94,90% |
| SINGULI Verwaltungsgesellschaft mbH                            | Pullach/Germany | 62,63%     | 62,63% |
| VANESSA Verwaltungsgesellschaft mbH & Co. Vermietungs KG       | Pullach/Germany | 94,90%     | 94,90% |
| CAMPANULA Verwaltungsgesellschaft mbH & Co. Vermietungs KG     | Pullach/Germany | merged     | 78,00% |
| HANNOVER LEASING Wachstumswerte Europa VIII GmbH & Co. KG i.L. | Pullach/Germany | sold       | 47,49% |
| MERIT Beteiligungsgesellschaft mbH i.L.                        | Pullach/Germany | liquidated | 94,90% |

## F.8 Report on Business Relationships with Structured Entities

### Disclosures on unconsolidated structured entities

The fund business and other operating activities of the Group's 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 non-consolidated 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. As of 31 December 2020, Corestate's non-consolidated structured entities are as follows:

| € million        | Media   | Property | Large installations | Total   |
|------------------|---------|----------|---------------------|---------|
| Fund Volume 2020 | 903.0   | 404.0    | 188.0               | 1,495.0 |
| Fund Volume 2019 | 1,831.0 | 576.0    | 188.0               | 2,595.0 |

As of 31 December 2020, advances to non-consolidated structured entities and revenues generated from such entities are not material. The Group's financial risk of these non-consolidated structured entities amounts to € 0.8m (2019: € 0.8m). The amount is recognized as provision. Furthermore, there is no additional payment obligation arising from such structured entities.

### 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 2020, two structured entities were consolidated in accordance with IFRS 10 and affect all real estate funds. Corestate only participates in these companies with equity.

### Sponsored non-consolidated 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 are supported by Hannover Leasing Group.

As at the reporting date revenues generated from transactions with sponsored non-consolidated entities in which Corestate holds no shares, are not material.

### **F.9 Significant Events after the Reporting Date**

On 14 January 2021 the Group signed an agreement for the acquisition of Aggregate Financial Services GmbH, Frankfurt on Main ('AFS'), a BaFin ('Bundesanstalt für Finanzdienstleistungsaufsicht') regulated company that is licensed to provide a range of real estate structuring and financing advisory services including regulated services under § 32 German Banking Act

('Kreditwesengesetz', KWG). The closing of the transaction is expected to take place in the first half of 2021 after the expected approval of the relevant authorities.

The purchase price will consist of 8.5 million new shares of the Group as well as of a € 5.0m cash consideration. The transaction price based on Corestate's share price at signing (€ 14.73), therefore the expected purchase price is set to € 125.2m.

In the course of the acquisition, Johannes Märklin and Sebastian Ernst were appointed as members of the Management Board of CG with effect from January 15, 2021. In the course of this, the Executive Board was expanded from four to six persons.

Luxembourg, 19 March 2021

#### **René Parmantier**

Chief Executive Officer

#### **Sebastian Ernst**

Chief Debt Investment Officer

#### **Nils Hübener**

Chief Investment Officer

#### **Daniel Löhken**

Chief Legal & HR Officer

#### **Johannes Märklin**

Chief Debt Financing Officer

#### **Lars Schnidrig**

Chief Financial Officer

# *Responsibility Statement of consolidated and statutory accounts Corestate Capital Holding S.A.*

We confirm in accordance to Article 3 (2) c of the Luxembourg Law on Transparency requirements for the Issuers, to the best of our knowledge, that the consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries ("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. ("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.

Luxembourg, 19 March 2021

## **René Parmantier**

Chief Executive Officer

## **Sebastian Ernst**

Chief Debt Investment Officer

## **Nils Hübener**

Chief Investment Officer

## **Daniel Löhken**

Chief Legal & HR Officer

## **Johannes Märklin**

Chief Debt Financing Officer

## **Lars Schnidrig**

Chief Financial Officer

# 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 2020, 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 2020, 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 N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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 acquisitions and related business combinations, the Group recorded goodwill and other intangible assets with indefinite useful lives (trademarks) amounting in total to EUR 624.8 million and representing 43% of the total Group's consolidated assets as of 31 December 2020. 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, including the effects of the COVID19 pandemic. Based on the impairment test, including sensitivity tests, management concluded that no impairment of goodwill and trademarks (in addition to what has been recorded) is 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 and adjustments thereto. In addition, we assessed the plausibility of cash flows used in management's calculations by comparing them to actual historical data and prior year business plans, and by evaluating the relationship with some forward-looking performance indicators 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 beyond 5 years 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 108.0 million as of 31 December 2020. The Group's associates' main assets are investment properties.

The investments in associates are accounted for using the equity method. In accordance with the Group accounting policies, 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 the investment properties that they own. The fair values are determined based on a periodic valuation, performed mainly by accredited independent valuers applying a valuation method recommended by the International Valuation Standards Committee. As part of the COVID 19 pandemic situation, a number of independent valuers have included material uncertainty statements in their valuation reports in accordance with the RICS Red Book statement.

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 discount and capitalization rates 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. 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 considered assumptions and judgements used by the Group in the valuations following the impact of COVID-19. We also challenged the assumptions used in the valuation models, including discount and capitalisation rates, against available market data.

We assessed the adequacy of the related disclosures in the consolidated financial statements in relation to the sensitivity of the carrying amounts of associates depending on the valuation of the investment properties held by associates.

#### c) Impairment assessment of the loans granted as a bridge financing for project developments

##### Description

Other current financial assets include loans (and related interest) granted by the Group as a bridge financing for project developments for an amount of EUR 107.1 million as at 31 December 2020. In accordance with the Group accounting policies, these loans are measured at amortised cost. Management performs an impairment

assessment of its financial assets and recognizes an allowance for expected credit losses in accordance with IFRS 9.

We considered the impairment assessment of the loans as a key audit matter because of the size and nature of these loans at reporting date and the judgement required from management to perform the assessment. Management performed the impairment assessment by reviewing the recoverability of the contractual cashflows evaluating the profitability of the underlying projects and by reviewing the quality of the related security, collateral and guarantees and estimated the expected credit losses based on the expected credit loss model.

#### *Auditor's response*

We considered management's impairment assessment based on our understanding of the nature of the loans, state of the underlying development projects and existing market conditions. Our audit procedures included a review of the major loan contracts. We reviewed the analysis from one of the group's subsidiaries that is specialised in the evaluation of such loans based on the feasibility of the development projects and the risks associated with them. We considered the securities provided by the borrowers. We made inquiries to management to identify if there were any recent developments or matters that might have affected the ability of the borrowers to reimburse the loans. We involved our internal specialist to assess the reasonability of how management quantified the expected credit losses based on the expected credit loss model.

#### **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 5 June 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 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 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 2020.

#### 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, 19 March 2021

*Annual Accounts  
as at 31 December 2020*

*Corestate Capital Holding S.A.  
(Société Anonyme),  
4, Rue Jean Monnet  
L-2180 Luxembourg,  
Grand Duchy of Luxembourg*

**BALANCE SHEET****ASSETS**

| € million  | Notes | 31.12.2020     | 31.12.2019   |
|--|-------|----------------|--------------|
| <b>A. Subscribed capital unpaid</b>  |       | -              | -            |
| I. Subscribed capital not called   |       | -              | -            |
| II. Subscribed capital called but unpaid   |       | -              | -            |
| <b>B. Formation expenses</b>   |       |                |              |
| <b>C. Fixed assets</b>   |       | <b>1,018.4</b> | <b>964.9</b> |
| I. Intangible assets   | C.1   | 3.4            | 3.5          |
| 1. Costs of development  |       | -              | -            |
| 2. Concessions patents, licences, trade marks and similar rights and assets, if they were          |       | 3.4            | 3.2          |
| a) acquired for valuable consideration and need not be shown under C.I.3                           | C.1   | 3.4            | 3.2          |
| 3. Goodwill, to the extent that it was acquired for valuable consideration                         |       | -              | -            |
| 4. Payments on account and intangible assets under development                                     | C.1   | -              | 0.3          |
| II. Tangible assets  | C.2   | 0.1            | 0.2          |
| 1. Land and buildings  |       | -              | -            |
| 2. Plant and machinery   |       | -              | -            |
| 3. Other fixtures and fittings, tools and equipment  | C.2   | 0.1            | 0.2          |
| 4. Payments on account and tangible assets in the course of construction                           |       | -              | -            |
| III. Financial assets  | C.3   | 1,014.8        | 961.2        |
| 1. Shares in affiliated undertakings   | C.3.1 | 751.7          | 741.1        |
| 2. Loans to affiliated undertakings  | C.3.2 | 139.1          | 121.9        |
| 3. Participating interests   | C.3.3 | 45.5           | 39.5         |
| 4. Loans to undertakings with which the undertaking is linked by virtue of participating interests |       | 5.3            | 1.2          |
| 5. Investments held as fixed assets  | C.3.4 | 54.9           | 54.9         |
| 6. Other loans   | C.3.5 | 18.3           | 2.7          |

|   |            |                |                |
|---|------------|----------------|----------------|
| <b>D. Current assets</b>  |            | <b>118.2</b>   | <b>147.8</b>   |
| I. Stocks   |            | -              | -              |
| II. Debtors   | C.4        | 87.3           | 113.1          |
| 1. Trade debtors  | C.4        | 1.7            | 10.7           |
| a) becoming due and payable within one year   |            | 1.7            | 10.7           |
| 2. Amounts owed by affiliated undertakings  | C.4.1      | 65.5           | 46.7           |
| a) becoming due and payable within one year   |            | 65.5           | 46.7           |
| 3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | C.4.2      | 17.2           | 24.9           |
| a) becoming due and payable within one year   |            | 17.2           | 24.9           |
| 4. Other debtors  | C.4.3      | 2.9            | 30.8           |
| a) becoming due and payable within one year   |            | 2.9            | 30.8           |
| III. Investments  |            | -              | 6.7            |
| 1. Shares in affiliated undertakings  |            | -              | -              |
| 2. Own shares   | C.7.2      | -              | 6.7            |
| IV. Cash at bank and in hand  |            | 30.9           | 28.0           |
| <b>E. Prepayments</b>   | <b>C.5</b> | <b>5.6</b>     | <b>7.7</b>     |
| <b>Total (Assets)</b>   |            | <b>1,142.1</b> | <b>1,120.4</b> |

## BALANCE SHEET

### CAPITAL, RESERVES AND LIABILITIES

| € million  | Notes      | 31.12.2020     | 31.12.2019     |
|--|------------|----------------|----------------|
| <b>A. Capital and reserves</b>   | <b>C.6</b> | <b>590.6</b>   | <b>441.2</b>   |
| I. Subscribed capital  | C.6.1      | 1.9            | 1.6            |
| II. Share premium account  | C.6.3      | 400.7          | 316.2          |
| III. Revaluation reserve   |            | -              | -              |
| IV. Reserves   | C.7        | 0.2            | 6.8            |
| 1. Legal reserve   | C.7.1      | 0.2            | 0.2            |
| 2. Reserve for own shares  | C.7.2      | -              | 6.7            |
| V. Profit or loss brought forward  |            | 116.6          | 36.0           |
| VI. Profit or loss for the financial year  |            | 71.2           | 80.6           |
| VII. Interim dividends   |            | -              | -              |
| VIII. Capital investment subsidies   |            | -              | -              |
| <b>B. Provisions</b>   | <b>C.8</b> | <b>5.1</b>     | <b>2.8</b>     |
| 1. Provisions for pensions and similar obligations   |            | -              | -              |
| 2. Provisions for taxation   |            | -              | -              |
| 3. Other provisions  | C.8.1      | 5.1            | 2.8            |
| <b>C. Creditors</b>  | <b>C.9</b> | <b>546.4</b>   | <b>676.4</b>   |
| 1. Debenture loans   |            | 502.5          | 502.5          |
| a) Convertible loans   | C.9.1      | 200.1          | 200.1          |
| i) becoming due and payable within one year  |            | 0.1            | 0.1            |
| ii) becoming due and payable after more than one year  |            | 200.0          | 200.0          |
| b) Non convertible loans   | C.9.2      | 302.4          | 302.4          |
| i) becoming due and payable within one year  |            | 2.4            | 2.4            |
| ii) becoming due and payable after more than one year  |            | 300.0          | 300.0          |
| 2. Amounts owed to credit institutions   |            | -              | -              |
| 3. Payments received on account of orders in so far as they are shown separately as deductions from stocks |            | -              | -              |
| 4. Trade creditors   | C.9.3      | 1.1            | 2.4            |
| a) becoming due and payable within one year  |            | 1.1            | 2.4            |
| 5. Bills of exchange payable   |            | -              | -              |
| 6. Amounts owed to affiliated undertakings   | C.9.4      | 39.3           | 155.4          |
| a) becoming due and payable within one year  |            | 13.2           | 31.0           |
| b) becoming due and payable after more than one year   |            | 26.2           | 124.5          |
| 7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests  | C.9.5      | 3.3            | 0.1            |
| a) becoming due and payable within one year  |            | 0.1            | 0.1            |
| b) becoming due and payable after more than one year   |            | 3.2            | -              |
| 8. Other creditors   | C.9.6      | 0.2            | 15.9           |
| a) Tax authorities   |            | -              | 15.7           |
| b) Social security and tax authorities   |            | 0.0            | -              |
| c) Other creditors   |            | 0.2            | 0.2            |
| i) becoming due and payable within one year  |            | 0.2            | 0.2            |
| <b>D. Deferred income</b>  |            | -              | -              |
| <b>Total (Capital, Reserves and Liabilities)</b>   |            | <b>1,142.1</b> | <b>1,120.4</b> |

## PROFIT AND LOSS ACCOUNT

| € million   | Notes      | 01.01.2020-<br>31.12.2020 | 01.01.2019-<br>31.12.2019 |
|---|------------|---------------------------|---------------------------|
| <b>1. Net turnover</b>  | D.1        | <b>23.0</b>               | <b>67.6</b>               |
| <b>2. Variation in stocks of finished goods and work in progress</b>                |            | -                         | -                         |
| <b>3. Work performed by the undertaking for its own purposes and capitalized</b>    |            | -                         | -                         |
| <b>4. Other operating income</b>  | D.2        | <b>2.7</b>                | <b>1.9</b>                |
| <b>5. Raw materials and consumables and other external expenses</b>                 |            | <b>(34.9)</b>             | <b>(34.5)</b>             |
| a) Raw materials and consumables  |            | -                         | -                         |
| b) Other external expenses  | D.3        | (34.9)                    | (34.5)                    |
| <b>6. Staff costs</b>   | D.4        | <b>(2.7)</b>              | <b>(0.3)</b>              |
| a) Wages and salaries   |            | (2.7)                     | (0.3)                     |
| b) Social security costs  |            | -                         | -                         |
| i) relating to pensions   |            | -                         | -                         |
| ii) other social security costs   |            | -                         | -                         |
| c) Other staff costs  |            | -                         | -                         |
| <b>7. Value adjustments</b>   |            | <b>(0.9)</b>              | <b>(0.8)</b>              |
| a) in respect of formation expenses and of tangible and intangible fixed assets     | C.1<br>C.2 | (0.9)                     | (0.8)                     |
| b) in respect of current assets   |            | -                         | -                         |
| <b>8. Other operating expenses</b>  | D.5        | <b>(1.1)</b>              | <b>(1.5)</b>              |
| <b>9. Income from participating interests</b>                                       | <b>D.6</b> | <b>101.6</b>              | <b>131.9</b>              |
| a) derived from affiliated undertakings   |            | 101.6                     | 129.6                     |
| b) other income from participating interests  |            | -                         | 2.3                       |
| <b>10. Income from other investments and loans forming part of the fixed assets</b> |            | -                         | -                         |
| a) derived from affiliated undertakings   |            | -                         | -                         |
| b) other income not included under a)   |            | -                         | -                         |
| <b>11. Other interest receivable and similar income</b>                             | <b>D.7</b> | <b>5.8</b>                | <b>5.6</b>                |
| a) derived from affiliated undertakings   |            | 5.0                       | 4.3                       |
| b) other interest and similar income  |            | 0.8                       | 1.3                       |

|   |             |               |               |
|---|-------------|---------------|---------------|
| <b>12. Share of profit or loss of undertakings accounted for under the equity method</b>              |             | -             | -             |
| <b>13. Value adjustments in respect of financial assets and of investments held as current assets</b> | <b>D.8</b>  | <b>(3.4)</b>  | -             |
| <b>14. Interest payable and similar expenses</b>  | <b>D.9</b>  | <b>(18.4)</b> | <b>(88.9)</b> |
| a) concerning affiliated undertakings and participating interest                                      |             | (3.5)         | (72.3)        |
| b) other interest and similar expenses  |             | (14.8)        | (16.6)        |
| <b>15. Tax on profit or loss</b>  | <b>D.10</b> | <b>(0.8)</b>  | <b>(0.3)</b>  |
| <b>16. Profit or loss after taxation</b>  |             | <b>71.2</b>   | <b>80.6</b>   |
| <b>17. Other taxes not shown under items 1 to 16</b>  |             | <b>(0.0)</b>  | <b>(0.0)</b>  |
| <b>18. Profit or loss for the financial year</b>  |             | <b>71.2</b>   | <b>80.6</b>   |

*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.

The Company's shares (31.12.2020: 25,666,025; 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.

### 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 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 million Euros. All values in these notes are rounded to the nearest million Euros (m€), 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

### 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

Intangible assets are valued at purchase price including the expenses incidental thereto or at production costs, less cumulated depreciation and value adjustments. These value adjustments are not continued if the reasons for the value adjustments 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 |
| License     | 20,000%                | 0.0                       |

### B.2.3 Tangible assets

Tangible assets are measured at purchase price including the expenses incidental thereto or at production costs, less cumulated depreciation and value adjustments. Value adjustments are not continued if the reasons for the value adjustments 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

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 measured 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 measured 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.

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

## C.1 Intangible Assets

The movements for the period are as follows:

|  | Gross book value       |                       |                       |                       | Accumulated value adjustments |                        |                          | Net book value         |                        |                        |
|--|------------------------|-----------------------|-----------------------|-----------------------|-------------------------------|------------------------|--------------------------|------------------------|------------------------|------------------------|
|  | 01.01.2020<br>€million | Additions<br>€million | Transfers<br>€million | Disposals<br>€million | 31.12.2020<br>€million        | 01.01.2020<br>€million | Depreciation<br>€million | 31.12.2020<br>€million | 31.12.2020<br>€million | 31.12.2019<br>€million |
| <b>I INTANGIBLE FIXED ASSETS</b>   |                        |                       |                       |                       |                               |                        |                          |                        |                        |                        |
| <b>Concessions, patents, licences, trade marks and similar rights and assets</b> |                        |                       |                       |                       |                               |                        |                          |                        |                        |                        |
| IT Software and Homepage   | 4.0                    | 0.1                   | -                     | 0.3                   | 4.5                           | 1.1                    | 0.8                      | 1.9                    | 2.6                    | 3.0                    |
| Concessions, licences, industrial and similar rights and assets                  | 0.4                    | 0.0                   | -                     | -                     | 0.4                           | 0.1                    | 0.1                      | 0.2                    | 0.2                    | 0.2                    |
| Internally generated intangible fixed assets                                     | -                      | 0.6                   | -                     | -                     | 0.6                           | -                      | -                        | -                      | 0.6                    | -                      |
|  | <b>4.4</b>             | <b>0.8</b>            | <b>-</b>              | <b>0.3</b>            | <b>5.5</b>                    | <b>1.2</b>             | <b>0.9</b>               | <b>2.1</b>             | <b>3.4</b>             | <b>3.2</b>             |
| <b>Payments on account and intangible fixed assets under development</b>         |                        |                       |                       |                       |                               |                        |                          |                        |                        |                        |
| Payments on account  | 0.3                    | -                     | -                     | (0.3)                 | -                             | -                      | -                        | -                      | -                      | 0.3                    |
|  | <b>0.3</b>             | <b>-</b>              | <b>-</b>              | <b>(0.3)</b>          | <b>-</b>                      | <b>-</b>               | <b>-</b>                 | <b>-</b>               | <b>-</b>               | <b>0.3</b>             |
| <b>Total</b>   | <b>4.7</b>             | <b>0.8</b>            | <b>-</b>              | <b>-</b>              | <b>5.5</b>                    | <b>1.2</b>             | <b>0.9</b>               | <b>2.1</b>             | <b>3.4</b>             | <b>3.5</b>             |

## C.2 Tangible Assets

The movements for the period are as follows:

|   | 01.01.2020<br>€million | Additions<br>€million | Transfers<br>€million | Disposals<br>€million | 31.12.2020<br>€million | 01.01.2020<br>€million | Depreciation<br>€million | 31.12.2020<br>€million | 31.12.2020<br>€million | 31.12.2019<br>€million |
|---|------------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|--------------------------|------------------------|------------------------|------------------------|
| <b>II TANGIBLE FIXED ASSETS</b>                         |                        |                       |                       |                       |                        |                        |                          |                        |                        |                        |
| <b>Other fixtures and fittings, tools and equipment</b> |                        |                       |                       |                       |                        |                        |                          |                        |                        |                        |
| IT Equipment  | 0.2                    | 0.0                   | -                     | -                     | 0.2                    | 0.1                    | 0.0                      | 0.1                    | 0.1                    | 0.2                    |
| Low-value assets  | -                      | 0.0                   | -                     | -                     | 0.0                    | -                      | 0.0                      | 0.0                    | -                      | -                      |
|   | <b>0.2</b>             | <b>0.0</b>            | <b>-</b>              | <b>-</b>              | <b>0.3</b>             | <b>0.1</b>             | <b>0.1</b>               | <b>0.1</b>             | <b>0.1</b>             | <b>0.2</b>             |
| <b>Total</b>  | <b>0.2</b>             | <b>0.0</b>            | <b>-</b>              | <b>-</b>              | <b>0.3</b>             | <b>0.1</b>             | <b>0.1</b>               | <b>0.1</b>             | <b>0.1</b>             | <b>0.2</b>             |

### C.3 Financial Assets

A detailed statement of changes is attached in appendix 1 of the notes.

The movements for the period are as follows:

#### *Financial Year 2020 (mEuro)*

|   | Shares in affiliated undertakings | Loans to affiliated undertakings held as fixed assets | Shares in undertakings with which the undertaking is linked by virtue of 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 | <b>Total</b>   |
|---|-----------------------------------|---|--|---|----------------------------------|----------------------------------|----------------|
| <u>Gross book value</u>                       |                                   |   |  |   |                                  |                                  |                |
| Opening balance as of 01 January 2020         | 741.1                             | 121.9   | 39.5   | 1.2   | 54.9                             | 2.7                              | 961.2          |
| Additions for the period                      | 17.0                              | 18.0  | 7.6  | 4.2   | 0.0                              | 2.3                              | 49.1           |
| Disposals for the period                      | (3.0)                             | (0.7)   | (1.6)  | (0.1)   | 0.0                              | (0.6)                            | (6.1)          |
| Transfers for the period                      | 0.0                               | 0.0   | -  | 0.0   | 0.0                              | 14.0                             | 14.0           |
| Currency translation effects for the period   | 0.0                               | 0.0   | -  | 0.0   | 0.0                              | 0.0                              | 0.0            |
| <b>Closing balance as of 31 December 2020</b> | <b>755.1</b>                      | <b>139.1</b>  | <b>45.5</b>  | <b>5.3</b>  | <b>54.9</b>                      | <b>18.3</b>                      | <b>1,018.2</b> |
| <u>Accumulated value adjustments</u>          |                                   |   |  |   |                                  |                                  |                |
| Opening balance as of 01 January 2020         | -                                 | -   | -  | -   | -                                | -                                | -              |
| Value adjustment for the year                 | (3.4)                             | -   | -  | -   | -                                | -                                | (3.4)          |
| <b>Closing balance as of 31 December 2020</b> | <b>(3.4)</b>                      | <b>-</b>  | <b>-</b>   | <b>-</b>  | <b>-</b>                         | <b>-</b>                         | <b>(3.4)</b>   |
| <b>Net book value - closing balance</b>       | <b>751.7</b>                      | <b>139.1</b>  | <b>45.5</b>  | <b>5.3</b>  | <b>54.9</b>                      | <b>18.3</b>                      | <b>1,014.8</b> |
| Net book value - opening balance              | 741.1                             | 121.9   | 39.5   | 1.2   | 54.9                             | 2.7                              | 961.2          |

**Financial Year 2019 (mEuro)**

|   | 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 | <b>Total</b> |
|---|-----------------------------------|---|-------------------------|---|----------------------------------|----------------------------------|--------------|
| <u>Gross book value</u>                       |                                   |   |                         |   |                                  |                                  |              |
| Opening balance as of 01 January 2019         | 709.8                             | 128.8   | 20.9                    | 0.8   | 10.0                             | 17.7                             | 888.0        |
| Additions for the period                      | 141.3                             | 88.2  | 20.8                    | 0.7   | 44.9                             | 0.4                              | 296.2        |
| Disposals for the period                      | (109.9)                           | (95.2)  | (2.3)                   | (0.3)   | 0.0                              | (0.9)                            | (208.6)      |
| Transfers for the period                      | (0.1)                             | 0.0   | 0.1                     | 0.0   | 0.0                              | 14.5                             | (14.5)       |
| Currency translation effects for the period   | -                                 | 0.0   | 0.0                     | 0.0   | 0.0                              | 0.0                              | 0.0          |
| <b>Closing balance as of 31 December 2019</b> | <b>741.1</b>                      | <b>121.9</b>  | <b>39.5</b>             | <b>1.2</b>  | <b>54.9</b>                      | <b>2.7</b>                       | <b>961.2</b> |
| <u>Accumulated value adjustments</u>          |                                   |   |                         |   |                                  |                                  |              |
| Opening balance as of 01 January 2019         | -                                 | -   | -                       | -   | -                                | -                                | -            |
| Depreciation charge for the year              | -                                 | -   | 0.0                     | -   | -                                | -                                | 0.0          |
| <b>Closing balance as of 31 December 2019</b> | -                                 | -   | -                       | -   | -                                | -                                | -            |
| <b>Net book value - closing balance</b>       | <b>741.1</b>                      | <b>121.9</b>  | <b>39.5</b>             | <b>1.2</b>  | <b>54.9</b>                      | <b>2.7</b>                       | <b>961.2</b> |
| Net book value - opening balance              | 709.8                             | 128.8   | 20.9                    | 0.8   | 10.0                             | 17.7                             | 888.0        |

Undertakings in which the Company holds at least 50% of the share capital are as follows:

| € million  |  |                       |                         | 2020   |   |
|--|--|-----------------------|-------------------------|--|---|
| Name of the undertaking                                      | Registered office and Country of incorporation | Ownership (in %)      | Last balance sheet date | Net equity at the balance sheet date of the company concerned (in mEuro) | Profit or loss for the last financial year (in mEuro) |
| <b>Corestate Capital Holding S.A.</b>                        | <b>Luxembourg</b>                              | <b>Parent Company</b> | <b>n/a</b>              | <b>n/a</b>   | <b>n/a</b>  |
| HFS Helvetic Financial Services AG                           | Wollerau/Switzerland                           | 100.00                | 31.12.2020              | 647.4  | 42.5  |
| CORESTATE CAPITAL AG   | Baar/Switzerland                               | 100.00                | 31.12.2020              | 53.8   | 1.1   |
| Ginova PropCo S.à r.l.                                       | Luxembourg                                     | 100.00                | 31.12.2020              | 34.6   | 1.5   |
| Ginova AIF S.à r.l.  | Luxembourg                                     | 100.00                | 31.12.2020              | 31.2   | (0.0)   |
| CORESTATE Capital Group GmbH                                 | Frankfurt on Main/Germany                      | 100.00                | 31.12.2020              | 27.9   | (4.3)   |
| Stadttor Düsseldorf AcquiCo S.à r.l.                         | Luxembourg                                     | 100.00                | 31.12.2020              | 24.7   | 0.1   |
| Corestate Capital Services GmbH                              | Wollerau/Switzerland                           | 100.00                | 31.12.2020              | 23.3   | 9.0   |
| CORESTATE CAPITAL Fund Management S.à r.l.                   | Luxembourg                                     | 100.00                | 31.12.2020              | 15.2   | 5.1   |
| Bego HoldCo S.à r.l.   | Luxembourg                                     | 100.00                | 31.12.2020              | 6.2  | (0.0)   |
| Corestate Capital France HoldCo SAS                          | Paris/France                                   | 100.00                | 31.12.2020              | 6.1  | (1.7)   |
| Dedan AIF S.à r.l. (prev. Dedan HoldCo S.à r.l.)             | Luxembourg                                     | 100.00                | 31.12.2020              | 6.1  | (0.7)   |
| Bego HoldCo I S.L.   | Madrid/Spain                                   | 100.00                | 31.12.2020              | 6.0  | (0.1)   |
| Bego PropCo I S.L.   | Madrid/Spain                                   | 100.00                | 31.12.2020              | 5.8  | (0.1)   |
| Gabriela HoldCo S.à r.l. (prev. Corestate Shelf 18 S.à r.l.) | Luxembourg                                     | 100.00                | 31.12.2020              | 5.1  | (0.0)   |
| Gabriela HoldCo S.L.   | Madrid/Spain                                   | 100.00                | 31.12.2020              | 5.0  | (0.1)   |
| Gabriela PropCo S.L.   | Madrid/Spain                                   | 100.00                | 31.12.2020              | 5.0  | (0.1)   |
| PALMYRA Verwaltungs GmbH & Co. Vermietungs KG                | Pullach/Germany                                | 89.58                 | 31.12.2020              | 4.1  | (0.1)   |
| DONALD HoldCo S.à r.l.                                       | Luxembourg                                     | 100.00                | 31.12.2020              | 3.9  | (0.0)   |
| CRM Students Ltd   | Oxford/United Kingdom                          | 100.00                | 31.12.2020              | 3.7  | (0.8)   |
| Wallhalla HoldCo S.à r.l.                                    | Luxembourg                                     | 100.00                | 31.12.2020              | 3.1  | (0.0)   |

|   |                           |        |            |     |       |
|---|---------------------------|--------|------------|-----|-------|
| BER REV HoldCo S.à r.l.                         | Luxembourg                | 100.00 | 31.12.2020 | 3.0 | (0.0) |
| Wallhalla PropCo S.á r.l.                       | Luxembourg                | 100.00 | 31.12.2020 | 3.0 | (0.0) |
| UPARTMENTS Real Estate GmbH                     | Leipzig/Germany           | 100.00 | 31.12.2020 | 2.8 | (3.0) |
| Echo HoldCo S.à r.l.                            | Luxembourg                | 100.00 | 31.12.2020 | 2.6 | (0.0) |
| Iberian HoldCo II S.L.                          | Madrid/Spain              | 100.00 | 31.12.2020 | 2.3 | (0.0) |
| CAPERA Immobilien Service GmbH                  | Neu-Isenburg/Germany      | 100.00 | 31.12.2020 | 2.1 | 0.2   |
| Plutos HoldCo S.á r.l.                          | Luxembourg                | 100.00 | 31.12.2020 | 2.0 | (0.0) |
| PALMYRA Verwaltungs GmbH & Co. Verm. KG S.e.n.c | Luxembourg                | 84.92  | 31.12.2020 | 1.6 | 0.2   |
| HARBOUR AcquiCo 1 AIF S.à r.l.                  | Luxembourg                | 100.00 | 31.12.2020 | 1.5 | (0.1) |
| STAM France Investment Managers SAS             | Paris/France              | 100.00 | 31.12.2020 | 1.1 | 0.1   |
| STAM RE III S.à r.l.                            | Paris/France              | 100.00 | 31.12.2020 | 0.9 | 0.2   |
| GENOST Consulting GmbH                          | Leipzig/Germany           | 100.00 | 31.12.2020 | 0.9 | 0.3   |
| STAM Europe SAS                                 | Paris/France              | 100.00 | 31.12.2020 | 0.8 | 0.1   |
| Iberian HoldCo II S.à r.l.                      | Luxembourg                | 100.00 | 31.12.2020 | 0.7 | 0.0   |
| Grindel AcquiCo II S.à r.l.                     | Luxembourg                | 100.00 | 31.12.2020 | 0.7 | (0.0) |
| Projekt AcquiCo III S.à r.l.                    | Luxembourg                | 100.00 | 31.12.2020 | 0.7 | (0.1) |
| Monet S.à r.l.                                  | Luxembourg                | 77.67  | 31.12.2020 | 0.6 | 1.4   |
| Cisnes E Silhuettas                             | Lisbon/Portugal           | 100.00 | 31.12.2020 | 0.4 | 0.3   |
| Tempelhof Twins TopCo S.à r.l.                  | Luxembourg                | 100.00 | 31.12.2020 | 0.4 | (0.0) |
| CORESTATE MCIF GmbH & Co. KG                    | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | 0.4 | (0.1) |
| Corestate Student Home Holding S.à r.l.         | Luxembourg                | 100.00 | 31.12.2020 | 0.4 | 0.0   |
| Stam Co-Invest                                  | Luxembourg                | 77.67  | 31.12.2020 | 0.3 | 0.5   |
| Hartly Invest S.L.                              | Madrid/Spain              | 100.00 | 31.12.2020 | 0.3 | 0.3   |
| Potsdam Student Home AcquiCo II S.à r.l.        | Luxembourg                | 100.00 | 31.12.2020 | 0.3 | (0.0) |
| ROSE HoldCo S.à r.l.                            | Luxembourg                | 100.00 | 31.12.2020 | 0.3 | 1.1   |
| Bad Honnef OpCo GmbH                            | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | 0.2 | 0.1   |



|  |                           |        |            |       |       |
|--|---------------------------|--------|------------|-------|-------|
| Frankfurt Student Home AcquiCo II S.à r.l.                                   | Luxembourg                | 100.00 | 31.12.2020 | 0.2   | (0.0) |
| STAM Property Management SAS   | Paris/France              | 100.00 | 31.12.2020 | 0.2   | 0.1   |
| AF ATHENA GmbH   | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | 0.2   | (0.0) |
| Mainz Student Home AcquiCo II S.à r.l.                                       | Luxembourg                | 100.00 | 31.12.2020 | 0.1   | (0.0) |
| Hannover Leasing Verwaltungsgesellschaft mbH                                 | Pullach/Germany           | 100.00 | 31.12.2020 | 0.1   | 0.0   |
| Corestate Marketing GmbH   | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | 0.1   | 0.0   |
| LOMBARDO Verwaltungsgesellschaft mbH   | Pullach/Germany           | 89.58  | 31.12.2020 | 0.1   | (0.1) |
| Madison HoldCo S.à r.l.  | Luxembourg                | 100.00 | 31.12.2020 | 0.1   | (0.0) |
| Corestate FIF Portfolio Verwaltung GmbH                                      | Hamburg/Germany           | 100.00 | 31.12.2020 | 0.0   | 0.0   |
| CORESTATE CIV GmbH   | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| JOYN Vermietungsgesellschaft mbH   | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| Iberian PropCo II S.L.   | Madrid/Spain              | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| Corestate ZGE Feeder GmbH & Co. KG   | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| MicroLiving Service zwei GmbH  | Vienna/Austria            | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| Corestate Capital Sales Holding S.à r.l.                                     | Luxembourg                | 100.00 | 31.12.2020 | 0.0   | (0.1) |
| Corestate Capital Italy S.R.L.   | Milan/Italy               | 100.00 | 31.12.2020 | 0.0   | 0.0   |
| CRM Micro Living Services Italy S.R.L.                                       | Milan/Italy               | 100.00 | 31.12.2020 | 0.0   | 0.0   |
| Urban Micro Estate Swiss Immobilienverwaltungs GmbH                          | Zurich/Switzerland        | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| Bayreuth Student Home AcquiCo II S.à r.l.                                    | Luxembourg                | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| CORESTATE Capital Beteiligungs Verwaltungs GmbH                              | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| Bagley Invest S.L. (in future Madison PropCo S.L.)                           | Madrid/Spain              | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| Design Center AIF S.à r.l.   | Luxembourg                | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| Corestate Shelf 15 S.à r.l.  | Luxembourg                | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| Ardville Invest S.L. (in future Madison HoldCo S.L.)                         | Madrid/Spain              | 100.00 | 31.12.2020 | 0.0   | (0.0) |
| Corestate Capital International S.a r.l. (prev. CCIS Master HoldCo S.à r.l.) | Luxembourg                | 100.00 | 31.12.2020 | (0.0) | (0.0) |
| Paolia Sp. z o.o.  | Warsaw/Poland             | 100.00 | 31.12.2020 | (0.0) | (0.0) |

|   |                           |        |            |        |        |
|---|---------------------------|--------|------------|--------|--------|
| Court PropCo S.à r.l.                         | Luxembourg                | 100.00 | 31.12.2020 | (0.0)  | (0.0)  |
| Tempelhof Twins HoldCo S.à r.l.               | Luxembourg                | 100.00 | 31.12.2020 | (0.0)  | (0.2)  |
| CORESTATE MCIF Germany GmbH & Co. KG          | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | (0.0)  | (0.0)  |
| Corestate Shelf 11 S.à r.l.                   | Luxembourg                | 100.00 | 31.12.2020 | (0.0)  | (0.0)  |
| Court HoldCo GmbH                             | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | (0.0)  | (0.1)  |
| CRM Poland sp.z.o.o.                          | Warsaw/Poland             | 100.00 | 31.12.2020 | (0.0)  | (0.0)  |
| Urban Micro Estate Immobilienverwaltungs GmbH | Vienna/Austria            | 100.00 | 31.12.2020 | (0.0)  | (0.2)  |
| Marburg TopCo Ltd.                            | Guernsey                  | 100.00 | 31.12.2020 | (0.1)  | 0.0    |
| Highstreet IX TopCo Ltd.                      | Guernsey                  | 100.00 | 31.12.2020 | (0.1)  | (0.1)  |
| Corestate Capital Dept Advisory GmbH          | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | (0.1)  | (0.2)  |
| CORESTATE Capital Partners GmbH               | Zurich/Switzerland        | 100.00 | 31.12.2020 | (0.3)  | (0.9)  |
| Iberian Investments II HoldCo S.à r.l.        | Luxembourg                | 100.00 | 31.12.2020 | (0.4)  | (0.0)  |
| ATOS Property Management GmbH                 | Hamburg/Germany           | 100.00 | 31.12.2020 | (0.8)  | (1.0)  |
| Corestate Ben HoldCo GmbH & Co. KG            | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | (1.4)  | (0.1)  |
| CORESTATE Capital Transactions AG             | Baar/Switzerland          | 100.00 | 31.12.2020 | (1.9)  | (0.4)  |
| Corestate Capital Investors (Europe) GmbH     | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | (3.0)  | (2.4)  |
| CORESTATE Capital Partners UK Limited         | London/United Kingdom     | 100.00 | 31.12.2020 | (4.2)  | (1.7)  |
| CORESTATE Capital Advisors GmbH               | Frankfurt on Main/Germany | 100.00 | 31.12.2020 | (26.7) | (17.5) |

### 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.

| € million                                     | Start date | Maturity (years) | interest rate | collateral | 2020         | 2019         |
|---|------------|------------------|---------------|------------|--------------|--------------|
| CORESTATE Capital Group GmbH                  | 01.08.2018 | 5                | 1.000%        | unsecured  | 69.9         | 67.0         |
| CORESTATE Capital Advisors GmbH               | 01.01.2019 | 5                | 5.500%        | unsecured  | 55.4         | 44.1         |
| CORESTATE Capital Sales Holding S.à r.l.      | 07.01.2019 | 5                | 3.000%        | unsecured  | 5.6          | 4.7          |
| Tempelhof Twins TopCo S.à r.l.                | 23.09.2019 | 5                | 4.750%        | unsecured  | 2.8          | 2.7          |
| CORESTATE Capital Partners UK Ltd.            | 01.09.2018 | 5                | 5.500%        | unsecured  | 3.9          | 1.9          |
| Corestate Student Home Holding S. à r.l.      | 08.02.2017 | 5                | 0.000%        | unsecured  | 0.8          | 0.8          |
| STAM Co-Invest S.á r.l.                       | 01.07.2020 | 10               | 0.000%        | unsecured  | 0.6          | 0.0          |
| Isabela HoldCo AIF S. à r.l.                  | 04.08.2020 | 5                | 0.000%        | unsecured  | 0.1          | 0.0          |
| Corestate Capital Venture Management S.à r.l. | 01.12.2018 | 5                | 5.500%        | unsecured  | 0.0          | 0.4          |
| Corestate Capital Partners GmbH               | 24.02.2017 | 5                | 0.000%        | unsecured  | 0.0          | 0.3          |
| CORESTATE Capital Advisors (SG) Pte. Ltd.     | 27.03.2019 | 5                | 0.000%        | unsecured  | 0.0          | 0.1          |
| <b>Total</b>                                  |            |                  |               |            | <b>139.1</b> | <b>121.9</b> |

### 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 the Company's clients.

### C.3.4 Investments held as fixed assets

With the investment agreement dated 23 April 2018, CCH SA 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 € 44.9m increasing the total investment from € 10.0m to € 54.9m.

### C.3.5 Other loans

A detailed composition of other loans and a statement of changes are attached in appendix 1 of the notes.

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 € 15.6m which is paid directly to WGS Private Equity Beteiligungs GmbH. In the previous year the loan was classified under other debtors as the loan was deemed to be repaid by the end of July 2020.

On 21 July 2020, the Company as lender and Prime Partners GmbH, as borrowers superseding WGS Management GmbH as party to the initial loan agreement, entered into an extended loan agreement. The Loan shall bear interest at a rate of 3.4% per annum. The loan will be repaid by December 31, 2026.

### C.4 Debtors

Debtors are mainly composed of:

| € million  | 2020        | 2019         |
|--|-------------|--------------|
| Trade debtors  | 1.7         | 10.7         |
| Amounts owed by affiliated undertakings  | 65.5        | 46.7         |
| Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | 17.2        | 24.9         |
| Other debtors  | 2.9         | 30.8         |
| <b>Total</b>   | <b>87.3</b> | <b>113.1</b> |

Trade debtors in the amount of € 1.7m (December 31, 2019: € 10.7m) include various fee income streams.

The decrease of the other debtors results from reconciliation of the vat receivables and vat payable. Furthermore, from the classification of the WGS Management GmbH loan € 15.6m, which expired at the end of July 2020. The new loan agreement has been drawn up with the new borrower Prime Partners GmbH with an adjusted repayment due date of 31 December 2026 and classified into other loans. Please refer to C.3.5 for other loans.

### C.4.1 Amounts owed by affiliated undertakings

| € million   | 2020        | 2019        |
|---|-------------|-------------|
| <b>Receivables from delivery and service relations</b>                      | <b>27.4</b> | <b>45.7</b> |
| <b>Short-term loans (including accrued interests) and other receivables</b> | <b>36.9</b> | <b>1.0</b>  |
| Corestate Capital France HoldCo SAS   | 28.9        | -           |
| HFS Helvetic Financial Services GmbH  | 9.1         | -           |
| Others  | 0.2         | 1.0         |
| <b>Total</b>  | <b>65.5</b> | <b>46.7</b> |

In 2020, the receivables from delivery and service relations resulted from affiliated undertakings amounting to € 27.4m (December 31, 2019: € 45.7m) are mainly due from HFS Helvetic Financial Services GmbH, Hannover Leasing GmbH & Co. KG and CORESTATE Capital Advisors GmbH.

#### C.4.2 Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests

| € million                                      | 2020        | 2019        |
|--|-------------|-------------|
| Receivables from Project Iberian               | 3.3         | 4.5         |
| Receivables from Project Turicum               | 2.9         | 1.3         |
| Receivables from Project 4711                  | 2.1         | 1.7         |
| Receivables from Project HIGHSTREET VIII       | 1.8         | 0.6         |
| Receivables from Project CC SH                 | 1.5         | 1.0         |
| Receivables from Project Tablas                | 1.1         | 1.7         |
| Receivables from Project Pallars               | 0.8         | -           |
| Receivables from Project Echo                  | 0.8         | -           |
| Receivables from Project Olympic               | 0.6         | 0.3         |
| Receivables from Project HIGHSTREET Premium II | 0.5         | -           |
| Receivables from Project HIGHSTREET VI         | 0.4         | 0.2         |
| Receivables from Project BCC                   | 0.3         | 10.4        |
| Receivables from Project LIVER                 | 0.2         | 0.2         |
| Receivables from Project Rose                  | 0.1         | -           |
| others   | 0.6         | 2.5         |
| <b>Total</b>                                   | <b>17.2</b> | <b>24.9</b> |

Receivables from Project Iberian are mainly due to Promote Fee and Project Turicum are mainly due to Development Fee which are receivable within one year.

#### C.4.3 Other debtors

| € million   | 2020       | 2019        |
|---|------------|-------------|
| VAT receivables   | 2.8        | 14.8        |
| Deposits  | 0.0        | 0.0         |
| others  | 0.0        | 0.1         |
| WGS Private Equity Beteiligungs GmbH (loan and accrued interests) | -          | 15.6        |
| VITU TOPCO Ltd.   | -          | 0.2         |
| <b>Total</b>  | <b>2.9</b> | <b>30.8</b> |

VAT receivables mainly result from transactions with third parties located in the EU zone (reverse charge). In consequence, CCH SA has input tax rebate claims against the Luxembourg tax authorities from these value added taxes ("VAT"). In 2020, the vat receivables and vat payables are reconciled. The WGS Management GmbH loan € 15.6m expired at the end of July 2020. The new loan agreement has been drawn up with the new borrower Prime Partners GmbH with an adjusted repayment due date of December 31, 2026 and classified into other loans. Please reference C.3.5 other loans.

#### C.5 Prepayments

| € million               | 2020       | 2019       |
|-------------------------|------------|------------|
| Transaction costs bonds | 5.1        | 7.1        |
| others                  | 0.5        | 0.2        |
| <b>Total</b>            | <b>5.6</b> | <b>7.7</b> |

The bond-related transaction costs result from the issuance of the two 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 bonds' respective terms.

## C.6 Capital and Reserves

| € million  | 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 2018                                       | 1.6                | 375.1         | 0.0                     | 0.1        | (5.5)                           | 41.6                                  | <b>412.8</b>  |
| Transfer of profit or loss                                   | -                  | 0.0           | -                       | -          | 41.6                            | (41.6)                                | -             |
| Issue of subscribed capital (from exercise of share options) | 0.0                | 0.7           | -                       | -          | -                               | -                                     | <b>0.7</b>    |
| Repurchase of own shares                                     | (0.0)              | (6.7)         | 6.7                     | -          | -                               | -                                     | -             |
| Capital reserves   | 0.0                | 0.0           | 0.0                     | 0.0        | 0.0                             | 0.0                                   | <b>0.0</b>    |
| Additions to the legal reserve                               | -                  | 0.0           | -                       | 0.1        | (0.1)                           | -                                     | -             |
| Distributions  | -                  | (52.9)        | -                       | -          | -                               | -                                     | <b>(52.9)</b> |
| Profit/(loss) for the period                                 | -                  | 0.0           | -                       | -          | -                               | 80.6                                  | <b>80.6</b>   |
| As of 31 December 2019                                       | 1.6                | 316.2         | 6.7                     | 0.2        | 36.0                            | 80.6                                  | <b>441.2</b>  |
| Transfer of profit or loss                                   | -                  | -             | -                       | -          | 80.6                            | (80.6)                                | -             |
| Increase of subscribed capital                               | 0.3                | 74.3          | -                       | -          | -                               | -                                     | <b>74.6</b>   |
| Issue of subscribed capital (from exercise of share options) | 0.0                | -             | -                       | -          | -                               | -                                     | <b>0.0</b>    |
| Conversion of reserves in share premium                      | 0.0                | 6.7           | (6.7)                   | -          | -                               | -                                     | -             |
| Capital reserves   | -                  | 3.6           | -                       | -          | -                               | -                                     | <b>2.3</b>    |
| Profit/(loss) for the period                                 | -                  | -             | -                       | -          | -                               | 71.2                                  | <b>71.2</b>   |
| <b>As of 31 December 2020</b>                                | <b>1.9</b>         | <b>400.7</b>  | <b>0.0</b>              | <b>0.2</b> | <b>116.6</b>                    | <b>71.2</b>                           | <b>590.6</b>  |

### 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.

In January 2020 the Group issued 108,725 new shares against contribution in kind that have been transferred as part of the purchase price for acquisition of STAM. Also, all treasury shares amounting to 174,968 shares have been used as consideration for acquiring STAM.

In March 2020, 16,501 shares were granted as part of a remuneration payment due to the termination of the contract of a Group's member of the management board.

In September 2020, the Group issued new shares amounted to 4,186,382 as a capital increase. The increase in capital added an amount of € 313,979 into the share capital. The Group has completed its capital increase from authorized capital against cash

contributions. The new issued ordinary shares were placed with domestic and international institutional investors outside the United States at a price of € 17.82 per share, resulting in gross proceeds of € 74,601,327. These new shares are entitled to dividends as of 01 January 2020 and were also included to trading in the Primary Standard segment of the Frankfurt Stock Exchange as of 18 September 2020.

Due to the above mentioned changes during the year 2020, the Company's share capital as of 31 December 2020 is set at € 1,924,953 (2019: € 1,588,460) represented by 25,666,025 (2019: 21,179,449) shares of which are fully paid up. All Shares are dematerialized shares without a par value.

### 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.

The Company's share capital as of 31 December 2019 is set at € 1,588,460 represented by 21,179,449 shares, all of which are fully paid up.

As per December 2020, 4,295,107 shares representing a share capital increase of € 336,493, have been issued by the management board out of the authorized capital.

### 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.

On 22 April 2020, the Company withdrew its outlook for the financial year 2020 due to the COVID-19 pandemic. In view of the significant shift in investment decisions, transactions and valuation approaches in core markets and products, the Company considered it no longer likely that it would achieve its originally planned targets for this financial year and revenues were likely to fall short of expectations, particularly in the areas of acquisition and performance-based fees as well as warehousing and alignment capital. Corestate shifted its focus from being on a sustainable growth path to preserving liquidity and further strengthening to company's balance sheet. Accordingly, the Annual General Meeting, held for the first time purely online, decided on 5 June that no dividend will be distributed for financial year 2019.

## 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.

### 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, 2020 the Company holds no own shares (December 31, 2019 174,968; amounted to € 6.7m).

## C.8 Provisions

Provisions are made up as follows:

| € million        | 2020       | 2019       |
|------------------|------------|------------|
| Other provisions | 5.1        | 2.8        |
| <b>Total</b>     | <b>5.1</b> | <b>2.8</b> |



## C.8.1 Other provisions

Other provisions are composed of:

| € million                                 | 01.01.2020 | Utilization  | Reversals    | Additions  | 2020       |
|---|------------|--------------|--------------|------------|------------|
| Ancillary costs from share based payments | 0.7        | (0.7)        | -            | 2.4        | 2.4        |
| Legal advice fees                         | -          | -            | -            | 0.7        | 0.7        |
| Bonus payments to Board of Management     | 0.3        | (0.2)        | (0.1)        | 0.4        | 0.4        |
| Audit and audit-related fees              | 0.4        | (1.1)        | -            | 1.2        | 0.4        |
| Remuneration of the Supervisory Board     | 0.5        | (0.4)        | -            | 0.3        | 0.4        |
| Other provisions                          | 0.7        | (0.7)        | -            | 0.2        | 0.2        |
| Preparation of tax declaration            | 0.1        | 0.0          | -            | 0.1        | 0.2        |
| Vacation                                  | -          | (0.2)        | -            | 0.3        | 0.1        |
| Annual report and annual general meeting  | 0.1        | (0.1)        | -            | 0.1        | 0.1        |
| Preparation of Financial Statements       | 0.1        | (0.1)        | -            | 0.1        | 0.1        |
| <b>Total</b>                              | <b>2.7</b> | <b>(3.5)</b> | <b>(0.1)</b> | <b>5.9</b> | <b>5.1</b> |

| € million                                 | 01.01.2019 | Utilization  | Reversals    | Additions  | 2019       |
|---|------------|--------------|--------------|------------|------------|
| Ancillary costs from share based payments | 0.1        | (0.3)        | -            | 0.9        | 0.7        |
| Remuneration of the Supervisory Board     | 0.2        | (0.3)        | -            | 0.5        | 0.5        |
| Audit and audit-related fees              | 0.2        | (0.2)        | -            | 0.3        | 0.3        |
| Bonus payments to Board of Management     | 2.1        | (1.8)        | (0.3)        | 0.3        | 0.3        |
| Preparation of tax declaration            | 0.1        | (0.3)        | -            | 0.3        | 0.1        |
| Annual report and annual general meeting  | 0.1        | (0.1)        | -            | 0.1        | 0.1        |
| Preparation of Financial Statements       | 0.1        | (0.3)        | -            | 0.3        | 0.1        |
| Other provisions                          | 0.3        | (0.3)        | -            | 0.7        | 0.7        |
| <b>Total</b>                              | <b>3.2</b> | <b>(3.5)</b> | <b>(0.3)</b> | <b>3.4</b> | <b>2.8</b> |

## C.9 Creditors

Amounts due and payable for the accounts shown under "Creditors" are as follows:

| € million  | Within one year | After one year and within five years | After more than five years | 2020         |
|--|-----------------|--------------------------------------|----------------------------|--------------|
| Debenture loans (convertible loans)  | 0.1             | 200.0                                | -                          | 200.1        |
| Debenture loans (non-convertible loans)  | 2.4             | 300.0                                | -                          | 302.4        |
| Trade creditors  | 1.1             | 0.0                                  | -                          | 1.1          |
| Amounts owed to affiliated undertakings  | 13.1            | 26.1                                 | -                          | 39.3         |
| Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests | 0.1             | 3.1                                  | -                          | 3.2          |
| Other creditors  | 0.2             | 0.0                                  | -                          | 0.2          |
| <b>Total</b>   | <b>17.1</b>     | <b>529.3</b>                         | <b>-</b>                   | <b>546.4</b> |

| € million  | Within one year | After one year and within five years | After more than five years | 2019         |
|--|-----------------|--------------------------------------|----------------------------|--------------|
| Debenture loans (convertible loans)  | 0.1             | 200.0                                | -                          | 200.1        |
| Debenture loans (non-convertible loans)  | 2.4             | 300.0                                | -                          | 302.4        |
| Trade creditors  | 2.3             | -                                    | -                          | 2.3          |
| Amounts owed to affiliated undertakings  | 27.7            | 127.0                                | -                          | 155.4        |
| Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests | 0.1             | -                                    | -                          | 0.1          |
| Other creditors  | 15.9            | -                                    | -                          | 15.9         |
| <b>Total</b>   | <b>48.4</b>     | <b>627.0</b>                         | <b>-</b>                   | <b>676.4</b> |

Except for the convertible debenture loans, none other debt items are secured by collateral on assets.

## C.9.1 Debenture loans (convertible loans)

| € million                        | 2020         | 2019         |
|----------------------------------|--------------|--------------|
| <b>Convertible bonds</b>         | 200.0        | 200.0        |
| Interests from convertible bonds | 0.1          | 0.1          |
| <b>Total</b>                     | <b>200.1</b> | <b>200.1</b> |

In 2017 the Company issued unsubordinated and unsecured convertible bonds in the aggregate principal amount of € 200.0m. 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.

The Bonds with an 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. Each bond will cease to bear interest when the bondholder exercises the conversion right in respect of any bond or a bond is redeemed.

## C.9.2 Debenture loans (non-convertible loans)

| € million                            | 2020         | 2019         |
|--------------------------------------|--------------|--------------|
| Non-convertible bonds                | 300.0        | 300.0        |
| Interests from non-convertible bonds | 2.4          | 2.4          |
| <b>Total</b>                         | <b>302.4</b> | <b>302.4</b> |

In March 2018, the Company issued a non-convertible bond with a volume of € 300.0m. The non-convertible bond is placed with institutional investors. The key facts are as following:

## 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  | April 2021                               |
| Nominal (in Euro)          | 100.000,00                               |
| Underlying                 | Shares of Corestate Capital Holding S.A. |
| Conversion price (in Euro) | 55.321 €                                 |
| Initial conversion premium | 27,50%                                   |
| Conversion period          | 08.01.2018-10.10.2022                    |
| Issue date                 | 21.11.2017                               |
| Clearing house             | Clearstream Frankfurt                    |

## 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                          |

## C.9.3 Trade creditors

As at December 31, 2020 trade creditors in the amount of € 1.1m mainly consist of liabilities to external service providers (December 31, 2019: € 2.4m).

## C.9.4 Amounts owed to affiliated undertakings

| € million  | Start date | Maturity (years) | interest rate | collateral | 2020        | 2019         |
|--|------------|------------------|---------------|------------|-------------|--------------|
| <b>Long-term loans from subsidiaries</b>   |            |                  |               |            | <b>26.2</b> | <b>124.5</b> |
| CORESTATE Capital AG   | 26.04.2019 | 5                | 1,000%        | unsecured  | 17.2        | 10.0         |
| CORESTATE CAPITAL Fund Management S.à r.l.   | 28.06.2017 | 5                | 1,000%        | unsecured  | 4.3         | 3.9          |
| Donald HoldCo S.à r.l.   | 31.01.2018 | 5                | 3,000%        | unsecured  | 4.2         | 3.6          |
| Rose HoldCo S.à r.l.   | 31.01.2018 | 5                | 1,000%        | unsecured  | 0.5         | 0.7          |
| HFS  | 13.06.2019 | 5                | 3,750%        | unsecured  | -           | 78.0         |
| RECAP FinCo II S.à r.l.  | 26.11.2018 | 5                | 5,500%        | unsecured  | -           | 12.9         |
| Stadttor Düsseldorf AcquiCo S.à r.l.   | 28.09.2018 | 5                | 1,000%        | unsecured  | -           | 8.9          |
| PALMYRA Verwaltungsges. mbH &  | 03.01.2019 | 5                | 5,500%        | unsecured  | -           | 5            |
| RECAP FinCo VI S.à r.l.  | 26.09.2017 | 5                | 0,000%        | unsecured  | -           | 1.8          |
| HL PRIVATE INVEST BETEILIG   | 22.03.2019 | 1                | 2,000%        | unsecured  | -           | (0.2)        |
| <b>Short-term liabilities owed to subsidiaries</b>   |            |                  |               |            | <b>13.1</b> | <b>31.0</b>  |
| Liabilities from delivery and services relations   |            |                  |               |            | 10.9        | 23.4         |
| <b>Short-term loan and accrued interests from Corestate Capital Junior BondCo S.à r.l.</b> |            |                  |               |            |             |              |
| CRM Students Limited   | 16.11.2018 | 1                | 1,000%        | unsecured  | 1.8         | 3.2          |
| Loan Interest to affiliate companies   |            |                  |               |            | 0.5         | 4.4          |
| <b>Other short-term loans and accrued interests</b>  |            |                  |               |            |             |              |
| others   |            |                  |               |            | -           | (0.1)        |
| <b>Total</b>   |            |                  |               |            | <b>39.3</b> | <b>155.4</b> |

The liabilities from delivery and services relations result mainly from cost recharges and the transfer pricing agreements.

#### C.9.5 Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests

| € million  | 2020       | 2019       |
|--|------------|------------|
| <b>Long-term Loans owed from associates</b>      |            |            |
| Iberian HoldCo III S.à r.l.                      | 3.1        | -          |
| Tempelhof Twins TopCo AIF S.à r.l.               | 0          | -          |
| <b>Short-term liabilities owed to associates</b> |            |            |
| Liabilities owed to Project HIGHSTREET VI        | 0.1        | 0.1        |
| <b>Total</b>                                     | <b>3.3</b> | <b>0.1</b> |

#### C.9.6 Other creditors

| € million                    | 2020       | 2019        |
|------------------------------|------------|-------------|
| <b>Tax authorities</b>       | -          | 15.7        |
| VAT liabilities              | -          | 15.7        |
| <b>Other creditors</b>       | 0.2        | 0.2         |
| Liabilities due to employees | 0          | -           |
| others                       | 0.2        | 0.2         |
| <b>Total</b>                 | <b>0.2</b> | <b>15.9</b> |

The liabilities from wage and church taxes was paid on January 2021.

## 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:

| € million                                     | 2020        | 2019        |
|---|-------------|-------------|
| <b>Categories of activity</b>                 |             |             |
| Revenue from delivery of services intra-group | 13.2        | 34.8        |
| Revenue from Asset Management Fees            | 4.9         | 5.5         |
| Revenue from Development Fee                  | 3.7         | 6.9         |
| Other revenues                                | 1.1         | 4.9         |
| Revenue from other Acquisition Related Fees   | -           | 10.5        |
| Revenue from Onboarding Fee                   | -           | -0.1        |
| Revenue from termination fee                  | -           | 5.1         |
| <b>Total</b>                                  | <b>23.0</b> | <b>67.6</b> |

| € million                   | 2020        | 2019        |
|-----------------------------|-------------|-------------|
| <b>Geographical markets</b> |             |             |
| Germany                     | 7.9         | 18.4        |
| Luxembourg                  | 7.9         | 22.3        |
| Switzerland                 | 4.6         | 11.4        |
| Poland                      | 1.2         | 0.9         |
| Spain                       | 1.0         | 7.1         |
| Austria                     | 0.2         | 0.1         |
| Guernsey                    | -           | 0.5         |
| United Kingdom              | -           | 6.5         |
| <b>Total</b>                | <b>23.0</b> | <b>67.6</b> |

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. The decrease in delivery of services intra-group is primarily caused by a recalculation of the cost allocation.

### D.2 Other operating income

| € million                              | 2020       | 2019       |
|--|------------|------------|
| <b>Other operating expenses</b>        |            |            |
| Reversal of provisions and staff costs | 0.0        | 0.9        |
| Currency translation adjustments       | 0.0        | 0.0        |
| Other / miscellaneous / sundry income  | 2.6        | 0.8        |
| <b>Total</b>                           | <b>2.7</b> | <b>1.9</b> |

The position of other / miscellaneous /sundry income included mainly the following two items: One income of amount € 1.9m resulted from the final award of a matter of an international arbitration. The other of amount € 0.7m derived from reversal of provisions.

### D.3 Other External Expenses

| € million  | 2020          | 2019          |
|--|---------------|---------------|
| <b>Other operating expenses</b>                      |               |               |
| Recharges intra-group costs                          | (14.1)        | (18.0)        |
| Legal and consultancy fees                           | (9.0)         | (9.9)         |
| Offices supplies and IT expenses                     | (3.9)         | (0.8)         |
| Risk provisions expense                              | (2.3)         | -             |
| Personnel recruitment                                | (1.2)         | (0.3)         |
| Insurance costs                                      | (1.0)         | (0.6)         |
| Audit and accounting related advisory fee            | (0.9)         | (0.9)         |
| Financing fees                                       | (0.8)         | (0.8)         |
| Public relation and stock exchange                   | (0.3)         | (0.6)         |
| Tax advisory and other professional fees             | (0.3)         | (0.4)         |
| Aborted deals  | (0.2)         | -             |
| Currency translation adjustments                     | (0.2)         | (0.2)         |
| Other miscellaneous expenses                         | (0.2)         | (1.1)         |
| Accounting and financial statement preparation       | (0.2)         | (0.1)         |
| Travelling expenses                                  | (0.1)         | -             |
| Capital raising and up-listing related expenses 2017 | -             | (0.3)         |
| <b>Total</b>   | <b>(34.9)</b> | <b>(34.5)</b> |

Within the classification of other external expenses, the risk provisions expenses described the inevitable costs, which exceed the expected economic benefits of fulfilling the obligations. In 2020 they consisted of the net losses of Transfer to specific valuation allowance on

receivables, which amount of € 1.3m derived from and bad debt allowances of € 0.1m, which derived mainly from waiver of intercompany loans and its interest.

### D.4 Staff and Staff Costs

| € million                         | 2020         | 2019         |
|-----------------------------------|--------------|--------------|
| <b>Salaries and wages</b>         |              |              |
| Share-based remunerations         | (1.5)        | (0.6)        |
| Salaries paid to Management Board | (0.3)        | (0.3)        |
| Management Board's Bonus          | (0.9)        | 0.5          |
| <b>Total</b>                      | <b>(2.7)</b> | <b>(0.3)</b> |

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. The share-based remuneration increased by € 1.4m in line with the management board extension.

### D.5 Other Operating Expenses

| € million                             | 2020         | 2019         |
|---------------------------------------|--------------|--------------|
| <b>Other operating expenses</b>       |              |              |
| Remuneration of the Supervisory Board | (0.8)        | (0.5)        |
| Licence fees                          | (0.3)        | (0.2)        |
| Other miscellaneous expenses          | -            | (0.8)        |
| <b>Total</b>                          | <b>(1.1)</b> | <b>(1.5)</b> |

### D.6 Income from Participating Interests

| € million   | 2020         | 2019         |
|---|--------------|--------------|
| <b>Proceeds from the sale of affiliated undertakings</b>          | <b>0.0</b>   | <b>71.5</b>  |
| Other / miscellaneous / sundry income                             | 0.0          | 71.5         |
| <b>Dividend payments received</b>                                 | <b>101.6</b> | <b>60.4</b>  |
| Dividend payment received from HFS                                | 73.1         | 55.1         |
| Dividend payment received from Stadttor Düsseldorf Acqui S.à r.l. | 12.2         | -            |
| Dividend payment received from RECAP FinCo II S.à r.l.            | 12.0         | -            |
| Dividend payment received from HANSAINVEST Corestate Opportunity  | 2.3          | 0.5          |
| Dividend payment received from RECAP FinCo IV S.à r.l.            | 1.8          | -            |
| Dividend payment received from CAST DEUTSCHLAND BETEILIGUNG GMBH  | -            | 0.9          |
| Dividend payment received from ISABELA HOLDCO AIF S.A R.L         | -            | 0.8          |
| Dividend payment received from CORESATATE FMCG                    | -            | 0.8          |
| Proceeds from the sale of participating interests                 | 0.0          | 2.3          |
| Other / miscellaneous / sundry income                             | 0.2          | 0.0          |
| <b>Total</b>  | <b>101.6</b> | <b>131.9</b> |

### D.7 Other Interests Receivable and Similar Income

| € million  | 2020       | 2019       |
|--|------------|------------|
| <b>derived from affiliated undertakings</b>          | <b>5.0</b> | <b>4.3</b> |
| CORESTATE Capital Advisors GmbH (interests)          | 2.4        | 1.5        |
| Corestate Capital France HoldCo SAS                  | 1.5        | -          |
| CORESTATE Capital Group GmbH (interests)             | 0.7        | 1.1        |
| CORESTATE Capital Partners UK Ltd. (interests)       | 0.1        | 0.1        |
| Tempelhof Twins TopCo S.à r.l.                       | 0.1        | 0.0        |
| CORESTATE Capital Sales Holding S.à r.l. (interests) | 0.1        | 0.1        |
| HFS Helvetic Financial Services GmbH (interest)      | 0.0        | 1.0        |
| Ginova PropCo S.à r.l.                               | 0.0        | 0.4        |
| Bochum PropCo S.à r.l.                               | 0.0        | 0.1        |
| others   | 0.1        | 0.0        |
| <b>other interest and similar financial income</b>   | <b>0.8</b> | <b>1.3</b> |
| WGS Private Equity Beteiligungs GmbH (interest)      | 0.7        | 1.1        |
| others (interest)                                    | 0.0        | 0.1        |
| Lux Fund Management Services S.à r.l. (interest)     | 0.0        | 0.0        |
| <b>Total</b>   | <b>5.8</b> | <b>5.6</b> |

### D.8 Value Adjustments in Respect of Financial Assets and of Investments Held As Current Assets

The value adjustment of € 3.4m mainly includes shares in affiliated undertakings.

### D.9 Interests Payable and Similar Expenses

| € million  | 2020          | 2019          |
|--|---------------|---------------|
| <b>concerning affiliated undertakings</b>                  | <b>(3.5)</b>  | <b>(72.3)</b> |
| Interest from loan of HFS Helvetic Financial Services GmbH | (1.7)         | (1.9)         |
| Interest from loan of RECAP FinCo II S.à r.l.              | (0.6)         | (0.7)         |
| Interest from loan of CORESTATE CAPITAL AG                 | (0.1)         | 0.0           |
| Interest from loan of PALMYRA Verwaltungsges. mbH          | (0.1)         | (0.3)         |
| Interest from loan of DONALD HoldCo S.à r.l.               | (0.1)         | (0.1)         |
| Interest from loan of Stadttor Düsseldorf AcquiCo S.à r.l. | (0.1)         | (0.1)         |
| Book value of affiliated undertakings sold                 | (0.6)         | (66.5)        |
| Book value of participating interests sold                 | -             | (2.3)         |
| others   | (0.1)         | (0.4)         |
| <b>other interest and similar expenses</b>                 | <b>(14.8)</b> | <b>(16.6)</b> |
| Interests from debenture loans                             | (13.1)        | (14.8)        |
| Interests from bank loans                                  | (0.5)         | (1.6)         |
| Interests from third party loans                           | (1.3)         | (0.2)         |
| others   | -             | 0.0           |
| <b>derived from affiliated undertakings</b>                | <b>(18.4)</b> | <b>(88.9)</b> |

### D.10 Taxes on Profit and Loss

| € million                         | 2020         | 2019         |
|-----------------------------------|--------------|--------------|
| <b>Current income tax</b>         | <b>(0.8)</b> | <b>(0.3)</b> |
| Corporate income tax (Luxembourg) | 0.0          | 0.0          |
| Capital gains tax                 | (0.8)        | (0.3)        |
| <b>Total</b>                      | <b>(0.8)</b> | <b>(0.3)</b> |



## E. Other information

### E.1 Management Board

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

- René Parmantier (Chief Executive Officer of CORESTATE Capital Holding S.A.) – since 01 December 2020
- Lars Schnidrig (Chief Financial Officer of CORESTATE Capital Holding S.A.) – since 01 December 2020; from 01 April 2019 until 30 November 2020 Chief Executive Officer; from 01 July 2017 until 31 March 2019 Chief Financial Officer
- Nils Hübener (Chief Investment Officer of CORESTATE Capital Holding S.A.) – since 01 April 2020
- Thomas Landschreiber (Chief Investment Officer of CORESTATE Capital Holding S.A.) – since 21 August 2015 until 31 March 2020
- Daniel Löhken (Chief Legal & HR Officer of CORESTATE Capital Holding S.A.) – since 01 November 2020

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

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.

#### Share-based payments

Members of the Management Board receive remuneration in the form of share-based payments, whereby the members render services as consideration for equity instruments. Some members of Management Board are granted so called phantom stocks, which are settled in cash.

In 2019 CORESTATE started a Performance Share Program to important Senior Managers, and High Performers (Key People) as well as for new hires who are joining the Group after the 1st of January 2019. At the beginning of the performance periods in 2019 and 2020 the participants receive an individualized delivery letter in which the individual target value of the performance shares in euros ("target value") is recorded. 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 increase of the share price of 10% each. 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).

#### Equity-settled transactions 2019

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.

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   |
| Outstanding as of 1 January 2019   | 0         |
| Granted during the year            | 5.032     |
| Forfeited during the year          | 0         |
| Execised during the year           | 0         |
| Expired during the year            | 0         |
| Cancelled during the year          | 0         |
| Outstanding as of 31 December 2019 | 0         |
| Execisable as of 31 December 2019  | 5.032     |

### Equity-settled transactions 2020

In March 2020, 16,501 shares were granted as part of a remuneration payment due to the termination of the contract of a former Group's member of the board.

### Cash-settled transactions

In 2019 the group 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 € 1.3m.

### 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 a 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.

The expense recognized during 2020 and 2019 is shown in the following table:

| € million  | 2020     | 2019       |
|--|----------|------------|
| Expense arising from cash-settled share-based payment transactions | -        | 0.1        |
| <b>Total expense arising from share-based payment transactions</b> | <b>-</b> | <b>0.1</b> |

### E.2 Supervisory Board

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

- Friedrich Munsberg (Chairman) – since 29 November 2020
- Prof. Dr. Hermann Wagner (Deputy Chairman) – since 29 November 2020
- Dr. Friedrich Oelrich (Member) – since 29 November 2020

The annual general meeting on 05 June 2020 appointed five new members to the Supervisory Board of the Company for a term of office ending after the annual general meeting of the Company which will be held in 2023. The Supervisory Board led by Dr. Georg Allendorf however resigned on 29 November 2020 and a new three-member Supervisory Board led by Friedrich Munsberg has been appointed on 29 November 2020.

Prof. Dr. Wagner heads the audit committee and is considered the independent financial expert.

As resolved in the Supervisory Board's meeting held on 04 December 2020, an audit committee has been established, which currently consists of the members Mr Wagner (chairman), Mr Munsberg and Mr Oelrich. Furthermore, in its meeting held on 04 December 2020, the Supervisory Board resolved to establish a nomination committee. With effect from such date, the Supervisory Board elected its members Mr Munsberg (chairman), Mr Wagner and Mr Oelrich as members of the nomination committee. At the Company's annual general meeting held on 05 June 2020 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 € 0.1m (2019: € 0.1m) and the deputy chairman of the Supervisory Board shall be entitled to an annual fee in a gross amount of one hundred thousand Euro € 0.1m (2019: € 0.1m).

Each other member of the Supervisory Board shall be entitled to an annual fee in a gross amount of seventy-five thousand Euro € 0.1m (2019: € 0.1m). 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 € 0.0m (2019: € 0.0m). 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 € 0.0m (2019: € 0.0m). 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 € 0.0m (2019: € 0.0m). Additionally, all board members are receiving attendance fees, in 2020 a total of € 0.0m (2019: € 0.1m).

In 2020, a total fee of € 0.9m (2019: € 0.5m) 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         |
|--|------------------------|
| <b>As at 31 December 2020:</b>                     |                        |
| Vestigo Immobilien Investments Limited Partnership | Shareholder            |
| Friedrich Munsberg                                 | Supervisory Board      |
| Prof. Dr. Hermann Wagner                           | Supervisory Board      |
| Dr. Friedrich Oelrich                              | Supervisory Board      |
| René Parmantier                                    | Management Board       |
| Lars Schnidrig                                     | Management Board       |
| Nils Hübener                                       | Management Board       |
| Daniel Löhken                                      | Management Board       |
| <b>Until 2019 or 2020:</b>                         |                        |
| Norbert Keterer                                    | Shareholder until 2020 |
| Sandra Keterer                                     | Shareholder until 2020 |
| W5 Group AG  | Shareholder until 2019 |
| W5 Group GmbH                                      | Shareholder until 2019 |

|  |  |
|--|--|
| W5 Group LLC                             | Shareholder until 2019                     |
| Ketom AG                                 | Shareholder until 2020                     |
| Helvetic Real Estate Financing AG (HREF) | Shareholder until 2020                     |
| Gateway AG                               | Shareholder until 2020                     |
| Dr. Georg Allendorf                      | Supervisory Board until 2020               |
| Dr. Gabriele Apfelbacher                 | Supervisory Board until 2020               |
| Timothy Blackwell                        | Supervisory Board until 2020               |
| Marc Drießen                             | Supervisory Board until 2020               |
| Olaf Klinger                             | Supervisory Board until 2020               |
| Thalos                                   | Supervisory Board (M.Blattmann) until 2020 |
| Vicenda                                  | Supervisory Board (M.Blattmann) until 2020 |
| Felur Swiss Treuhand AG                  | Supervisory Board (U.Felder) until 2020    |
| Micha Blattmann                          | Supervisory Board until 2020               |
| Urs Felder                               | Supervisory Board until 2020               |
| Ulrich Plett                             | Supervisory Board until 2020               |
| Jonathan Lurie                           | Supervisory Board until 2020               |
| Realty Corporation Ltd                   | Supervisory Board (J. Lurie) until 2020    |
| Thomas Landschreiber                     | Management Board until 2020                |

### 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 2020 and issued an unqualified auditors' report.

At the Company's annual general meeting held on 05 June 2020, Ernst & Young S.A. was also appointed as auditor for the Company and the Group for the financial year 2020.

The total fees expensed by the Company and due for the current financial period to the audit firm are presented as follows:

| € million          | 2020       | 2019       |
|--------------------|------------|------------|
| Audit fees         | 0.4        | 0.4        |
| Audit-related fees | 0.1        | 0.5        |
| <b>Total</b>       | <b>0.5</b> | <b>0.9</b> |

#### René Parmantier

Chief Executive Officer

#### Daniel Löhken

Chief Legal & HR Officer

#### E.4 Off-Balance Sheet Commitments

There were no financial commitments of the Company as per 31 December 2020.

#### E.5 Subsequent Events

On 14 January 2021 the Group signed an agreement for the acquisition of Aggregate Financial Services GmbH, Frankfurt on Main ('AFS'), a BaFin ('Bundesanstalt für Finanzdienstleistungsaufsicht') regulated company that is licensed to provide a range of real estate structuring and financing advisory services including regulated services under § 32 German Banking Act ('Kreditwesengesetz', KWG). The closing of the transaction is expected to take place in

#### Sebastian Ernst

Chief Debt Investment Officer

#### Johannes Märklin

Chief Debt Financing Officer

the first half of 2021 after the expected approval of the relevant authorities.

The transaction price depends on CORESTATE's share price at closing, therefore the estimated purchase price is yet to be determined. The purchase price will consist of 8.5 million new shares of the Group as well as of a € 5.0m cash consideration.

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

#### Nils Hübener

Chief Investment Officer

#### Lars Schnidrig

Chief Financial Officer

## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS

|   | Owner-<br>ship | Gross book value |           |           |           | Accumulated value adjustments |           |                  | Net book value |           |           |
|---|----------------|------------------|-----------|-----------|-----------|-------------------------------|-----------|------------------|----------------|-----------|-----------|
|   |                | 01.01.20         | Additions | Transfers | Disposals | 31.12.20                      | 01.01.20  | Value adjustment | 31.12.20       | 31.12.20  | 31.12.19  |
|   |                | %                | € million | € million | € million | € million                     | € million | € million        | € million      | € million | € million |
| <b>III FINANCIAL FIXED ASSETS</b>                                 |                |                  |           |           |           |                               |           |                  |                |           |           |
| <b>1 Shares in affiliated undertakings</b>                        |                |                  |           |           |           |                               |           |                  |                |           |           |
| HFS Helvetic Financial Services AG                                | 100,00%        | 576,6            | -         | -         | -         | 576,6                         | -         | -                | -              | 576,6     | 576,6     |
| CORESTATE Capital Group GmbH                                      | 100,00%        | 47,6             | -         | -         | -         | 47,6                          | -         | -                | -              | 47,6      | 47,6      |
| Ginova AIF S.à r.l. (formals Highstreet Gießen HoldCo S.à r.l.)   | 100,00%        | 28,7             | 2,6       | -         | -         | 31,3                          | -         | -                | -              | 31,3      | 28,7      |
| CORESTATE CAPITAL AG  | 100,00%        | 29,6             | -         | -         | -         | 29,6                          | -         | -                | -              | 29,6      | 29,6      |
| CRM Students Ltd.   | 100,00%        | 21,6             | -         | -         | -         | 21,6                          | -         | (3,4)            | -              | 18,2      | 21,6      |
| CORESTATE CAPITAL FRANCE HOLD CO SAS                              | 100,00%        | 0,1              | 8,5       | -         | -         | 8,6                           | -         | -                | -              | 8,6       | 0,1       |
| Stadtfor Düsseldorf AcquiCo S.à r.l.                              | 100,00%        | 6,9              | -         | -         | -         | 6,9                           | -         | -                | -              | 6,9       | 6,9       |
| Dedan HoldCo S.à r.l.   | 100,00%        | 6,5              | 0,3       | -         | -         | 6,8                           | -         | -                | -              | 6,8       | 6,5       |
| Bego HoldCo S.à r.l. (formerly Dalia HoldCo AIF S.à r.l.)         | 100,00%        | 6,3              | -         | -         | -         | 6,3                           | -         | -                | -              | 6,3       | 6,3       |
| Gabriela HoldCo S.à r.l. (formerly Corestate Shelf 18 S.à r.l.)   | 100,00%        | 0,0              | 5,1       | -         | -         | 5,1                           | -         | -                | -              | 5,1       | 0,0       |
| Wallhalla HoldCo Sarl (formerly Corestate Shelf 5 S.à r.l.)       | 100,00%        | 3,2              | -         | -         | -         | 3,2                           | -         | -                | -              | 3,2       | 3,2       |
| BER REV HOLDCO S. R.L.  | 100,00%        | 3,0              | -         | -         | -         | 3,0                           | -         | -                | -              | 3,0       | 3,0       |
| Echo HoldCo S.à r.l. (formerly Projekt AcquiCo I S.à r.l.)        | 100,00%        | 1,7              | -         | -         | -         | 1,7                           | -         | -                | -              | 1,7       | 1,7       |
| Harbour AcquiCo I S.à r.l.  | 100,00%        | 2,4              | -         | -         | (0,8)     | 1,6                           | -         | -                | -              | 1,6       | 2,4       |
| Plutos HoldCo S.à r.l. (formerly Corestate Shelf 3 S.à r.l.)      | 100,00%        | 1,1              | -         | -         | -         | 1,1                           | -         | -                | -              | 1,1       | 1,1       |
| Projekt AcquiCo III S.à r.l.                                      | 100,00%        | 0,8              | 0,1       | -         | -         | 0,9                           | -         | -                | -              | 0,9       | 0,8       |
| Iberian HoldCo II S.à r.l. (formerly Corestate Shelf II S.à r.l.) | 100,00%        | 0,8              | -         | -         | -         | 0,8                           | -         | -                | -              | 0,8       | 0,8       |
| Tempelhof Twins TopCo S.à r.l.                                    | 100,00%        | 0,6              | -         | -         | -         | 0,6                           | -         | -                | -              | 0,6       | 0,6       |
| CORESTATE Capital Fund Management S.à r.l.                        | 100,00%        | 0,4              | 0,2       | -         | -         | 0,6                           | -         | -                | -              | 0,6       | 0,4       |
| Corestate Student Home Holding S.à r.l.                           | 100,00%        | 0,5              | -         | -         | -         | 0,5                           | -         | -                | -              | 0,5       | 0,5       |
| CORESTATE Capital Sales Holding S.à r.l.                          | 100,00%        | 0,3              | -         | -         | -         | 0,3                           | -         | -                | -              | 0,3       | 0,3       |
| Court HoldCo GmbH   | 100,00%        | 0,1              | 0,1       | -         | -         | 0,2                           | -         | -                | -              | 0,2       | 0,1       |
| ROSE HoldCo S.à r.l.  | 100,00%        | 0,1              | -         | -         | -         | 0,1                           | -         | -                | -              | 0,1       | 0,1       |
| Madison HoldCo S.à r.l.   | 100,00%        | -                | 0,1       | -         | -         | 0,1                           | -         | -                | -              | 0,1       | -         |
| Design Center AIF S.à r.l.  | 100,00%        | -                | 0,0       | -         | -         | 0,0                           | -         | -                | -              | 0,0       | -         |
| Corestate ZGE Feeder GmbH & Co. KG                                | 100,00%        | 0,1              | -         | -         | -         | 0,1                           | -         | -                | -              | 0,1       | 0,1       |
| CCIS Master HoldCo S.à r.l.                                       | 100,00%        | 0,0              | 0,0       | -         | -         | 0,0                           | -         | -                | -              | 0,0       | 0,0       |
| Corestate Shelf 11 S.à r.l.                                       | 100,00%        | 0,0              | -         | -         | -         | 0,0                           | -         | -                | -              | 0,0       | 0,0       |
| CORESTATE SHELF 15 SARL   | 100,00%        | 0,0              | 0,0       | -         | -         | 0,0                           | -         | -                | -              | 0,0       | 0,0       |
| Venloer4711 FinCo S.à r.l.  | 100,00%        | -                | 0,0       | -         | (0,0)     | -                             | -         | -                | -              | -         | -         |

## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS

|   | Owner-<br>ship<br>% | Gross book value |           |           |           | Accumulated value adjustments |           |                  |           | Net book value |           |
|---|---------------------|------------------|-----------|-----------|-----------|-------------------------------|-----------|------------------|-----------|----------------|-----------|
|   |                     | 01.01.20         | Additions | Transfers | Disposals | 31.12.20                      | 01.01.20  | Value adjustment | 31.12.20  | 31.12.20       | 31.12.19  |
|   |                     | € million        | € million | € million | € million | € million                     | € million | € million        | € million | € million      | € million |
| <b>III FINANCIAL FIXED ASSETS</b>   |                     |                  |           |           |           |                               |           |                  |           |                |           |
| <b>1 Shares in affiliated undertakings</b>                                  |                     |                  |           |           |           |                               |           |                  |           |                |           |
| Annapurna LUX S.à r.l., share capital                                       | 100,00%             | -                | 0,0       | -         | (0,0)     | -                             | -         | -                | -         | -              | -         |
| ACROSS FinCo S.à r.l., share capital  | 100,00%             | -                | 0,0       | -         | (0,0)     | -                             | -         | -                | -         | -              | -         |
| RECAP FinCo II S.à r.l. (formerly Highstreet VI PropCo IV S.à r.l.)         | 100,00%             | 1,6              | -         | -         | (1,6)     | -                             | -         | -                | -         | -              | 1,6       |
| Manneken HoldCo S.à r.l. (formerly Corestate Shelf 2 S.à r.l.)              | 100,00%             | 0,2              | -         | -         | (0,2)     | -                             | -         | -                | -         | -              | 0,2       |
| Corestate Capital Senior BondCo S.à r.l.                                    | 100,00%             | 0,1              | -         | -         | (0,1)     | -                             | -         | -                | -         | -              | 0,1       |
| Corestate Capital Junior BondCo S.à r.l.                                    | 100,00%             | 0,1              | -         | -         | (0,1)     | -                             | -         | -                | -         | -              | 0,1       |
| Corestate Condor PropCo GmbH  | 100,00%             | 0,1              | -         | -         | (0,1)     | -                             | -         | -                | -         | -              | 0,1       |
| Manneken AIF S.à r.l.   | 100,00%             | 0,0              | -         | -         | (0,0)     | -                             | -         | -                | -         | -              | 0,0       |
| RECAP FinCo VI S.à r.l.   | 100,00%             | 0,0              | -         | -         | (0,0)     | -                             | -         | -                | -         | -              | 0,0       |
| ISARTAL Beteiligungsverwaltungs GmbH (formerly Platin 1413. GmbH)           | 100,00%             | 0,0              | -         | -         | (0,0)     | -                             | -         | -                | -         | -              | 0,0       |
| Corestate Capital Venture Management S.à r.l.                               | 100,00%             | 0,0              | -         | -         | (0,0)     | -                             | -         | -                | -         | -              | 0,0       |
| Corestate Shelf 19 S.à r.l.   | 100,00%             | 0,0              | -         | -         | (0,0)     | -                             | -         | -                | -         | -              | 0,0       |
|   |                     | 741,1            | 17,0      | -         | (3,0)     | 755,1                         | -         | (3,4)            | -         | 751,7          | 741,1     |
| <b>2 Loans to affiliated undertakings</b>                                   |                     |                  |           |           |           |                               |           |                  |           |                |           |
| CORESTATE Capital Group GmbH (loan and accrued interests)                   |                     | 67,0             | 3,0       | -         | -         | 69,9                          | -         | -                | -         | 69,9           | 67,0      |
| CORESTATE Capital Advisors GmbH (loan and accrued interests)                |                     | 44,1             | 11,3      | -         | -         | 55,4                          | -         | -                | -         | 55,4           | 44,1      |
| CORESTATE Capital Sales Holding S.à r.l. (loan and accrued interests)       |                     | 4,7              | 0,9       | -         | -         | 5,6                           | -         | -                | -         | 5,6            | 4,7       |
| CORESTATE Capital Partners UK Ltd. (loan and accrued interests)             |                     | 1,9              | 2,0       | -         | -         | 3,9                           | -         | -                | -         | 3,9            | 1,9       |
| Tempelhof Twins TopCo S.à r.l.  |                     | 2,7              | 0,1       | -         | -         | 2,8                           | -         | -                | -         | 2,8            | 2,7       |
| Corestate Student Home Holding S.à r.l. (loan and accrued interests)        |                     | 0,8              | -         | -         | -         | 0,8                           | -         | -                | -         | 0,8            | 0,8       |
| STAM Co-Invest S.à r.l.   |                     | -                | 0,6       | -         | -         | 0,6                           | -         | -                | -         | 0,6            | -         |
| Isabela HoldCo AIF S.à r.l. (loan and accrued interests)                    |                     | (0,0)            | 0,1       | -         | -         | 0,1                           | -         | -                | -         | 0,1            | (0,0)     |
| Ginova PropCo S.à r.l.  |                     | -                | 0,0       | -         | -         | 0,0                           | -         | -                | -         | 0,0            | -         |
| Corestate Capital Partners GmbH (loan)                                      |                     | 0,3              | -         | -         | (0,3)     | -                             | -         | -                | -         | -              | 0,3       |
| CORESTATE Capital Advisors GmbH Spanish branch (loan and accrued interests) |                     | -                | -         | -         | -         | -                             | -         | -                | -         | -              | -         |
| Corestate Capital Venture Management S.à r.l. (loan and accrued interests)  |                     | 0,4              | -         | -         | (0,4)     | -                             | -         | -                | -         | -              | 0,4       |
| CORESTATE Capital Advisors (SG) Pte. Ltd. (loan)                            |                     | 0,1              | -         | -         | (0,1)     | -                             | -         | -                | -         | -              | 0,1       |
|   |                     | 121,9            | 18,0      | -         | (0,7)     | 139,1                         | -         | -                | -         | 139,1          | 121,9     |

## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS

|   | Owner-<br>ship | Gross book value |           |           |           | Accumulated value adjustments |           |                  | Net book value |           |           |
|---|----------------|------------------|-----------|-----------|-----------|-------------------------------|-----------|------------------|----------------|-----------|-----------|
|   |                | 01.01.20         | Additions | Transfers | Disposals | 31.12.20                      | 01.01.20  | Value adjustment | 31.12.20       | 31.12.20  | 31.12.19  |
|   |                | %                | € million | € million | € million | € million                     | € million | € million        | € million      | € million | € million |
| <b>III FINANCIAL FIXED ASSETS</b>   |                |                  |           |           |           |                               |           |                  |                |           |           |
| <b>3 Shares in undertakings with which the undertaking is linked by virtue of participating interests</b> |                |                  |           |           |           |                               |           |                  |                |           |           |
| Moviestar Zweitmarkt Management GmbH  | 18,00%         | 9,6              | -         | -         | -         | 9,6                           | -         | -                | -              | 9,6       | 9,6       |
| Echo HoldCo 2 AIF Sarl,   | 31,10%         | 7,3              | -         | -         | -         | 7,3                           | -         | -                | -              | 7,3       | 7,3       |
| Tablas HoldCo AIF Sarl  | 42,74%         | 6,1              | -         | -         | -         | 6,1                           | -         | -                | -              | 6,1       | 6,1       |
| Pallars AIF HoldCo S.a.r.l.   | 42,38%         | 1,6              | 2,9       | -         | -         | 4,5                           | -         | -                | -              | 4,5       | 1,6       |
| TURICUM AIF S.à r.l.  | 5,48%          | 2,7              | -         | -         | -         | 2,7                           | -         | -                | -              | 2,7       | 2,7       |
| BCC Investments S.à r.l.  | 10,00%         | 0,8              | 1,7       | -         | -         | 2,4                           | -         | -                | -              | 2,4       | 0,8       |
| Olympic AIF 2 S.à r.l.  | 10,00%         | 1,8              | 0,1       | -         | -         | 1,9                           | -         | -                | -              | 1,9       | 1,8       |
| Tablas HoldCo S.L.U.  | 10,10%         | -                | 1,6       | -         | -         | 1,6                           | -         | -                | -              | 1,6       | -         |
| Con 2 AIF S. à r.l.   | 10,00%         | 1,4              | 0,1       | -         | (0,1)     | 1,4                           | -         | -                | -              | 1,4       | 1,4       |
| Venloer4711 AIF 2 S.à r.l.  | 10,05%         | 1,3              | -         | -         | -         | 1,3                           | -         | -                | -              | 1,3       | 1,3       |
| Pallars HoldCo S.L  | 10,77%         | -                | 1,3       | -         | -         | 1,3                           | -         | -                | -              | 1,3       | -         |
| Cassandra HoldCo S.L.U.,  | 10,47%         | 1,2              | -         | -         | -         | 1,2                           | -         | -                | -              | 1,2       | 1,2       |
| Bochum PropCo Sarl,   | 10,01%         | 1,0              | -         | -         | -         | 1,0                           | -         | -                | -              | 1,0       | 1,0       |
| Across TopCo 2 S.à r.l.   | 10,00%         | 1,0              | -         | -         | -         | 1,0                           | -         | -                | -              | 1,0       | 1,0       |
| King AIF 2 S.à r.l.   | 10,00%         | 0,7              | -         | -         | -         | 0,7                           | -         | -                | -              | 0,7       | 0,7       |
| Corestate Capital Investments Solutions   | 2,61%          | 0,7              | -         | -         | (0,0)     | 0,7                           | -         | -                | -              | 0,7       | 0,7       |
| Olympic AIF 1 S.à r.l.  | 10,00%         | 0,2              | -         | -         | -         | 0,2                           | -         | -                | -              | 0,2       | 0,2       |
| Venloer4711 AIF 1 S.à r.l.  | 10,05%         | 0,1              | -         | -         | -         | 0,1                           | -         | -                | -              | 0,1       | 0,1       |
| Across TopCo 1 S.à r.l.   | 10,00%         | 0,1              | -         | -         | -         | 0,1                           | -         | -                | -              | 0,1       | 0,1       |
| Iberian HoldCo III, S.L   | 10,27%         | 1,7              | -         | -         | (1,5)     | 0,1                           | -         | -                | -              | 0,1       | 1,7       |
| King AIF 1 S.à r.l.   | 10,00%         | 0,1              | -         | -         | -         | 0,1                           | -         | -                | -              | 0,1       | 0,1       |
| Tempelhof Twins TopCo AIF S.à r.l.  | 1,00%          | 0,0              | -         | -         | -         | 0,0                           | -         | -                | -              | 0,0       | 0,0       |
| Plutos HoldCo AIF S.à r.l.  | 1,00%          | 0,0              | -         | -         | -         | 0,0                           | -         | -                | -              | 0,0       | 0,0       |
| SCORE S.à r.l.  | 50,00%         | 0,0              | -         | -         | -         | 0,0                           | -         | -                | -              | 0,0       | 0,0       |
| CORESTATE Residential Germany Fund III  | 0,00%          | 0,0              | -         | -         | -         | 0,0                           | -         | -                | -              | 0,0       | 0,0       |
|   |                | 39,5             | 7,6       | -         | (1,6)     | 45,5                          | -         | -                | -              | 45,5      | 39,5      |

## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS

|  | Owner-<br>ship<br>% | Gross book value |             |             |              | Accumulated value adjustments |            |                  | Net book value |                |              |
|--|---------------------|------------------|-------------|-------------|--------------|-------------------------------|------------|------------------|----------------|----------------|--------------|
|  |                     | 01.01.20         | Additions   | Transfers   | Disposals    | 31.12.20                      | 01.01.20   | Value adjustment | 31.12.20       | 31.12.20       | 31.12.19     |
|  |                     | € million        | € million   | € million   | € million    | € million                     | € million  | € million        | € million      | € million      | € million    |
| <b>III FINANCIAL FIXED ASSETS</b>  |                     |                  |             |             |              |                               |            |                  |                |                |              |
| <b>4 Loans to undertakings with which the undertaking is linked by virtue of participating interests</b> |                     |                  |             |             |              |                               |            |                  |                |                |              |
| Loans to undertakings with which the undertaking is linked by virtue of participating                    |                     |                  |             |             |              |                               |            |                  |                |                |              |
| <b>5 Interests</b>   |                     |                  |             |             |              |                               |            |                  |                |                |              |
| Pallars AIF HoldCo S.à r.l.  | -                   | 1,9              | -           | -           | 1,9          | -                             | -          | -                | 1,9            | -              |              |
| King AIF 2 S.à r.l.  | -                   | 1,8              | -           | -           | 1,8          | -                             | -          | -                | 1,8            | -              |              |
| T6 HoldCo Sarl   | 0,6                 | 0,1              | -           | -           | 0,7          | -                             | -          | -                | 0,7            | 0,6            |              |
| King PropCo Sarl. (loan and accrued interests)   | 0,6                 | -                | -           | -           | 0,6          | -                             | -          | -                | 0,6            | 0,6            |              |
| King AIF 1 S.à r.l.  | -                   | 0,3              | -           | -           | 0,3          | -                             | -          | -                | 0,3            | -              |              |
| Iberian PropCo I S.L. (loan and accrued interests)   | 0,1                 | -                | -           | (0,1)       | -            | -                             | -          | -                | -              | 0,1            |              |
|  |                     | 1,2              | 4,2         | -           | (0,1)        | 5,3                           | -          | -                | 5,3            | 1,2            |              |
| <b>5 Investments held as fixed assets</b>  |                     |                  |             |             |              |                               |            |                  |                |                |              |
| Corestate Opportunity Deutschland I Fonds (Luxembourg)   | 20,00%              | 54,9             | -           | -           | -            | 54,9                          | -          | -                | -              | 54,9           | 54,9         |
|  |                     | 54,9             | -           | -           | -            | 54,9                          | -          | -                | -              | 54,9           | 54,9         |
| <b>6 Other loans</b>   |                     |                  |             |             |              |                               |            |                  |                |                |              |
| PRIME Capital AG   | -                   | -                | 14,0        | -           | 14,0         | -                             | -          | -                | 14,0           | -              |              |
| HIGHSTREET PREMIUM I PropCo II S.à r.l (loan and accrued interests)                                      | 2,1                 | -                | -           | (0,3)       | 1,8          | -                             | -          | -                | 1,8            | 2,1            |              |
| WGS Private Equity Beteiligungs GmbH (loan and accrued interests)  | -                   | 1,1              | -           | -           | 1,1          | -                             | -          | -                | 1,1            | -              |              |
| Isabela HoldCo AIF I S.à r.l.  | -                   | 0,9              | -           | -           | 0,9          | -                             | -          | -                | 0,9            | -              |              |
| VITU TOPCO Ltd.  | -                   | 0,2              | -           | -           | 0,2          | -                             | -          | -                | 0,2            | -              |              |
| Sechep Investments Holding S.à r.l.  | 0,2                 | 0,0              | -           | -           | 0,2          | -                             | -          | -                | 0,2            | 0,2            |              |
| ECP LUX Holding S.A.   | -                   | 0,0              | -           | -           | 0,0          | -                             | -          | -                | 0,0            | -              |              |
| Lux Fund Management Services S.à r.l. (loan and accrued interests)                                       | 0,3                 | -                | -           | (0,2)       | 0,0          | -                             | -          | -                | 0,0            | 0,3            |              |
| Corestate Highstreet II HoldCo S.à   | 0,0                 | 0,0              | -           | -           | 0,0          | -                             | -          | -                | 0,0            | 0,0            |              |
| Highstreet Premium I HoldCo S.à r.l  | 0,0                 | 0,0              | -           | -           | 0,0          | -                             | -          | -                | 0,0            | 0,0            |              |
| Highstreet FinCo II S.à r.l.   | 0,0                 | 0,0              | -           | -           | 0,0          | -                             | -          | -                | 0,0            | 0,0            |              |
| Jade Investment Ltd.   | 0,1                 | -                | -           | (0,1)       | -            | -                             | -          | -                | -              | 0,1            |              |
|  |                     | 2,7              | 2,3         | 14,0        | (0,6)        | 18,3                          | -          | -                | 18,3           | 2,7            |              |
| <b>Total</b>   |                     | <b>961,2</b>     | <b>49,1</b> | <b>14,0</b> | <b>(6,1)</b> | <b>1.018,2</b>                | -          | <b>(3,4)</b>     | -              | <b>1.014,8</b> | <b>961,2</b> |
| <b>SUM of FIXED ASSETS</b>   |                     | <b>966,1</b>     | <b>49,1</b> | <b>14,0</b> | <b>(6,1)</b> | <b>1.024,0</b>                | <b>1,3</b> | <b>(2,4)</b>     | <b>2,2</b>     | <b>1.025,1</b> | <b>966,1</b> |



## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS

|  | Gross book value        |                        |                        |                        | Accumulated value adjustments |                         |                           | Net book value          |                         |                         |
|--|-------------------------|------------------------|------------------------|------------------------|-------------------------------|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
|  | 01.01.2019<br>€ million | Additions<br>€ million | Transfers<br>€ million | Disposals<br>€ million | 31.12.2019<br>€ million       | 01.01.2019<br>€ million | Depreciation<br>€ million | 31.12.2019<br>€ million | 31.12.2019<br>€ million | 31.12.2018<br>€ million |
| <b>I INTANGIBLE FIXED ASSETS</b>   |                         |                        |                        |                        |                               |                         |                           |                         |                         |                         |
| <b>Concessions, patents, licences, trade marks and similar rights and assets</b> |                         |                        |                        |                        |                               |                         |                           |                         |                         |                         |
| IT Software and Homepage   | 1.6                     | 1.9                    | 0.6                    | -                      | 4.0                           | 0.4                     | 0.7                       | 1.1                     | 3.0                     | 1.2                     |
| Concessions, licences, industrial and similar rights and assets                  | 0.2                     | 0.1                    | -                      | -                      | 0.4                           | 0.1                     | 0.1                       | 0.1                     | 0.2                     | 0.2                     |
|  | 1.9                     | 2.0                    | 0.6                    | -                      | 4.4                           | 0.5                     | 0.7                       | 1.2                     | 3.2                     | 1.4                     |
| <b>Payments on account and intangible fixed assets under development</b>         |                         |                        |                        |                        |                               |                         |                           |                         |                         |                         |
| Payments on account  | 0.6                     | 0.3                    | (0.6)                  | -                      | 0.3                           | -                       | -                         | -                       | 0.3                     | 0.6                     |
|  | 0.6                     | 0.3                    | (0.0)                  | -                      | 0.3                           | -                       | -                         | -                       | 0.3                     | 0.6                     |
| <b>Total</b>   | <b>2.4</b>              | <b>2.3</b>             | <b>0.6</b>             | <b>-</b>               | <b>4.7</b>                    | <b>0.5</b>              | <b>0.7</b>                | <b>1.2</b>              | <b>3.5</b>              | <b>1.9</b>              |
| <b>II TANGIBLE FIXED ASSETS</b>  |                         |                        |                        |                        |                               |                         |                           |                         |                         |                         |
| <b>Other fixtures and fittings, tools and equipment</b>                          |                         |                        |                        |                        |                               |                         |                           |                         |                         |                         |
| IT Equipment   | 0.2                     | 1.3                    | -                      | (1.2)                  | 0.2                           | 0.0                     | 0.0                       | 0.1                     | 0.2                     | 0.2                     |
|  | 0.2                     | 1.3                    | -                      | (1.2)                  | 0.2                           | 0.0                     | 0.0                       | 0.1                     | 0.2                     | 0.2                     |
| <b>Total</b>   | <b>0.2</b>              | <b>1.3</b>             | <b>-</b>               | <b>(1.2)</b>           | <b>0.2</b>                    | <b>0.0</b>              | <b>0.0</b>                | <b>0.1</b>              | <b>0.2</b>              | <b>0.2</b>              |

## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

|  | Owner-<br>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 |
|  |                | € million        | € million | € million | € million | € million                     | € million  | € million    | € million  | € million      | € million  |
| <b>III FINANCIAL FIXED ASSETS</b>  | %              |                  |           |           |           |                               |            |              |            |                |            |
| <b>1 Shares in affiliated undertakings</b>                                   |                |                  |           |           |           |                               |            |              |            |                |            |
| HFS Helvetic Financial Services AG   | 100.00%        | 576.6            | -         | -         | -         | 576.6                         | -          | -            | -          | 576.6          | 576.6      |
| CORESTATE Capital Group GmbH (formerly ISAR<br>Beteiligungsverwaltungs GmbH) | 100.00%        | 47.6             | -         | -         | -         | 47.6                          | -          | -            | -          | 47.6           | 47.6       |
| CORESTATE CAPITAL AG   | 100.00%        | 29.6             | -         | -         | -         | 29.6                          | -          | -            | -          | 29.6           | 29.6       |
| Ginova AIF S.à r.l. (formals Highstreet Gießen HoldCo S.à r.l.)              | 100.00%        | 0.0              | 28.7      | -         | -         | 28.7                          | -          | -            | -          | 28.7           | 0.0        |
| CRM Students Ltd.  | 100.00%        | 21.6             | -         | -         | -         | 21.6                          | -          | -            | -          | 21.6           | 21.6       |
| Stadttor Düsseldorf AcquiCo S.à r.l.   | 100.00%        | 6.9              | -         | -         | -         | 6.9                           | -          | -            | -          | 6.9            | 6.9        |
| Dedan HoldCo S.à r.l.  | 100.00%        | -                | 6.5       | -         | -         | 6.5                           | -          | -            | -          | 6.5            | -          |
| Bego HoldCo S.à r.l. (formerly Dalia HoldCo AIF S.à r.l.)                    | 100.00%        | 7.5              | 0.0       | -         | (1.2)     | 6.3                           | -          | -            | -          | 6.3            | 7.5        |
| Wallhalla HoldCo Sarl (formerly Corestate Shelf 5 S.à r.l.)                  | 100.00%        | 0.0              | 3.1       | -         | -         | 3.2                           | -          | -            | -          | 3.2            | 0.0        |
| BER REV HOLDCO S. R.L.   | 100.00%        | -                | 3.0       | -         | -         | 3.0                           | -          | -            | -          | 3.0            | -          |
| Harbour AcquiCo 1 S.à r.l.   | 100.00%        | 2.2              | 0.1       | -         | -         | 2.4                           | -          | -            | -          | 2.4            | 2.2        |
| Echo HoldCo S.à r.l. (formerly Projekt AcquiCo I S.à r.l.)                   | 100.00%        | 3.3              | 15.9      | -         | (17.5)    | 1.7                           | -          | -            | -          | 1.7            | 3.3        |
| RECAP FinCo II S.à r.l. (formerly Highstreet VI PropCo IV S.à r.l.)          | 100.00%        | 1.6              | -         | -         | -         | 1.6                           | -          | -            | -          | 1.6            | 1.6        |
| Plutos HoldCo S.à r.l. (formerly Corestate Shelf 3 S.à r.l.)                 | 100.00%        | 0.0              | 17.5      | -         | (16.4)    | 1.1                           | -          | -            | -          | 1.1            | 0.0        |
| Projekt AcquiCo III S.à r.l.   | 100.00%        | 0.8              | -         | -         | -         | 0.8                           | -          | -            | -          | 0.8            | 0.8        |
| Iberian HoldCo II S.à r.l. (formerly Corestate Shelf II S.à r.l.)            | 100.00%        | 0.8              | -         | -         | -         | 0.8                           | -          | -            | -          | 0.8            | 0.8        |
| Tempelhof Twins TopCo S.à r.l.   | 100.00%        | -                | 0.7       | -         | (0.1)     | 0.6                           | -          | -            | -          | 0.6            | -          |
| Corestate Student Home Holding S.à r.l.                                      | 100.00%        | 0.5              | -         | -         | -         | 0.5                           | -          | -            | -          | 0.5            | 0.5        |
| CORESTATE Capital Fund Management S.à r.l.                                   | 100.00%        | 0.4              | -         | -         | -         | 0.4                           | -          | -            | -          | 0.4            | 0.4        |
| CORESTATE Capital Sales Holding S.à r.l.                                     | 100.00%        | 0.3              | -         | -         | -         | 0.3                           | -          | -            | -          | 0.3            | 0.3        |
| Manneken HoldCo S.à r.l. (formerly Corestate Shelf 2 S.à r.l.)               | 100.00%        | 1.5              | -         | -         | (1.4)     | 0.2                           | -          | -            | -          | 0.2            | 1.5        |
| Corestate Capital Senior BondCo S. à r.l.                                    | 100.00%        | 0.1              | -         | -         | -         | 0.1                           | -          | -            | -          | 0.1            | 0.1        |
| Corestate Capital Junior BondCo S. à r.l.                                    | 100.00%        | 0.1              | -         | -         | -         | 0.1                           | -          | -            | -          | 0.1            | 0.1        |
| ROSE HoldCo S.à r.l. (formerly Highstreet V PropCo III S.à r.l.)             | 100.00%        | 0.1              | -         | -         | -         | 0.1                           | -          | -            | -          | 0.1            | 0.1        |
| Court HoldCo GmbH (formerly Triiple TopCo GmbH)                              | 100.00%        | 0.0              | 0.1       | -         | -         | 0.1                           | -          | -            | -          | 0.1            | 0.0        |
| Corestate Condor PropCo GmbH   | 100.00%        | 0.1              | -         | -         | -         | 0.1                           | -          | -            | -          | 0.1            | 0.1        |
| Corestate ZGE Feeder GmbH & Co. KG   | 100.00%        | 0.0              | 0.0       | -         | -         | 0.1                           | -          | -            | -          | 0.1            | 0.0        |
| CORESTATE CAPITAL FRANCE HOLD CO SAS   | 100.00%        | -                | 0.1       | -         | -         | 0.1                           | -          | -            | -          | 0.1            | -          |
| Manneken AIF S.à r.l.  | 100.00%        | 0.0              | 0.0       | -         | -         | 0.0                           | -          | -            | -          | 0.0            | 0.0        |
| Corestate Shelf 11 S.à r.l.  | 100.00%        | 0.0              | 0.0       | -         | -         | 0.0                           | -          | -            | -          | 0.0            | 0.0        |
| RECAP FinCo VI S.à r.l.  | 100.00%        | 0.0              | -         | -         | -         | 0.0                           | -          | -            | -          | 0.0            | 0.0        |
| ISARTAL Beteiligungsverwaltungs GmbH (formerly Platin 1413.<br>GmbH)         | 100.00%        | 0.0              | -         | -         | -         | 0.0                           | -          | -            | -          | 0.0            | 0.0        |
| Corestate Capital Venture Management S.à r.l.                                | 100.00%        | 0.0              | -         | -         | -         | 0.0                           | -          | -            | -          | 0.0            | 0.0        |

## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

|   | Owner-<br>ship<br>% | Gross book value        |                        |                        |                        | Accumulated value adjustments |                         |                           | Net book value          |                         |                         |
|---|---------------------|-------------------------|------------------------|------------------------|------------------------|-------------------------------|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
|   |                     | 01.01.2019<br>€ million | Additions<br>€ million | Transfers<br>€ million | Disposals<br>€ million | 31.12.2019<br>€ million       | 01.01.2019<br>€ million | Depreciation<br>€ million | 31.12.2019<br>€ million | 31.12.2019<br>€ million | 31.12.2018<br>€ million |
| <b>III FINANCIAL FIXED ASSETS</b>                                       |                     |                         |                        |                        |                        |                               |                         |                           |                         |                         |                         |
| <b>1 Shares in affiliated undertakings</b>                              |                     |                         |                        |                        |                        |                               |                         |                           |                         |                         |                         |
| CCIS Master HoldCo S.à r.l. (formerly Corestate Shelf 10 S.à r.l.)      | 100.00%             | 0.0                     | 0.0                    | -                      | (0.0)                  | 0.0                           | -                       | -                         | -                       | 0.0                     | 0.0                     |
| CORESTATE SHELF 15 SARL   | 100.00%             | -                       | 0.0                    | -                      | -                      | 0.0                           | -                       | -                         | -                       | 0.0                     | -                       |
| Corestate Shelf 18 S.à r.l.   | 100.00%             | -                       | 0.0                    | -                      | -                      | 0.0                           | -                       | -                         | -                       | 0.0                     | -                       |
| Corestate Shelf 19 S.à r.l.   | 100.00%             | -                       | 0.0                    | -                      | -                      | 0.0                           | -                       | -                         | -                       | 0.0                     | -                       |
| Corestate Shelf 7 S.à r.l.  | 0.00%               | 2.8                     | -                      | (2.8)                  | -                      | -                             | -                       | -                         | -                       | -                       | 2.8                     |
| CORESTATE FMCG Fonds I  | 0.00%               | 4.5                     | 21.2                   | -                      | (25.7)                 | -                             | -                       | -                         | -                       | -                       | 4.5                     |
| Isabela HoldCo AIF S.à r.l.   | 0.00%               | 0.2                     | -                      | -                      | (0.2)                  | -                             | -                       | -                         | -                       | -                       | 0.2                     |
| Bochum PropCo Sarl (formerly Highstreet Premium II PropCo III S.à r.l.) | 0.00%               | 0.1                     | 9.1                    | (0.1)                  | (9.1)                  | -                             | -                       | -                         | -                       | -                       | 0.1                     |
| Müller 34 Student Home Projektentwicklung- und Verwaltungs GmbH         | 0.00%               | 0.1                     | -                      | -                      | (0.1)                  | -                             | -                       | -                         | -                       | -                       | 0.1                     |
| Cassandra HoldCo S.à r.l. (formerly Spain Shelf 1 HoldCo S.à r.l.)      | 0.00%               | 0.1                     | 4.6                    | -                      | (4.7)                  | -                             | -                       | -                         | -                       | -                       | 0.1                     |
| RECAP FinCo V S.à r.l.  | 0.00%               | 0.0                     | -                      | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | 0.0                     |
| RECAP FinCo IV S.à r.l. (formerly CC SH HoldCo S.à r.l.)                | 0.00%               | 0.0                     | -                      | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | 0.0                     |
| Echo HoldCo 2 AIF Sarl (formerly Projekt AcquiCo IV S.à r.l.)           | 0.00%               | 0.0                     | -                      | (0.0)                  | -                      | -                             | -                       | -                         | -                       | -                       | 0.0                     |
| King HoldCo S.à r.l.  | 0.00%               | 0.0                     | 0.0                    | -                      | (0.1)                  | -                             | -                       | -                         | -                       | -                       | 0.0                     |
| Roman HoldCo S.à r.l. (formerly Corestate Shelf 1 S.à r.l.)             | 0.00%               | 0.0                     | -                      | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | 0.0                     |
| Tablas HoldCo S.à r.l. (formerly Corestate PropCo Shelf I S.à r.l.)     | 0.00%               | 0.0                     | 13.9                   | -                      | (13.9)                 | -                             | -                       | -                         | -                       | -                       | 0.0                     |
| Pallars HoldCo Sarl   | 0.00%               | -                       | 10.0                   | -                      | (10.0)                 | -                             | -                       | -                         | -                       | -                       | -                       |
| RECAP FinCo S.à r.l. i.L.   | 0.00%               | -                       | 0.1                    | -                      | (0.1)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| Clouth 104 PropCo Sarl(v.Barry Hold)                                    | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| Tempelhof Twins HoldCo S.à r.l.   | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| CORESTATE SHELF 17 SARL   | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| HIGHSTREET IX GP SARL   | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| CASSANDRA HOLDCO AIF2 S.à r.l.  | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| Tempelhof Twins TopCo AIF S.à r.l.                                      | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| Tempelhof Twins HoldCo 2 S.à r.l.                                       | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| Pallars AIF HoldCo S.a.r.l  | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| BCC Investments S.à r.l.  | 0.00%               | -                       | 6.5                    | 2.8                    | (9.3)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| Tablas HoldCo AIF Sarl  | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| HR Platin 1835.GmbH   | 0.00%               | -                       | 0.0                    | -                      | (0.0)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| RECAP FinCo III S.à r.l.  | 0.00%               | 0.1                     | -                      | -                      | (0.1)                  | -                             | -                       | -                         | -                       | -                       | 0.1                     |
|   |                     | 709.8                   | 141.3                  | (0.1)                  | (109.9)                | 741.1                         | -                       | -                         | -                       | 741.1                   | 709.8                   |

## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS (continued)

|   | Owner-<br>ship<br><br>% | Gross book value        |                        |                        |                        | Accumulated value adjustments |                         |                           | Net book value          |                         |                         |
|---|-------------------------|-------------------------|------------------------|------------------------|------------------------|-------------------------------|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
|   |                         | 01.01.2019<br>€ million | Additions<br>€ million | Transfers<br>€ million | Disposals<br>€ million | 31.12.2019<br>€ million       | 01.01.2019<br>€ million | Depreciation<br>€ million | 31.12.2019<br>€ million | 31.12.2019<br>€ million | 31.12.2018<br>€ million |
| <b>III FINANCIAL FIXED ASSETS</b>   |                         |                         |                        |                        |                        |                               |                         |                           |                         |                         |                         |
| <b>2 Loans to affiliated undertakings</b>                                   |                         |                         |                        |                        |                        |                               |                         |                           |                         |                         |                         |
| CORESTATE Capital Group GmbH (loan and accrued interests)                   |                         | 69.1                    | -                      | -                      | (2.1)                  | 67.0                          | -                       | -                         | -                       | 67.0                    | 69.1                    |
| Highstreet Gießen PropCo S.à r.l. (loan and accrued interests)              |                         | 24.1                    | 3.8                    | -                      | (27.9)                 | -                             | -                       | -                         | -                       | -                       | 24.1                    |
| CORESTATE Capital Advisors GmbH (loan and accrued interests)                |                         | 18.0                    | 26.0                   | -                      | -                      | 44.1                          | -                       | -                         | -                       | 44.1                    | 18.0                    |
| Highstreet Premium II PropCo III S.à r.l. (loan and accrued interests)      |                         | 12.1                    | -                      | -                      | (12.1)                 | -                             | -                       | -                         | -                       | -                       | 12.1                    |
| CORESTATE CAPITAL AG (loan and accrued interests)                           |                         | 2.1                     | 2.8                    | -                      | (4.9)                  | -                             | -                       | -                         | -                       | -                       | 2.1                     |
| CORESTATE Capital Sales Holding S.à r.l. (loan and accrued interests)       |                         | 2.0                     | 2.7                    | -                      | -                      | 4.7                           | -                       | -                         | -                       | 4.7                     | 2.0                     |
| Corestate Student Home Holding S.à r.l. (loan and accrued interests)        |                         | 0.6                     | 0.2                    | -                      | -                      | 0.8                           | -                       | -                         | -                       | 0.8                     | 0.6                     |
| Corestate Capital Partners GmbH (loan)                                      |                         | 0.3                     | -                      | -                      | -                      | 0.3                           | -                       | -                         | -                       | 0.3                     | 0.3                     |
| CORESTATE Capital Partners UK Ltd. (loan and accrued interests)             |                         | 0.2                     | 1.7                    | -                      | -                      | 1.9                           | -                       | -                         | -                       | 1.9                     | 0.2                     |
| CORESTATE Capital Advisors GmbH Spanish branch (loan and accrued interests) |                         | 0.1                     | 0.1                    | -                      | (0.3)                  | -                             | -                       | -                         | -                       | -                       | 0.1                     |
| Corestate Capital Venture Management S.à r.l. (loan and accrued interests)  |                         | 0.1                     | 0.3                    | -                      | -                      | 0.4                           | -                       | -                         | -                       | 0.4                     | 0.1                     |
| CORESTATE Capital Advisors (SG) Pte. Ltd. (loan)                            |                         | 0.0                     | 0.1                    | -                      | -                      | 0.1                           | -                       | -                         | -                       | 0.1                     | 0.0                     |
| Isabela HoldCo AIF S.à r.l. (loan and accrued interests)                    |                         | 0.0                     | -                      | -                      | (0.0)                  | (0.0)                         | -                       | -                         | -                       | (0.0)                   | 0.0                     |
| King HoldCo S.à r.l. (loan)   |                         | 0.0                     | -                      | -                      | (0.0)                  | 0.0                           | -                       | -                         | -                       | 0.0                     | 0.0                     |
| HFS Helvetic Financial Services AG  |                         | -                       | 40.3                   | -                      | (40.3)                 | -                             | -                       | -                         | -                       | -                       | -                       |
| Cassandra Hold Co   |                         | -                       | 4.5                    | -                      | (4.5)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| Corestate Shelf 7 Sarl  |                         | -                       | 1.2                    | -                      | (1.2)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| Tempelhof Twins TopCo AIF   |                         | -                       | 1.7                    | -                      | (1.7)                  | -                             | -                       | -                         | -                       | -                       | -                       |
| Tempelhof Twins TopCo S.à r.l.  |                         | -                       | 2.7                    | -                      | -                      | 2.7                           | -                       | -                         | -                       | 2.7                     | -                       |
|   |                         | <b>128.8</b>            | <b>88.2</b>            | -                      | <b>(95.2)</b>          | <b>121.9</b>                  | -                       | -                         | -                       | <b>121.9</b>            | <b>128.8</b>            |

## 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 |
|   | %          | € million        | € million | € million | € million | € million                     | € million  | € million    | € million      | € million  |            |
| <b>III FINANCIAL FIXED ASSETS</b>                                   |            |                  |           |           |           |                               |            |              |                |            |            |
| <b>Shares in undertakings with which the undertaking is</b>         |            |                  |           |           |           |                               |            |              |                |            |            |
| <b>3 linked by virtue of participating interests</b>                |            |                  |           |           |           |                               |            |              |                |            |            |
| Moviestar Zweitmarkt Management GmbH                                | 18.00%     | 9.6              | -         | -         | -         | 9.6                           | -          | -            | -              | 9.6        | 9.6        |
| TURICUM AIF S.à r.l.  | 5.48%      | 2.7              | -         | -         | -         | 2.7                           | -          | -            | -              | 2.7        | 2.7        |
| Olympic AIF 2 S.à r.l.  | 10.00%     | 1.9              | -         | -         | (0.1)     | 1.8                           | -          | -            | -              | 1.8        | 1.9        |
| Iberian HoldCo III, S.L.  | 10.27%     | 1.7              | -         | -         | (0.0)     | 1.7                           | -          | -            | -              | 1.7        | 1.7        |
| Con 2 AIF S. à r.l.   | 10.00%     | 1.4              | -         | -         | -         | 1.4                           | -          | -            | -              | 1.4        | 1.4        |
| Venloer4711 AIF 2 S.à r.l.  | 10.05%     | 1.3              | -         | -         | -         | 1.3                           | -          | -            | -              | 1.3        | 1.3        |
| Across TopCo 2 S.à r.l.   | 10.00%     | 1.0              | -         | -         | -         | 1.0                           | -          | -            | -              | 1.0        | 1.0        |
| King AIF 2 S.à r.l.   | 10.00%     | 0.7              | -         | -         | -         | 0.7                           | -          | -            | -              | 0.7        | 0.7        |
| Olympic AIF 1 S.à r.l.  | 10.00%     | 0.2              | -         | -         | (0.0)     | 0.2                           | -          | -            | -              | 0.2        | 0.2        |
| Venloer4711 AIF 1 S.à r.l.  | 10.05%     | 0.1              | -         | -         | -         | 0.1                           | -          | -            | -              | 0.1        | 0.1        |
| Across TopCo 1 S.à r.l.   | 10.00%     | 0.1              | -         | -         | -         | 0.1                           | -          | -            | -              | 0.1        | 0.1        |
| King AIF 1 S.à r.l.   | 10.00%     | 0.1              | -         | -         | -         | 0.1                           | -          | -            | -              | 0.1        | 0.1        |
| SCORE S.à r.l.  | 50.00%     | 0.0              | -         | -         | -         | 0.0                           | -          | -            | -              | 0.0        | 0.0        |
| CORESTATE Residential Germany Fund III                              | 0.00%      | -                | 0.0       | -         | -         | 0.0                           | -          | -            | -              | 0.0        | -          |
| Tempelhof Twins TopCo AIF S.à r.l.                                  | 1.00%      | -                | 0.0       | -         | -         | 0.0                           | -          | -            | -              | 0.0        | -          |
| Pallars AIF HoldCo S.a.r.l.   | 42.38%     | -                | 1.6       | -         | -         | 1.6                           | -          | -            | -              | 1.6        | -          |
| BCC Investments S.à r.l.  | 10.00%     | -                | 0.8       | -         | -         | 0.8                           | -          | -            | -              | 0.8        | -          |
| Tablas HoldCo AIF Sarl  | 42.74%     | -                | 6.1       | -         | -         | 6.1                           | -          | -            | -              | 6.1        | -          |
| Cassandra HoldCo S.L.U.,  | 10.47%     | -                | 1.2       | -         | -         | 1.2                           | -          | -            | -              | 1.2        | -          |
| Echo HoldCo 2 AIF Sarl,   | 31.10%     | -                | 7.2       | 0.0       | -         | 7.3                           | -          | -            | -              | 7.3        | -          |
| Bochum PropCo Sarl,   | 10.01%     | -                | 0.9       | 0.1       | -         | 1.0                           | -          | -            | -              | 1.0        | -          |
| PLUTOSHOLDCO AIF SARL   | 13.00%     | -                | 2.2       | -         | (2.2)     | 0.0                           | -          | -            | -              | 0.0        | -          |
| Corestate Capital Investments Solutions                             | 2.61%      | -                | 0.7       | -         | -         | 0.7                           | -          | -            | -              | 0.7        | -          |
|   |            | 20.9             | 20.8      | 0.1       | (2.3)     | 39.5                          | -          | -            | -              | 39.5       | 20.9       |
| <b>4 Loans to undertakings with which the undertaking is linked</b> |            |                  |           |           |           |                               |            |              |                |            |            |
| King PropCp Sarl. (loan and accrued interests)                      |            | 0.5              | 0.1       | -         | -         | 0.6                           | -          | -            | -              | 0.6        | 0.5        |
| Iberian PropCo I S.L. (loan and accrued interests)                  |            | 0.1              | -         | -         | (0.1)     | 0.1                           | -          | -            | -              | 0.1        | 0.1        |
| Highstreet VIII AcquiCo S.à r.l. (loan and accrued interests)       |            | 0.2              | -         | -         | (0.2)     | -                             | -          | -            | -              | -          | 0.2        |
| T6 HoldCo Sarl  |            | -                | 0.6       | -         | -         | 0.6                           | -          | -            | -              | 0.6        | -          |
|   |            | 0.8              | 0.7       | -         | (0.3)     | 1.2                           | -          | -            | -              | 1.2        | 0.8        |

## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS

|   | Owner-<br>ship | Gross book value |              |               |                | Accumulated value adjustments |            |              | Net book value |              |              |
|---|----------------|------------------|--------------|---------------|----------------|-------------------------------|------------|--------------|----------------|--------------|--------------|
|   |                | 01.01.2020       | Additions    | Transfers     | Disposals      | 31.12.2020                    | 01.01.2020 | Depreciation | 31.12.2020     | 31.12.2020   | 31.12.2019   |
|   | %              | € million        | € million    | € million     | € million      | € million                     | € million  | € million    | € million      | € million    |              |
| <b>III FINANCIAL FIXED ASSETS</b>                                   |                |                  |              |               |                |                               |            |              |                |              |              |
| <b>5 Investments held as fixed assets</b>                           |                |                  |              |               |                |                               |            |              |                |              |              |
| Corestate Opportunity Deutschland I Fonds (Luxembourg)              | 20.00%         | 10.0             | 44.9         | -             | -              | 54.9                          | -          | -            | -              | 54.9         | 10.0         |
|   |                | 10.0             | 44.9         | -             | -              | 54.9                          | -          | -            | -              | 54.9         | 10.0         |
| <b>6 Other loans</b>  |                |                  |              |               |                |                               |            |              |                |              |              |
| WGS Private Equity Beteiligungs GmbH (loan and accrued interests)   |                | 14.5             | -            | (14.5)        | -              | -                             | -          | -            | -              | -            | 14.5         |
| HIGHSTREET PREMIUM I PropCo II S.à r.l (loan and accrued interests) |                | 2.0              | 0.1          | -             | -              | 2.1                           | -          | -            | -              | 2.1          | 2.0          |
| LUX Structure Services S.à r.l. (loan and accrued interests)        |                | 0.9              | -            | -             | (0.9)          | -                             | -          | -            | -              | -            | 0.8          |
| Lux Fund Management Services S.à r.l. (loan and accrued interests)  |                | 0.3              | -            | -             | -              | 0.3                           | -          | -            | -              | 0.2          | 0.2          |
| Annapurna AIF S.à r.l. (loan and accrued interests)                 |                | 0.0              | -            | -             | (0.0)          | -                             | -          | -            | -              | (0.0)        | (0.0)        |
| Highstreet FinCo II S.à r.l.  |                | -                | 0.0          | -             | -              | 0.0                           | -          | -            | -              | (0.0)        | (0.0)        |
| Highstreet Premium I HoldCo S.à r.l.                                |                | -                | 0.0          | -             | -              | 0.0                           | -          | -            | -              | (0.0)        | (0.0)        |
| Jade Investment Ltd.  |                | -                | 0.1          | -             | -              | 0.1                           | -          | -            | -              | 0.0          | (0.0)        |
| Sechep Investments Holding S.à r.l.                                 |                | -                | 0.2          | -             | -              | 0.2                           | -          | -            | -              | 0.1          | (0.0)        |
| Corestate Highstreet II HoldCo S.à                                  |                | -                | 0.0          | -             | -              | 0.0                           | -          | -            | -              | (0.0)        | (0.0)        |
|   |                | 17.7             | 0.4          | (14.5)        | (0.9)          | 2.7                           | -          | -            | -              | 2.7          | 17.3         |
| <b>Total</b>  |                | <b>888.0</b>     | <b>296.2</b> | <b>(14.5)</b> | <b>(208.6)</b> | <b>961.2</b>                  | <b>-</b>   | <b>-</b>     | <b>-</b>       | <b>961.2</b> | <b>888.0</b> |
| <b>SUM of FIXED ASSETS</b>  |                | <b>890.1</b>     | <b>299.8</b> | <b>(14.0)</b> | <b>(209.8)</b> | <b>966.1</b>                  | <b>0.9</b> | <b>0.8</b>   | <b>1.6</b>     | <b>964.8</b> | <b>890.1</b> |

# 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 2020, 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 2020, 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 N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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 2020, the Company's investment in shares in affiliated undertakings and participating interests held by the Company amounted to EUR 797.2 million in total representing 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 investments, 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 and adjustments thereto. In addition, we assessed the plausibility of cash flows used in management's calculations by comparing them to actual historical data and prior year business plans, and by evaluating the relationship with some forward-looking performance indicators 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 beyond 5 years 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 Group management 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 communicate to 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 5 June 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 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 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 Corestate Capital Holding S.A. and its subsidiaries (the "Group"), for the six months ended 30 June 2020.

#### 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, 19 March 2021

# *Imprint*

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