Consolidated Financial Statements

CORESTATE Capital Holding S.A.

Luxembourg

(until 23 September 2015: CORESTATE Capital AG, Zug/Switzerland)

for the year from 1 January 2015 to 31 December 2015

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MANAGEMENT REPORT

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(until 23 September 2015: CORESTATE Capital AG, Zug/Switzerland)

for the period from 1 January 2015 to 31 December 2015

MANAGEMENT REPORT

A.1 Company Background

CORESTATE Capital Holding S.A. (hereafter "CCH SA" or "the Company") is a limited liability company (société anonyme) incorporated under Luxembourg law, with registered office at 35, avenue Monterey, L-2163 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, and was originally established on 21 August 2015. The Company's financial year starts on 1 January and ends on 31 December of each year. The first financial year was a short period from 21 August 2015 to 31 December 2015.

CCH SA is a fully integrated real estate investment manager covering all elements of the real estate investment lifecycle. As integral part of its investment philosophy, CCH SA will typically co-invests by way of alignment capital in its product offerings. In addition, the Company together with its subsidiaries (the *Group*) provides asset and property management services for its clients and investment products. Its product offering primarily covers residential, commercial, and student housing assets (including developments), and addresses all risk / return profiles, i.e. from core / core plus to value add / opportunistic. Its international clients base is largely made up by private ((ultra) high-net-worth individuals (U)HNWI) and semi-institutional investors. The Group's key markets are Germany, Austria, and Spain, and it operates principal offices in Germany, Switzerland, Spain, and Singapore, as well as a German network of branch offices of its property management platform CAPERA. As at 31 December 2015, the Group employed about 249 FTE (previous year 224 FTE).

The Group focuses on three key business segments being

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

A.2 Market and Product Offering Development

The Group's core market, Germany, continues to be characterized by strong increase in pricing levels and corresponding yield compression on the back of continued capital inflows to real estate largely driven by the European Central Bank's quantitative easing policy. While demand was predominantly driven by foreign investors in past years, German listed property companies supported by their access to "cheap" capital as well as German insurance companies and pension schemes seeking stable and yielding investments have further accelerated the spike in property prices in 2015. In addition, the more aggressive lending policy of German real estate lenders is fueling the demand. Consequently, the Group has continued to successfully exit its remaining residential real estate investments in Germany.

Since the German real estate market does not offer opportunistic investment opportunities at this stage, and as a reaction to a shift of client's return preferences, the Group has shifted its investment product offering to more stable and yielding investments. To complete the product range, and also continue to address opportunistic return requirements, the Company has further intensified its efforts of establishing a joint venture for the Spanish market, and, selectively, has engaged in residential and student housing development transactions in Austria.

A.3 Key Financial Highlights

The consolidated total revenues of the Group (including Total Revenue from Real Estate Investment Management as well as Net Rental Income and Revenues from Service Charges) have grown by c. 42% vs 2014 to k€ 39,914 (previous year: k€ 28,093). Such growth was primarily supported by a strong transaction activity as well as income generated from the sale of real estate originally held for warehousing purposes. While acquisition-related fees were up c. 87% vs the prior year, and particularly driven by further successfully placed HIGHSTREET retail investment products, promote fees realized rose to k€ 12,174 (previous year: k€ 6,838) or by c. 78%) as a result of the successful exits from the T6 / Squirrel / TURBO FRA investment products. The revenue contribution from real estate assets held for warehousing purposes was k€ 1,879 (previous year: nil). Fees generated from the Group's asset and property management services were up c. 14% to k€ 20,886 (previous year: k€ 18,261) predominantly driven by fees realized under a short-term asset management contract in relation to the VITU portfolio sold in 2014.

The total expenses of the Group (excluding financial expenses as well as Depreciation and Amortization) have increased to k€ 35,642 from k€ 22,491. Such increase by c. 58% is distorted by a one-off impact in relation to the cancelled initial public offering of k€ 5,825 as well as by operating cost in relation to the warehoused real estate assets of k€ 824. Adjusted for such items, the total expenses of the Group grew to k€ 28,993 or by c. 29%. Relevant drivers where real estate investment management with an increase of k€ 3,216 as well as general and administrative expense (net of cancelled IPO-related expenses) with an increase of k€2,927. Such increases in cost were primarily driven by incremental headcount hired throughout 2015 for the Group's property management platform in the course of new third party mandates acquired as well as for further developing and professionalizing the Group's organizational set-up. Further impacts resulted from an increased level of sunk cost in relation to aborted transactions, in particular in in the course of the market entry in Spain, as well as from operating cost for the Singapore capital raising operations.

Other key contributors to the development of the Group's net profit of k€ 10,087 (down k€ 3,656 vs 2014) were gains realized from the transfer of a real estate asset held for warehousing purposes into an HIGHSTREET investment product established for the Company's clients (k€ 2,506) as well as the Group's share of profit from associates and joint ventures (k€ 4,695) predominantly resulting from the sale of the Group's co-investments Squirrel, T6 and Turbo FRA (k€ 602, k€ 738 and k€ 2,264, respectively) as well as the pro-rated income in relation to the Turbo VIE student housing development project (k€ 1,752).

Financial expenses of k€ 3,458 (previous year: k€ 631) particularly include expenses in relation to the Group's debt financing facilities provided by Schwyzer Kantonalbank (k€ 132), Intershop Holding AG (k€ 1,789) and vitB AG (k€ 336) as well as Deutsche Hypothekenbank AG (k€ 239) in relation to the warehousing asset Paderborn. Income Taxes primarily include current income tax expenses of k€ 122 as well as a deferred income taxes (k€ 1,850) in relation to tax loss carry forwards resulting from the cost in relation to the cancelled IPO of the Company.

The Group' total assets increased by k€ 45,296 to k€ 108,684 by 31 December 2015 (previous year: k€ 63,388) mainly due to the introduction of warehousing concept for certain real estate assets dedicated for the subsequent transfer into real estate investment products. Alignment investments grew, on a net basis, from k€ 22,536 to k€ 29,247 and reflects the Group's further extension of its HIGHSTREET retail based investment product offering as well as the exit from certain residential portfolios. Cash and Cash equivalents at year-end 2015 were down from k€ 21,820 to k€ 9,647 resulting from a dividend payment (k€ 13,840) as well as proceeds from the T6 exit only converting into cash in January 2016 (k€ 12,240). The Group's total equity ratio decreased from c. 61% as at 31 December 2015 to c. 32% as a consequence of the bank financing relating to the warehoused asset in Paderborn (k€ 17,378) as well as the balance outstanding under the revolving credit facility agreement with Intershop Holding AG and vitB AG (k€ 25,219) and the dividend payment in relation to the financial year 2014.

A.4 Business Development and Outlook

For the financial year 2016, the Group is expecting a further increase of its investment volume, in particular fueled by the launch of additional HIGHSTREET retail based investment offerings as well as various student housing / serviced living development projects. Consequently, acquisition-related fees as well as revenues from asset and property management should grow vs 2015 while revenues from promote fees realized are projected to decline versus 2015 levels given that the Group has successfully exited relevant alignment capital investments in prior periods. Besides providing investment product offerings for its existing (U)HNWI and semi-institutional clients base, the Group will intensify its efforts to access German insurance companies and pension schemes, and will aim at converting certain of its existing student housing assets into long-term institutional fund products.

While the Company is expecting further strong capital inflows to (German) real estate on the back of continued "quantitative easing" generally as well as in particular based on its successful track record of past investments and attractive in-place product offering, further compression in yields as well as an overall lack of supply of appropriate investment opportunities may impose certain restrictions for the Group's development in 2016.

Luxembourg, 8 April 2016

Sascha Wilhelm	Daniel Schoch	Thomas Landschreiber
Chief Executive Officer	Chief Financial Officer	Chief Investment Officer

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Ernst & Young
Société anonyme

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Independent auditor's report

To the Shareholders of
Corestate Capital Holding S.A.
35, avenue Monterey
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Grand Duchy of Luxembourg

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Corestate Capital Holding S.A., which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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Responsibility of the "réviseur d'entreprises agréé" (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Corestate Capital Holding S.A. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Pavel Nesvedov

Luxembourg, 8 April 2016

Consolidated Statement of Financial Position

(in k€)	Notes 2015	31.12.2015	31.12.2014
Non-Current Assets			
Property, Plant and Equipment	F.1	642	679
Intangible Assets		96	167
Shares in Subsidaries		-	0
Investment in Associates and Joint Ventures	F.2	29,247	22,536
Other Financial Instruments		31	31
Long-term Loans to Associates	F.3	-	715
Deferred Tax Assets	F.4	2,406	813
Total Non-Current Assets		**32,421**	**24,942**
Current Assets			
Advance Payments for Property Purchase Prices	F.5	1,000	-
Inventories	F.6	39,216	-
Receivables from Associates	F.7	11,469	9,753
Receivables from Joint Venture	F.8	5,755	-
Trade Receivables	F.9	3,984	4,387
Other short-term Receivables	F.10	1,329	1,842
Current Income Tax Assets		122	1
Other Short-term Assets	F.11	940	645
Restricted Cash	F.12	2,800	-
Cash and Cash Equivalents	F.12	9,647	21,820
Total Current Assets		**76,263**	**38,447**
TOTAL ASSETS		**108,684**	**63,388**
Equity			
Share Capital	F.13	195	90
Participation Capital		-	27
Other Reserves	F.14	24,292	25,928
Net Profit/(Loss) for the Period		9,656	12,333
Subtotal Capital Accounts of shareholders of parent company		*34,143*	*38,378*
Non-controlling Interests	F.15	213	338
Total Equity		**34,356**	**38,717**
Non-Current Liabilities			
Long-term Financial Liabilities to Banks	F.16	25,378	8,000
Net Employee defined Benefit Liabilities	F.17	443	307
Other non-current Liabilities		1,275	1,388
Total Non-Current Liabilities		**27,096**	**9,695**
Current Liabilities			
Short-term Financial Liabilities to Banks	F.18	0	2
Short-term Liabilities to Associates	F.19	91	1,849
Trade Payables	F.20	8,258	3,228
Current Income Tax Liabilities	F.21	603	1,142
Other Current Liabilities	F.22	38,279	8,755
Total Current Liabilities		**47,232**	**14,977**
SUBTOTAL LIABILITIES		**74,328**	**24,672**
TOTAL EQUITY AND LIABILITIES		**108,684**	**63,388**

Consolidated Statement of Profit and Loss and other Comprehensive Income for the Year from 1 January to 31 December 2015

(in k€)	Notes 2015	Financial Year 2015	Financial Year 2014
Revenue from Acquisition Related Fees	G.1	4,483	2,391
Revenue from Asset and Property Management	G.2	20,886	18,261
Revenue from Sales Fees	G.3	491	602
Revenue from Promote Fees realised	G.4	12,174	6,838
Total Revenue from Real Estate Investment Management		*38,034*	*28,093*
Total Expenses from Real Estate Investment Management	G.5	*(19,779)*	*(16,563)*
Total Earnings from Real Estate Investment Management		**18,255**	**11,530**
Share of Profit or Loss from Associates and Joint Ventures	G.6	*4,695*	*4,373*
Expenses from Management of Associates and Joint Ventures	G.7	*(667)*	*(1,004)*
Total Earnings from Alignment Capital Management		**4,028**	**3,370**
Net Rental Income		1,322	-
Revenue from Service Charges		557	-
Net Gain from Selling Property Holding Companies	G.8	2,506	3,765
Total Income from Real Estate Operations/Warehousing		*4,386*	*3,765*
Expenses from Real Estate Operations/Warehousing	G.9	(2,077)	(558)
Total Earnings from Real Estate Operations/Warehousing		**2,308**	**3,207**
General and Administrative Expenses	G.10	(13,118)	(4,366)
Other Income	G.11	803	1,222
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)		**12,276**	**14,963**
Depreciation and Amortisation	G.12	(349)	(332)
Earnings before Interest and Taxes (EBIT)		**11,927**	**14,631**
Financial Income	G.13	173	218
Financial Expenses	G.14	(3,458)	(631)
Earnings before Taxes (EBT)		**8,642**	**14,218**
Income Tax benefit/(expense)	G.15	1,446	(474)
Net Profit/(Loss) for the Period		**10,087**	**13,743**
of which attributable to equity holders of parent company		9,656	12,333
of which attributable to non-controlling interests	F.15	431	1,410
Total Revenues [1]		**39,914**	**28,093**
Total Expenses [2]		**(35,642)**	**(22,491)**

[1] not including Share of Profit or Loss from Associates and Net Gain from Selling Property Holding Companies
[2] excluding Financial Expenses and Depreciation and Amortisation

(in k€)	Notes 2015	Financial Year 2015	Financial Year 2014
Earnings per Share (in €):			
Basic, Profit for the Year attributable to Ordinary Equity Holders of the Parent	I.1	1.12	1.54
Diluted, Profit for the Year attributable to Ordinary Equity Holders of the Parent	I.1	1.12	1.54
Other Comprehensive Income (in k€)			
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):			
Net (Loss)/Gain on Available-for-sale Financial Assets			3
Net Other Comprehensive Loss to be Reclassified to Profit or Loss in Subsequent Periods	F.14	-	3
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):			
Remeasurement Gains (Losses) on Defined Benefit Plans		(167)	38
Income Tax Effect		24	(6)
Net other Comprehensive Income/(Loss) not to be Reclassified to Profit or Loss in Subsequent Periods	F.14	(143)	32
Other Comprehensive Income/(Loss) for the Period, Net of Tax		**(143)**	**36**
Total Comprehensive Income for the Period, Net of Tax		**9,944**	**13,779**
of which attributable to equity holders of parent company		9,513	12,369
of which attributable to non-controlling interests	F.15	431	1,410

Consolidated Statement of Changes in Equity for the Period 1 January to 31 December 2015

(in k€)	Notes 2015	SHARE CAPITAL	PARTICI-PATION CAPITAL	Legal Reserve	Additional Capital Paid In	Retained Earnings	Other Re-valuations	OTHER RESERVES	NET PROFIT/ (LOSS) FOR THE PERIOD	*SUBTOTAL CAPITAL ACCOUNTS OF MAJORITY SHARE-HOLDERS*	Non-controlling interests in Paid-In Capital and Capital Reserve	Non-controlling interests in Profit for the period	*NON-CON-TROLLING INTERESTS*	TOTAL EQUITY
Closing Balance of Capital Accounts as at 31 December 2013 (audited)		**90**	**27**	60	17,145	8,090	(83)	**25,212**	7,786	***33,115***	226	(189)	***37***	**33,152**
Profit for the period		-	-	-	-	-	-	-	12,333	*12,333*	-	1,410	*1,410*	13,743
Other comprehensive income	F.14	-	-	-	-	-	36	36	-	*36*	-	-	-	36
Total Comprehensive Income for the Period		-	-	-	-	-	36	36	12,333	*12,369*	-	1,410	*1,410*	13,779
Acquisition of Minority Interests		-	-	-	-	-	-	-	-	-	-	-	-	-
Equity-settled share-based payment		-	-	-	-	12	-	12	-	*12*	-	-	-	12
Dividends paid		-	-	-	(7,125)	-	-	(7,125)	-	*(7,125)*	(1,118)	-	*(1,118)*	(8,243)
Reclassification/others		-	-	-	0	7,793	-	7,793	(7,786)	*7*	(180)	189	*9*	16
Closing Balance of Capital Accounts as at 31 December 2014 (audited)		**90**	**27**	60	10,020	15,895	(47)	**25,928**	12,333	***38,378***	(1,072)	1,410	***338***	**38,717**
Profit for the period		-	-	-	-	-	-	-	9,656	*9,656*	-	431	*431*	10,087
Other comprehensive income		-	-	-	-	-	(143)	(143)	-	*(143)*	-	-	-	(143)
Total Comprehensive Income for the Period		-	-	-	-	-	(143)	(143)	9,656	9,513	-	431	*431*	9,944
Issue of new capital (including contribution in kind)		195	-	-	-	-	-	-	-	*195*	-	-	-	195
Equity-settled share-based payment		-	-	-	-	9	-	9	-	*9*	-	-	-	9
Dividends paid	F.14	-	-	-	(10,020)	(3,820)	-	(13,840)	-	*(13,840)*	(545)	-	*(545)*	(14,385)
Reclassification/others		(90)	(27)	(60)	-	12,397	-	12,338	(12,333)	*(113)*	1,399	(1,410)	*(12)*	(124)
Closing Balance of Capital Accounts as at 31 December 2015		**195**	**-**	-	-	24,482	(190)	**24,292**	9,656	***34,143***	(218)	431	***213***	**34,356**

Consolidated Statement of Cash Flows for the Period 1 January to 31 December 2015

(in k€)	Notes 2015	Financial Year 2015	Financial Year 2014
Earnings before Taxes (EBT)		**8,642**	**14,218**
Adjustments:			
Amortisation of intangible assets		119	96
Depreciation of property, plant and equipment		235	236
Equity-settled share-based payment		12	12
Effect from valuation on derivatives		77	-
Impairment loss on investment securities		0	(0)
Net loss/(gain) on disposal of property, plant and equipment		3	-
Net loss/(gain) on disposal of intangible assets		6	-
Finance costs		333	384
Interest income		(78)	(67)
Provisions		(6)	69
Share of results of Associates and Joint Ventures		(5,114)	(4,373)
Total adjustments		(4,413)	(3,642)
Operating cash flows before changes in working capital		**4,229**	**10,575**
Changes in working capital			
Increase from sale of inventories		25,339	-
Decrease from purchase of inventories and advance payments		(60,473)	-
Changes in receivables and other assets that are not attributable to investing activities		(6,801)	(5,414)
Changes in liabilities that are not attributable to financing activities		4,412	6,405
Total changes in working capital		(37,522)	990
Income taxes received/(paid)		(806)	(336)
Net cash flows from operating activities	**I.7**	**(34,100)**	**11,230**
Outflow for acquisition of subsidiaries		(26)	(1,169)
Outflow for Alignment Capital Investments (Associates and Loans)		(13,708)	(23,684)
Inflow from repayment of Alignment Capital Investments (Associates and Loans)		2,413	14,174
Inflow from profit realised of Alignment Capital Investments		6,957	4,133
Advance dividends		-	1,408
Purchase of property, plant and equipment		(202)	(267)
Acquisition of real estate property		-	-
Additions to intangible assets		(8)	(123)
Net cash flows generated from/(used in) investing activities	**I.7**	**(4,575)**	**(5,527)**
Dividend payments		(13,840)	(7,125)
Dividends paid to non-controlling interests		(545)	(1,118)
Purchase of Derivatives		(20)	-
Sale/(Acquisition) of non-controlling interests		14	-
Proceeds from loans and borrowings		77,785	8,000
Repayment of loans and borrowings		(32,791)	(4,450)
Interest Paid		(1,300)	(105)
Net cash flows (used in)/from financing activities	**I.7**	**29,302**	**(4,798)**
Cash and cash equivalents at 1 January	**F.12**	**21,820**	**20,915**
Net increase in cash and cash equivalents		(9,373)	905
Cash and cash equivalents at 31 December	**F.12**	**12,447**	**21,820**

Notes to the Consolidated Financial Statements

CORESTATE Capital Holding S.A.

Luxembourg

(until 23 September 2015: CORESTATE Capital AG, Zug/Switzerland)

for the period from 1 January 2015 to 31 December 2015

CORESTATE Capital Group

Notes to the Consolidated Financial Statements for the Period 1 January to 31 December 2015

A. CORPORATE INFORMATION

CORESTATE Capital Holding S.A. (hereafter "CCH SA" or "the Company") is a limited liability company (société anonyme) incorporated under Luxembourg law, with registered office at 35, avenue Monterey, L-2163 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. The ultimate beneficial owner of the Company is Ralph Winter.

CCH SA was established on 21 August 2015. The Company's financial year starts on 1 January and ends on 31 December of each year. The first financial year was a short period from 21 August 2015 to 31 December 2015.

As of the incorporation of the Company on 21 August 2015 the Company had a share capital of € 35,000, divided into 1,750,000 shares with a nominal value of € 0.02 each. By resolution of the shareholders of the Company passed at an extraordinary general meeting of shareholders as of 23 September 2015, the share capital was increased by an aggregate amount of € 159,846 in order to bring it from its current amount of € 35,000 up to a new amount of € 194,846, represented by 9,742,300 shares, through the creation and issuance of 7,992,300 shares of the Company, with a nominal value of € 0.02 each. This capital increase was implemented through a contribution in kind of the shareholders shares (registered shares) and participation certificates in CORESTATE Capital AG, Zug/Switzerland, (hereafter "CC AG"), having a total contribution value of € 29,580,846.

This restructure and the establishment of the new group holding company, CORESTATE Capital Holding S.A., is considered to be a common control transaction as defined by International Financial Reporting Standard 3 "Business Combinations" (Appendix B). Accordingly the directors of the Group have prepared the consolidated financial statements as if the parent company had been in existence since the establishment of CORESTATE Capital AG in June 2006, except for issuance of new share capital The consolidated statements of the CORESTATE Capital Holding S.A. assume that the parent company was holding 100% of the shares since the beginning of the operation.

The Company's shares are not 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). An initial public offering ("IPO") of CORESTATE Capital Holding S.A., which was planned in November 2015, did not take place. The difficult market environment for IPOs in the German and UK stock markets, which are of particular relevance to the Company, had led the Company and the principal shareholders to cancel the IPO of the Company. All costs incurred with the planned IPO are recognised in the profit and loss account.

CCH SA is a real estate investment manager specialising in the creation and subsequent realisation of real estate related investments in Europe. CCH SA and its subsidiaries (the Group) are active as a principal investor, co-investor and asset and property manager in Europe and are focused on residential, commercial (primarily retail, office) real estate and student housing. Geographically, the Group primarily concentrates on the German market but also seeks for other attractive markets in Europe such as Austria and Spain. As per 31 December 2015, the Group employs about 249 (previous year 224) real estate experts across 5 offices in 5 countries, providing direct access to local markets.

The Group focuses on three key business segments (see Note D) being

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

Joint ventures were created successfully in Spain and Austria during 2015.

The consolidated financial statements of CORESTATE Capital Holding S.A. and its subsidiaries (the Group) for the year ended 31 December 2015 were authorized for issue in accordance with a resolution of the Board of Directors on 21 April 2016. The consolidated financial statements are subject to approval by the Annual General Meeting.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards "(IFRS)" adopted by in the European Union ("EU") for the year ended 31 December 2015.

Parent company was until the 23 September the CORESTATE Capital AG, Zug/Switzerland. On 23 September 2015, Corestate Capital Holding S.A., Luxembourg, acquired 100 % of the equity share capital of CORESTATE Capital AG. This restructure and the establishment of the new group holding company, Corestate Capital Holding S.A., is considered to be a common control transaction as defined by International Financial Reporting Standard 3 'Business Combinations' (Appendix B). Accordingly the directors of the Group have prepared the consolidated financial statements as if the parent company had been in existence since the establishment of CORESTATE Capital AG in June 2006 by applying the pooling of interests method (note B.3.1). The consolidated statements of the Corestate Capital Holding S.A. assume that the parent company was holding 100% of the shares since the beginning of the operation.

The following new standards and interpretations and amendments to existing standards and interpretations are applicable for the first time for financial years beginning on 1 January 2015:

- Improvements to IFRSs (2010-2012 EU effective date: 1 July 2014): These improvements required additional disclosures in the Group's financial statements.
- Improvements to IFRSs (2011-2013) (EU effective date: 1 July 2014): These improvements had no material impact on the Group's financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets, financial liabilities through profit or loss, derivative financial instruments and plan assets 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 and all subsidiaries which were fully consolidated. All values are rounded to the nearest thousand Euros (k€), 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.

B.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of CCH SA and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, it has:

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

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

- The contractual arrangement with the other vote holders of the investee

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

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

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

B.3 Summary of significant accounting policies

The accounting policies described in the following are applied for preparing the consolidated financial statements of the Group including its Associates.

B.3.1 Business combinations

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

When the Group acquires a business, it assesses the financial 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.

Business combinations involving entities under common control are accounted for by applying the pooling of interests method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as adjustment of the Participation Capital and Legal Reserves.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

B.3.2 Investment in Associates and Joint Ventures

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

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

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

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

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

The income statement 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 recognised directly in the equity of the Associate or Joint Venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised 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 form Associates/Joint Ventures on the face of the consolidated comprehensive income statement.

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/Joint Ventures at fair value rather than at cost (see A).

After application of the equity method, the Group determines whether it is necessary to recognise 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 the 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 the Joint Venture and its carrying value, and then recognises the loss as Share of profit/(loss) of an Associate/Joint Venture in the income statement.

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

B.3.3 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

B.3.4 Fair value measurement

The Group measures financial instruments such as derivatives, plan assets, and non-financial assets such as investment properties, 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 summarised in the following Notes:

Disclosures for valuation methods, significant estimates and assumptions	Notes 0, 0
Disclosures of fair value measurement hierarchy	Note 0
Investment properties	Note A
Investment in unquoted equity shares (AFS)	Note 0
Financial instruments (including those carried at amortised cost)	Note 0
Plan assets	Note F.17

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 Committee ("EMC") determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets. The EMC comprises the chief investment officer, chief operating officer and chief finance officers.

External valuers are involved for valuation of significant assets, such as investment properties and derivative financial instruments. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the EMC 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 EMC verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The EMC, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

B.3.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

B.3.5.1 Sale of properties

A property is regarded as sold when the significant risks and returns have been transferred to the buyer. For conditional exchanges (i.e. when the transfer of title is dependent on the payment of the sales price), sales are recognised only when all the significant conditions are satisfied.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For sale of real estate property, transfer usually occurs when all rights, entitlements and obligations shall be assumed by the purchaser.

B.3.5.2 Fees

Fees from the operating business of the Group, such as Acquisition Related Fees, Asset and Property Management Fees and Sales Fees, are recognised 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 include a one-time-onboarding fee and typical acquisition and structuring fees amounting between 1.0% and 1.5% of the purchase price of the underlying assets of the portfolio. 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. These fees are recognised in profit or loss when the respective services are rendered.

Asset Management Fees are determined in a range of 0.5% and 0.8% of the value of the real estate assets of the Projects and third-party assets managed. These fees are recognised on an accrual basis over the time when the services are rendered.

Property Management Fees are derived from the provision of property management services. These fees are also recognised on an accrual basis over the time when the services are rendered.

In certain Projects, CC AG is entitled to receive a Promote fee (Note 0) 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 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 the transaction has been closed and becomes payable after all investor commitments have been fully repaid to the investors. The Promote fee is basically being paid out as a disproportional profit allocation.

B.3.5.3 Rental income

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

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

Income arising from expenses recharged to tenants (in particular Revenue from Service Charges) is recognised 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.

B.3.5.4 Net Gain from Selling Property Holding Companies

Net Gain from Selling Property Holding Companies comprises the proceeds from selling real estate holding companies less selling costs less carrying value of the assets and liabilities. Such real estate holding companies were established to purchase investment property for the sale in the ordinary course of business.

If the sale of the real estate property is structured as a "share deal", the gain is recognised when the relevant real estate holding company is deconsolidated from the Group.

B.3.5.5 Share Profit of Loss from Associates

Share Profit or Loss from Associates reflects the Group's share of the results of operations of the Associate or the Joint Venture using the equity method as well as gains and losses from the disposal of shares in Associates or Joint Venture. Share Profit or Loss from Associates is presented as a separate line item in the income statement.

B.3.5.6 Finance Income and Finance Expenses

Finance Income comprises interest income from bank balances and loans granted, dividend income and gains on the disposal of AFS financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method (EIR-method). Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend. Dividend income is included in Share of Profit or Loss from Associates or Finance Income in the income statement.

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

B.3.6 Taxes

B.3.6.1 Current income tax

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

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

B.3.6.2 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 recognised 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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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 recognised 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 utilised

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

B.3.7 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 all subsidiaries which were 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.

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 recognised in profit or loss.

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

B.3.8 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:

- 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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is presented net in the income statement.

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

B.3.9 Leases

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. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

B.3.9.1 Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

B.3.9.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The Group acts only as a lessor in regard to its office sub-lease agreements.

B.3.10 Investment properties

Investment properties as the main assets of the Associates 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 an 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 derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

B.3.11 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 amortisation and accumulated impairment losses.

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

- Software 3 to 5 years

The amortisation period and the amortisation method for an intangible asset is reviewed at least at the end of each reporting period. The amortisation expense on intangible assets is recognised in the income statement as Depreciation and Amortisation.

B.3.12 Inventories

Inventories comprise assets held for sale in the normal course of our warehousing business, assets that are manufactured for such sale or that are used in the course of the production of products or the provision of services. Within the Group real estate properties of segment "Real Estate Operations and Warehousing" are recorded as inventory properties if they were acquired with the intention of selling these within the normal business cycle. In this respect, the "normal business cycle" to a degree significantly exceeds a 12-month period in the case of inventory properties so those assets are reported as short-term assets in the consolidated statement of financial position item even though they will probably be held for more than one year.

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

The costs include freehold and leasehold rights for land, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads, but excluding borrowing costs.

Net realisable 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.

The cost of inventory recognized in profit and loss on disposal is determined with reference to the specific costs incurred on the property sold.

B.3.13 Financial instruments – initial recognition and subsequent measurement

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

B.3.13.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables or AFS financial assets. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the income statement in finance costs.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised costs

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income (recorded as finance income in the income statement) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from OCI and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

B.3.13.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans, and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and other liabilities, and derivative financial instruments (only relevant to Associates).

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and payables

After initial recognition, interest-bearing payables, loans and other liabilities are subsequently measured at amortised cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

B.3.13.3 Offsetting of financial instruments

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

B.3.14 Derivative financial instruments

Derivative financial instruments, such as interest rate swaps and caps to hedge interest rate risks, are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recognised in profit or loss.

The Group or its investments do not apply for hedge accounting.

B.3.15 Cash and Cash Equivalents

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

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

B.3.16 Provisions

Provisions (mainly in Associates) 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 income statement 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 recognised as a finance cost.

B.3.17 Employee benefits

Total personnel expenses amounted to k€ 15,237 in the 2015 financial year (previous year k€ 13,303). This includes employer pension scheme contributions for defined contribution plans in Germany of k€ 643 (previous year k€ 591).

B.3.17.1 Short-term benefits

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

B.3.17.2 Pensions and other post-employment benefits

Based on the statutory requirements in Switzerland, in its Swiss entity, the Group has to operate a defined benefit pension plan, which requires contributions to be made to a fund administered by an independent insurance company.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

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B.3.18 Share-based payments

The Group has cash-settled, share-based compensation plans, under which it receives services from qualifying employees in exchange of a liability to transfer cash for amounts that are based on the price of equity instruments of another group entity.

For cash-settled share-based payment transactions, services received and the liability incurred are measured at the fair value of the liability. Until and at settlement, the fair value of the liability is re-measured at the end of each reporting period with any changes in fair value recognized in profit or loss for the period.

The Group has equity-settled, share-based compensation plans, under which it receives services from qualifying employees in exchange for equity instruments. The employee services received in exchange for the grant of the equity-settled payments are measured at the fair value of the equity instruments granted and are recognized as expenses, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards.

B.4 New Standards issued but not yet effective

New standards and interpretations as well as amendments to existing standards and interpretations are usually not applied by the Group before the effective date.

Interpretations and amendments to existing standards that will be effective for financial years beginning after 1 January 2015, and which have not been applied in preparing these consolidated financial statements are:

- IAS 1 Amendment - Disclosure Initiative (EU effective date: 1 January 2016): This amendment is not expected to have any material impact on the Group's financial statements.
- Improvements to IFRSs (2012-2014) (EU effective date: 1 January 2016): These improvements are not expected to have any material impact on the Group's financial statements.
- IFRS 10 and IAS 28 Amendment - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (EU effective date: indefinitely postponed): This amendment is not expected to have any impact on the Group's financial statements.
- IAS 27 Amendment - Equity Method In Separate Financial Statements (EU effective date: 1 January 2016): This amendment is not expected to have any impact on the Group's financial statements.
- IAS 16 and IAS 38 Amendment - Clarification of Acceptable Methods of Depreciation and Amortisation (EU effective date: 1 January 2016): This amendment is not expected to have any impact on the Group's financial statements.
- IFRS 11 Amendment - Accounting for Acquisitions of Interests in Joint Operations (EU effective date: 1 January 2016): This amendment is not expected to have any impact on the Group's financial statements.

The following new standards were issued by the International Accounting Standards Board (IASB) and are expected to be of relevance for the company. These are not yet effective in the EU and hence have not been applied in preparing these consolidated financial statements:

- IFRS 9 Financial Instruments: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

- IFRS 15 Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.
- In January 2016, IASB published IFRS 16 "Leases". IFRS 16 replaces IAS 17 "Leases" and the associated interpretations.

  According to the new regulations, lessees are required to account for all leases in the form of a right of use, and a corresponding leasing liability. A lease contract exists if the fulfilment of the contract depends on the use of an identifiable asset and the customer simultaneously acquires control of this asset. The presentation in the income statement is essentially a finance lease transaction, so that the right of use usually depreciates on a straight-line basis and the leasing liability is updated using the effective interest method. Uses with a total term of a maximum of twelve months, and leases of so called low value assets (purchase price up to USD 5,000) are excluded from this principle.

  IFRS 16 is to be applied to fiscal years starting on or after January 1, 2019. Early adoption is permitted, as long as IFRS 15 has already been applied. The EU endorsement of IFRS 16 is still pending. We are currently evaluating the effects of the new standard might have on the accounting for leases.
- IAS 19 Amendment - Defined Benefit Plans: Employee Contributions (EU effective date: 1 February 2015): This amendment is not expected to have any material impact on the Group's financial statements.

C. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Financial risk management and policies	Notes 0
Sensitivity analyses disclosures	Notes 0

C.1 Judgements

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

C.1.1 Consolidation and Associates

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

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

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

- Representation on the board of directors or equivalent governing body of the investee
- Participation in policy-making processes, including participation in decisions about dividends or other distributions
- Material transactions between the entity and its investee
- Interchange of material personnel (typically third-party investors do not participate in any formal roles as they only appear in their function as financial investors.)
- Provision of essential technical information (The Group entered into an asset management agreement with all parties involved. A significant part of these asset management services is to provide the investee with the Group's expertise which also involves technical information (i.e. market information, asset management, business plan expertise)

C.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

C.2.1 Success fee

In some Projects, the Group is entitled to receive a success fee ("Promote fee") equalling to 15% - 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, the relevant transaction has been closed 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. Success fees represent a compensation for the Groups services rendered in connection with the Asset Management Agreements.

C.2.2 Valuation of Investment properties of Associates or Joint Ventures

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

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

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

Main key input parameters under the level 3 valuation models include:

- Discount rate
- Cap-rate
- Market rents
- Vacancy rate (current/long-term)
- Fluctuation rate
- Annual rent adaptation
- Maintenance costs
- Inflation rate
- Costs to sell

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

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

Key input parameters may vary depending on the real estate property usage (i.e. commercial or residential building, student homes and developments) as well as from 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, Loans to Associates and Receivables from Associates.

The following sensitivity analysis shows how the Group's Investment in Associates, Loans to Associates and Joint ventures would have been affected if the relevant property value of the Associates or 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 Investment in Associate

(k€)	Property value (+10%)	Property value (+5%)	**Carrying value 31 Dec 2015**	Property value (-5%)	Property value (-10%)
Project:					
HIGHSTREET I	8,117	7,564	**7,011**	6,459	5,906
BEN	6,197	5,640	**5,082**	4,524	3,966
HIGHSTREET IV	4,406	4,358	**4,308**	4,242	4,176
T6 [2)]	3,495	3,495	**3,495**	3,495	3,495
TURBO VIE	3,714	3,438	**3,161**	2,885	2,609
HIGHSTREET II	3,397	3,196	**2,979**	2,727	2,476
DANUBE [1)]	1,260	1,260	**1,260**	1,260	1,260
TURBO FRA	1,090	994	**899**	804	709
DONALD [1)]	820	820	**820**	820	820
ENERGY [2)]	108	108	**108**	108	108
SQUIRREL [2)]	38	38	**38**	38	38
HIGHSTREET PI [1)]	18	18	**18**	18	18
VITU [2)]	11	11	**11**	11	11
PHOENIX [2)]	1	1	**1**	1	1
BERRY [2)]	0	0	**0**	0	0
SAILING [2)]	0	0	**0**	0	0
Total	32,670	30,938	**29,189**	27,390	25,590

[1)] Initial at-equity valuation at cost
[2)] Investment properties are sold, only undistributed profits

Sensitivity analysis to determine the change in Joint Ventures

(k€)	Property value (+10%)	Property value (+5%)	**Carrying value 31 Dec 2015**	Property value (-5%)	Property value (-10%)
Project:					
IBERIAN Advisors [1)]	25	25	**25**	25	25
SALUTE [1)]	29	29	**29**	29	29
SCORE [1)]	4	4	**4**	4	4
Total	58	58	**58**	58	58

[1)] Initial at-equity valuation at cost

Sensitivity analysis to determine the change in Investment in Associate

(k€)	Property value (+10%)	Property value (+5%)	**Carrying value 31 Dec 2014**	Property value (-5%)	Property value (-10%)
Project:					
HIGHSTREET I	8,108	7,756	**7,405**	7,054	6,703
BEN	6,221	5,610	**4,956**	4,240	3,472
TURBO FRA	4,356	4,056	**3,755**	3,454	3,154
ENERGY [2)]	1,693	1,693	**1,693**	1,693	1,693
TURBO VIE	1,748	1,579	**1,410**	1,241	1,072
T6	1,913	1,533	**1,153**	773	392
DONALD [1)]	1,091	1,091	**1,091**	1,091	1,091
SQUIRREL	1,097	1,026	**950**	874	799
PHOENIX [2)]	112	112	**112**	112	112
VITU [2)]	11	11	**11**	11	11
BERRY	0	0	**0**	0	0
SAILING	0	0	**0**	0	0
Total	26,350	24,468	**22,536**	20,543	18,499

[1)] *Initial at-equity valuation at cost*

[2)] *Investment properties are sold, only undistributed profits*

Sensitivity analysis to determine the change in Long-term Loans to Associates

(k€)	Property value (+10%)	Property value (+5%)	**Carrying value 31 Dec 2014**	Property value (-5%)	Property value (-10%)
Project:					
SAILING	1,067	891	**715**	539	363
Total	1,067	891	**715**	539	363

D. SEGMENT INFORMATION

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

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

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

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

D.1 Real Estate Investment Management

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

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

Along the real estate investment lifecycle, the Group generates a variety of fees such as acquisition-relate fees, management fees, as well as success fees (Promotes). Such fees are typically based on the volume of the underlying assets under management and the management performance.

D.2 Alignment Capital Management

A key element to the business model of the Group is the alignment of interests with that of its investors, which is implemented by co-investments of CCH SA and/or its subsidiaries alongside its investors in the various investment products. Typically, such alignment capital investments range between 5% and 10% (with certain exceptions for particular transactions) of the total equity capital invested into an investment product. As a result, in addition to the fee-based income generated through its real estate investment management services; the Group also participates in the performance of the investment products by way of dividend payments, and realizes capital gains upon successful exit from the investment products.

D.3 Real Estate Operations and Warehousing

As a complementary element to its real estate investment and alignment capital management, the Group also engages in identifying and securing real estate investment opportunities prior to converting/transferring them into an investment product tailor-made for investors (Warehousing). By acquiring such assets for its own account and balance sheet for a period of not more than 18 months (therefore recognized as inventories), the Group is able to secure asset supply while still setting up and structuring the investment product for the investors. Over the holding period, the Group is managing the assets, implements value enhancement measures and receives/consolidates the income from the underlying real estate operations. Upon transfer/conversion into an investment structure/product, the Group typically realizes a margin over the initial purchase price (warehousing gain/premium).

D.4 Segment information

Segment Information for the year ended 31 December 2015

(k€)	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	*Total Segments*	Overhead (not allocated)	Adjustments and eliminations	Consolidated Financial Statements
Revenues:							
Revenues	38,034	-	1,880	*39,914*	-	-	39,914
Inter-segment revenues	-	-	-	-	-	-	-
Total revenues	*38,034*	-	*1,880*	*39,914*	-	-	*39,914*
Income/expenses							
Expenses from Real Estate Investment Management	(19,779)	-	-	*(19,779)*	-	-	(19,779)
Share of Profit or Loss from Associates and Joint Ventures	-	4,695	-	*4,695*	-	-	4,695
Expenses from Management of Associates and Joint Ventures	-	(667)	-	*(667)*	-	-	(667)
Net Gain from Selling Property Holding Companies	-	-	2,506	*2,506*	-	-	2,506
Expenses from Real Estate Operations	-	-	(2,077)	*(2,077)*	-	-	(2,077)
General and Administrative Expenses	-	-	-	-	(13,118)	-	(13,118)
Depreciation & Amortisation	-	-	-	-	(349)	-	(349)
Financial Income	-	-	-	-	173	-	173
Financial Expenses	-	-	(2,386)	*(2,386)*	(1,073)	-	(3,458)
Other income/expenses and taxes	-	-	-	-	2,248	-	2,248
Segment Profit	**18,255**	**4,028**	**(77)**	***22,206***	**(12,118)**	**-**	**10,087**
Total Assets	**6,277**	**48,150**	**44,491**	***98,917***	**9,767**	**-**	**108,684**
Total Liabilities	**5,760**	**551**	**44,712**	***51,023***	**23,305**	**-**	**74,328**
Other disclosures							
Investment in associates	-	29,189	-	*29,189*	-	-	29,189
Investment in joint ventures	-	58	-	*58*	-	-	58
Segment investments	210	21,494	-	*21,704*	-	-	21,704

Segment Information for the year ended 31 December 2014

(k€)	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	*Total Segments*	Overhead (not allocated)	Adjustments and eliminations	Consolidated Financial Statements
Revenues:							
Revenues	28,093	-	-	*28,093*	-	-	28,093
Inter-segment revenues	-	-	-	-	-	-	-
Total revenues	*28,093*	-	-	*28,093*	-	-	*28,093*
Income/expenses							
Expenses from Real Estate Investment Management	(16,563)	-	-	*(16,563)*	-	-	(16,563)
Share of Profit or Loss from Associates	-	4,373	-	*4,373*	-	-	4,373
Expenses from Management of Associates	-	(1,004)	-	*(1,004)*	-	-	(1,004)
Net Gain from Selling Property Holding Companies	-	-	3,765	*3,765*	-	-	3,765
Expenses from Real Estate Operations	-	-	(558)	*(558)*	-	-	(558)
General and Administrative Expenses	-	-	-	-	(4,366)	-	(4,366)
Depreciation & Amortisation	-	-	-	-	(332)	-	(332)
Financial Income	-	-	-	-	218	-	218
Financial Expenses	-	-	-	-	(631)	-	(631)
Other income/expenses and taxes	-	-	-	-	748	-	748
Segment Profit	**11,530**	**3,370**	**3,207**	***18,107***	**(4,363)**	**-**	**13,743**
Total Assets	**10,749**	**34,252**	**-**	***45,001***	**18,387**	**-**	**63,388**
Total Liabilities	**12,928**	**2,642**	**-**	***15,569***	**9,102**	**-**	**24,672**
Other disclosures							
Investment in associates	-	22,536	-	*22,536*	-	-	22,536
Segment investments	392	16,784	-	*17,176*	-	-	17,176

No operating segments have been aggregated to form the above reportable operating segments.

The Group operates currently with a focus on Germany, Austria and Spain. The Group has segmented its capital allocation by geographical area based on the location of the properties under its Real Estate Investment Management as well as Real Estate Operations/Warehousing business. The following table sets forth the Group's capital allocation (comprising of 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)		
(k€)	**2015**	**2014**
Capital Allocation	**86,687**	**33,004**
Germany	76,433	23,594
Austria	4,441	9,410
Spain	4,456	-
Luxembourg	1,357	-
Revenues	**39,914**	**28,093**
Germany	37,757	26,962
Austria	1,000	1,130
Luxembourg	1,157	-

The Group's revenues comprise the revenue from segment Real Estate Investment Management (acquisition and sales fees, Asset and Property Management fees and realised Promote fees) as well as the net rental income and the revenues from service charges from segment Real Estate Operations and Warehousing.

The EMC 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, financing (including Financial Income and Expenses) and Income Taxes (including Deferred and Current Taxes) are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are generally on an arm's length basis in a manner similar to transactions with third parties.

The following Projects and customers account for more than 10% of consolidated revenue. These revenues are completely recognised in the segment Real Estate Investment Management and comprise in addition to Promote fees also sales fees and Asset and Property Management fees.

Information about Projects and customers with more than 10% of the Group's revenues		
(k€)	**2015**	**2014**
Project T6	8,790	-
Project Vitu	-	9,658

Capital expenditure consists of additions of property, plant and equipment, intangible assets and Investments in Associates and Joint Ventures.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Inter-segment revenues are eliminated on consolidation. In the Group, sales and transactions between reportable segments are only of minor importance. Intra-segment transactions include:

- Interest-bearing loans (k€ 214; previous year: k€ 105)
- Liability remuneration to general partners (k€ 10; previous year: k€ 10)
- Cost-plus agreements with CORESTATE Capital Advisors (UK) Ltd. and CORESTATE Capital Advisors GmbH (k€ 3,011; previous year: k€ 5,128)
- Other services (k€ 1,771; previous year: k€ 284)

E. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

As in previous year the Group's fair value measurements of assets and liabilities are all within Level 3. (Refer to Note 0)

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

F. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

F.1 Property, Plant and Equipment

Property, Plant and Equipment		
Financial Year (k€)		
	2015 Total	**2014 Total**
Acquisition cost		
As of 1 January	1,105	730
Additions	202	267
Changes from Business combinations and sales of subsidiaries	0	108
Disposals	(3)	0
As of 31 December	**1,304**	**1,105**
Amortisation and impairment losses		
As of 1 January	427	191
Depreciation charge for the year	235	236
As of 31 December	**662**	**427**
Total (Carrying amount)	**642**	**679**

Property, plant and equipment exclusively comprise cars as well as office and other equipment. Office and other equipment is mainly part of the Group's property management company CAPERA Immobilien Service GmbH ("CAPERA").

The equipment and cars are depreciated on a straight-line basis over a period of 2 to 10 years.

F.2 Investment in Associates and Joint Ventures

Investment in Associates - Overview						
Name of associate	**Country of incorporation**	**Place of business**	**Project**	**Share of profit**	**Economic participation quota**	
					2015	**2014**
Corestate VIE Developments S.à r.l.	Luxembourg	Austria	DANUBE	pro rata share	9.700%	49.000%
TURBO FRA AcquiCo II GmbH & Co. KG (until Dec 2015: Corestate Turbo FRA HoldCo S.à r.l.)	Luxembourg	Germany	TURBO FRA	pro rata share	10.000%	48.000%
CORESTATE IREI Holding S.A.	Luxembourg	Germany	BEN	pro rata share	23.910%	23.910%
Donald HoldCo S.à r.l.	Luxembourg	Germany	DONALD	pro rata share	18.748%	18.748%
Corestate Highstreet TopCo Limited	Guernsey	Germany	HIGHSTREET I	pro rata share	12.227%	12.227%
Corestate Highstreet II TopCo Limited	Guernsey	Germany	HIGHSTREET II	pro rata share	8.216%	n.a.
Highstreet IV TopCo Limited	Guernsey	Germany	HIGHSTREET IV	pro rata share	9.545%	n.a.
Highstreet Premium I TopCo Limited	Guernsey	Germany	HIGHSTREET PI	pro rata share	10.000%	n.a.
Corestate Berry HoldCo S.à r.l. i.L.	Luxembourg	Germany	BERRY	pro rata share	10.804%	10.804%
Corestate Energy HoldCo S.à r.l. i.L.	Luxembourg	Germany	ENERGY	pro rata share	10.695%	10.695%
Corestate Turbo HoldCo S.à r.l.	Luxembourg	Austria	TURBO VIE	pro rata share	7.905%	7.905%
T6 HoldCo S.à r.l.	Luxembourg	Germany	T6	pro rata share	19.091%	6.364%
Squirrel AcquiCo I S.à r.l.	Luxembourg	Germany	SQUIRREL	pro rata share	5.735%	5.735%
Sailing HoldCo I S.à r.l.	Luxembourg	Germany	SAILING	pro rata share	5.210%	5.210%
VITU TopCo Limited	Guernsey	Germany	VITU	pro rata share	5.096%	5.096%
Phoenix HoldCo I S.à r.l.	Luxembourg	Germany	PHOENIX	Interests from Profit Paticipating loan	4.800%	4.800%

Investment in Joint Venture - Overview						
Name of Joint Venture	**Country of incorporation**	**Place of business**	**Project**	**Share of profit**	**Economic participation quota**	
					2015	**2014**
Iberian Corestate Capital Advisors S.L.	Spain	Spain	IBERIAN Advisors	pro rata share	50.000%	n.a.
Icono Torre Vida S.A.	Spain	Spain	SALUTE	pro rata share	50.000%	n.a.
SCORE S.à r.l.	Luxembourg	Luxembourg	SCORE	pro rata share	50.000%	n.a.

The Group company CC AG together with Promociones Y Propiedades Inmobiliarias Espacio S.L.U. ("Espacio") and OHL Desarrollos, both based in Madrid, (together the "JV Partners") have joined forces to create a Spanish real estate platform. The joint venture agreement between the JV Partners was signed on 3 February 2015. The purpose of the joint venture is to combine the companies' respective areas of expertise, market know-how and networks. Its objective is to build a portfolio in Spain providing investment opportunities for the partners and international clients. The JV Partners have agreed to co-operate to establish, on an ongoing basis, joint venture and co-Investment structures together with one or several third party clients to fund investment vehicles and/or one or several regulated real estate fund(s) investing directly or indirectly in the Spanish real estate market (residential and/or commercial properties). The JV Partners intend to provide inter alia investment, financing, administration and management services to the Investment Vehicles, whereas only CC AG shall formally act as manager vis-à-vis third parties. The fees for the services will be split among the JV Partners (55% for CC AG and 45% for Espacio and OHL Desarrollos). The equity investment of the JV Partners is intended to amount to about 5% to 10% of the total equity portion for the investment business in the respective Investment Vehicles.

In general, on each deal CC AG shall provide funding of 50% of the JV Partners Equity Portion, whereas Espacio and OHL Desarrollos each shall provide 25% of the JV Partners Equity Portion. The JV Partners established a meeting of the JV Partners (the "JV Advisory Board") which decides upon the investment business. The Spanish JV Agreement also includes a non-compete and exclusive exclusivity obligations for JV Partners. In particular, during the term of the Spanish JV Agreement, and except as otherwise permitted under some specific circumstances, the JV Partners (including any of their subsidiaries) undertake to present all matters concerning any investment business and deal in the Spanish real estate market first and exclusive to the JV Advisory Board to allow the usage of such in the investment business. In general, the term of this JV Agreement shall be 10 years from the signing date, i.e. until 3 February 2025 and also provides for termination events.

The JV Partners agreed to incorporate "IBERIAN CORESTATE Capital Advisors S.L." as a service company in order to support the JV Partners in carrying out the investment business to act as a delegate with regard to the management agreements of the real estate properties (**Project IBERIAN Advisors**). The services may comprise, inter alia, services with regard to the acquisition or sales process of residential and commercial properties and services relating to the development of real estate properties and/or portfolios. CC AG holds 50% and OHL Desarrollos and Espacio each hold 25% in the Service Company. The Spanish JV Agreement also provides for a shareholders' agreement to govern their joint shareholding in relation to the Service Company, which includes, among other provisions, unanimous approval of all JV Partners to pass certain resolutions, the approval of the other JV Partners for certain share transfers, the need for the unanimous consent of all JV Partners for the distribution

A first project under the joint venture agreement is the aforementioned landmark real estate project in Madrid where the Joint Venture obtained leasehold rights of 75 years. It is planned that construction shall start in July 2016. On 8 October 2015, the Group company Iberian Holdco II, S.L.U., acquired a portion of 49.0% of the shares in Icono Torre Vida S.A.U. (but with 50% of the economic rights) from the Spanish joint venture partner Espacio for a total consideration of k€ 29 and granted a loan to Icono Torre Vida S.A.U. in the amount of approx. EUR 3.5 million in order to partially collateralise guarantees issued by a bank to the city council of Madrid in order to cover up in connection with the development of **Project SALUD**.

On 20 October 2015 and amendment on 30 December 2015, CCH SA and Sistema Capital Partners S.à r.l. entered into a joint venture agreement (**Project SCORE**). Under the joint venture agreement CCH SA acquired from Sistema Capital Partners S.à r.l. 50% of the shares in SCORE S.à r.l., a limited liability company (société à responsabilité limitée) incorporated on 13 October 2015 under Luxembourg law. SCORE S.à r.l. acts as an Investment Advisor regarding Project HIGHSTREET Premium I.

Investment in Associates and Joint Ventures - Movement in carrying value

Financial Year 2015 (k€)

Project	1 Jan 2015	Additions	Share of profit/ (loss) for the year	Dividends and capital repayments received in cash	Disposals	31 Dec 2015
HIGHSTREET I	**7,405**	-	111	(504)	-	**7,011**
BEN	**4,956**	1,465	(339)	-	(1,000)	**5,082**
HIGHSTREET IV	**0**	4,400	(92)	-	-	**4,308**
T6	**1,153**	3,200	738	-	(1,596)	**3,495**
TURBO VIE	**1,410**	-	1,752	-	-	**3,161**
HIGHSTREET II	**0**	3,055	(76)	-	-	**2,979**
DANUBE	**0**	8,800	-	-	(7,540)	**1,260**
TURBO FRA	**3,755**	-	2,264	(285)	(4,835)	**899**
DONALD	**1,091**	384	(93)	(563)	-	**820**
ENERGY	**1,693**	-	(177)	(1,408)	-	**108**
SQUIRREL	**950**	-	602	(1,515)	-	**38**
HIGHSTREET Premium I	**0**	130	-	-	(113)	**18**
VITU	**11**	-	-	-	-	**11**
PHOENIX	**112**	-	9	(120)	-	**1**
BERRY	**0**	-	-	-	-	**0**
SAILING	**0**	3	(3)	-	-	**0**
Associates, total	**22,536**	**21,437**	**4,695**	**(4,395)**	**(15,083)**	**29,189**
IBERIAN Advisors	**0**	25	-	-	-	**25**
SALUTE	**0**	29	-	-	-	**29**
SCORE	**0**	4	-	-	-	**4**
Joint Venture, total	**0**	**58**	**-**	**-**	**-**	**58**
Total	**22,536**	**21,495**	**4,695**	**(4,395)**	**(15,083)**	**29,247**

Financial Year 2014 (k€)

Project	1 Jan 2014	Additions	Share of profit/ (loss) for the year	Dividends and capital repayments received in cash	Disposals	31 Dec 2014
HIGHSTREET I	**0**	6,650	755	-	-	**7,405**
BEN	**0**	7,325	1,631	-	(4,000)	**4,956**
TURBO FRA	**2,242**	337	1,327	(152)	-	**3,755**
ENERGY	**3,190**	-	(82)	(1,416)	-	**1,693**
TURBO VIE	**373**	1,358	(321)	-	-	**1,410**
T6	**550**	-	604	(1)	-	**1,153**
DONALD	**0**	1,116	(4)	-	(20)	**1,091**
SQUIRREL	**1,913**	59	(212)	(810)	-	**950**
PHOENIX	**361**	-	0	(249)	-	**112**
VITU	**3,799**	-	702	(4,490)	-	**11**
BERRY	**3,655**	-	(301)	(3,354)	-	**0**
SAILING	**0**	-	-	-	-	**0**
Total	**16,082**	**16,845**	**4,102**	**(10,471)**	**(4,020)**	**22,536**

Concerning the reconsolidation to the profit an loss statement we refer to Notes 0.

The following table sets out key financial information for each of the projects the Group is invested in.

Key Financial Information of the Group's investment in Associates in 2015 (by Projects)

(k€)	PHOENIX	HIGHSTREET I	HIGHSTREET II	HIGHSTREET IV	HIGHSTREET PI	BEN	BERRY	ENERGY
Investment Property	-	143,960	75,187	13,148	-	85,000	-	-
Other non-current assets	-	231	101	-	-	3,767	-	-
Cash (restricted and free cash)	584	5,703	6,014	29,360	160	6,103	2,454	2,063
Other current assets	479	2,798	1,052	2,283	115	6,133	33	490
Non-current financial liabilities	-	(89,199)	(45,517)	-	-	(57,745)	-	-
Other non-current liabilities	-	(2,792)	(1,184)	-	-	(4,862)	-	-
Current financial liabilities	(2)	(0)	(37)	(0)	-	(1,255)	-	-
Other current liabilities	(886)	(3,436)	(1,740)	(1,713)	(174)	(10,183)	(863)	(1,851)
Equity	**174**	**57,264**	**33,876**	**43,078**	**101**	**26,957**	**1,624**	**702**
Revenues	25	10,653	2,267	37	-	10,578	-	-
Net Operating Income from rental operations	15	6,033	1,651	17	-	5,935	37	-
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	192	(1,420)	(738)	(606)	-	(473)	(23)	(7)
Profit/(loss) from changes in valuation of Investment Property	-	1,052	760	-	-	4,312	-	-
Interest income	0	0	-	-	-	30	9	-
Interest expenses	(0)	(1,346)	(184)	-	-	(1,690)	(1)	-
Income tax expense or income	30	(1,045)	(432)	(4)	-	(1,236)	(41)	(3)
Profit / (loss) from continuing operations	(62)	1,078	(864)	(922)	(74)	361	(304)	(217)
Post tax profit/(loss) from discontinuing operations	-	-	-	-	-	(1,557)	-	-
Other comprehensive income	-	-	-	-	-	95	-	-
Total comprehensive income	(62)	1,078	(864)	(922)	(74)	(1,101)	(304)	(217)
Capital repayment	-	504	-	-	-	-	-	-

Key Financial Information of the Group's investment in Associates in 2015 (by Projects)

(k€)	TURBO VIE	SQUIRREL	T6	VITU	TURBO FRA	DONALD	SAILING	DANUBE
Investment Property	87,400	-	-	-	28,000	-	-	-
Other non-current assets	53	5	30,890	-	-	-	5	8,090
Cash (restricted and free cash)	5,173	1,058	7,588	2,051	1,135	865	1,644	1,172
Other current assets	1,115	23	-	5,722	316	3,706	259	16
Non-current financial liabilities	-	-	-	-	(12,919)	-	-	-
Other non-current liabilities	(9,000)	-	-	-	(3,153)	-	(11,805)	-
Current financial liabilities	(36,615)	-	-	-	(168)	(0)	-	-
Other current liabilities	(1,429)	(747)	(3,068)	(457)	(814)	(90)	(245)	(431)
Equity	**46,697**	**339**	**35,411**	**7,316**	**12,396**	**4,482**	**(10,142)**	**8,845**
Revenues	624	3,311	13,285	-	1,684	-	9,989	-
Net Operating Income from rental operations	269	(519)	12,005	(6)	1,170	(0)	912	-
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(106)	(104)	10,461	(441)	(142)	-	(141)	-
Profit/(loss) from changes in valuation of Investment Property	28,910	3,697	-	-	4,982	-	80	-
Interest income	9	1	276	-	0	9	0	1,610
Interest expenses	(786)	(208)	(2,695)	-	(280)	-	(2,383)	-
Income tax expense or income	(7)	1,348	(203)	(4)	(1,737)	(5)	(166)	(3)
Profit / (loss) from continuing operations	26,684	2,075	15,884	(716)	3,926	(495)	(4,769)	(764)
Post tax profit/(loss) from discontinuing operations	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	26,684	2,075	15,884	(716)	3,926	(495)	(4,769)	(764)
Capital repayment	-	-	-	-	-	-	-	-

Key Financial Information of the Group's investment in Associates in 2014 (by Projects)

(k€)	SQUIRREL	T6	VITU	TURBO FRA	DONALD	SAILING
Investment Property	31,060	119,580	-	23,000	-	81,034
Other non-current assets	24	-	-	-	-	5
Cash (restricted and free cash)	8,500	5,388	3,301	892	1,038	2,332
Other current assets	4,153	2,034	5,766	1,017	4,685	5,186
Non-current financial liabilities	(12,342)	(97,913)	-	-	-	(60,163)
Other non-current liabilities	(27,955)	(251)	-	(1,419)	-	(27,596)
Current financial liabilities	(224)	(9,501)	-	(13,210)	-	(1,253)
Other current liabilities	(3,937)	(2,604)	(459)	(1,810)	(4,629)	(4,912)
Equity	**(721)**	**16,734**	**8,608**	**8,471**	**1,094**	**(5,368)**
Revenues	6,846	15,978	27,053	1,585	-	10,187
Net Operating Income from rental operations	421	14,387	115	998	-	3,265
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(1,668)	9	1,077	(261)	-	-
Profit/(loss) from changes in valuation of Investment Property	1,878	4,297	34,508	5,517	-	(1,830)
Interest income	1	0	0	0	-	-
Interest expenses	(606)	(4,864)	(3,089)	(377)	-	(2,843)
Income tax expense or income	(321)	(505)	(3)	(1,425)	(3)	183
Profit / (loss) from continuing operations	(3,504)	9,213	26,910	3,412	(22)	(1,597)
Total comprehensive income	(3,504)	9,213	26,910	3,412	(22)	(1,597)
Dividends received	-	-	2,978	-	-	-

Key Financial Information of the Group's investment in Associates in 2014 (by Projects)

(k€)	PHOENIX	HIGHSTREET I	BEN	BERRY	ENERGY	TURBO VIE
Investment Property	2,100	85,300	81,656	-	-	42,700
Other non-current assets	-	-	3,527	-	-	66
Cash (restricted and free cash)	1,691	27,790	5,484	297	2,670	6,129
Other current assets	692	1,725	6,349	3,597	11,831	2,114
Non-current financial liabilities	-	(50,365)	(40,907)	-	-	-
Other non-current liabilities	-	(1,750)	(3,591)	-	-	(9,000)
Current financial liabilities	(2)	(72)	(10,542)	-	-	(12,180)
Other current liabilities	(4,245)	(2,447)	(15,313)	(1,966)	(1,152)	(9,404)
Equity	**236**	**60,181**	**26,662**	**1,928**	**13,348**	**20,425**
Revenues	347	876	2,545	(7)	639	-
Net Operating Income from rental operations	(43)	623	1,331	(65)	498	-
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(209)	(1,367)	8,991	(161)	(2,589)	274
Profit/(loss) from changes in valuation of Investment Property	-	10,734	(72)	-	-	-
Interest income	1	-	134	211	5	2
Interest expenses	(0)	(103)	(381)	(0)	(3)	(1,260)
Income tax expense or income	(155)	(1,762)	(153)	(250)	(30)	(6)
Profit / (loss) from continuing operations	(2,172)	7,431	8,113	(393)	472	(4,052)
Total comprehensive income	(2,172)	7,431	7,419	(393)	(15,338)	(4,052)
Dividends received	249	-	-	2,736	1,302	-

F.3 Long-term Loans to Associates

Long-term Loans to Associates		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Loans granted to Project SAILING	**-**	**715**
Loan	592	942
Accrued interests	-	220
Individual allowance for non-recoverable loans	(592)	(447)
Total	**-**	**715**

The loan granted to Sailing HoldCo I S.à r.l (Project SAILING) was used to finance the acquisition of subsidiaries and related operating activities. The loan was unsecured and repayable in full in March 2018. Fix interest is charged at 8.0% p.a.

During the sale of all real estate holding entities of Project SAILING in December 2015, the Group received a final repayment of interests and the loan in the amount of totally k€ 750.

F.4 Deferred Tax Assets

Deferred Tax Assets		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Deferred Tax Assets	**2,590**	**1,068**
from tax loss carryforward	1,850	-
from temporary differences on liabilities	490	954
from temporary differences on receivables	186	69
from temporary differences on pensions	65	45
less Deferred Tax Liabilities	**(185)**	**(254)**
from temporary differences on receivables	(15)	(146)
from temporary differences on liabilities	(170)	(102)
from at-equity valuation of Associates	-	(6)
Total	**2,406**	**813**

Deferred tax assets and liabilities are calculated on a company by company basis.

The tax loss carry-forward regarding corporation tax based on the loss of the period of CCH SA, which mainly relates to IPO costs. A tax rate of 29.22% was used to determine these deferred taxes. The Group has determined that it cannot recognise deferred tax assets of other Group companies on tax losses carried forward in the amount of k€ 658 (previous year k€ 15).

As in previous year, the deferred taxes temporary differences mainly result from CC AG based on temporary differences between tax base and IFRS accounting. Consequently; the tax rates of CC AG (14.60%, previous year 14.60%) were used to determine deferred taxes.

Deferred tax assets from temporary differences on pension in the amount of totally k€ 38 (previous year k€ 14) were recognised through OCI and will be reclassified to profit or loss in subsequent periods.

F.5 Advance Payments for Property Purchase Prices

Advance Payments for Property Purchase Prices		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Property located in Halle	1,000	-
Total	**1,000**	**-**

An amount of k€ 1,000 was paid on a notary escrow account as advance payment for the warehousing asset located in Halle.

F.6 Inventories

Inventories		
Financial Year (k€)		
	2015 Total	**2014 Total**
Acquisition cost		
As of 1 January	0	0
Additions	59,473	-
Changes from Business combinations and sales of subsidiaries	(20,257)	-
As of 31 December	**39,216**	**0**
Write-downs to net realisable value		
As of 1 January	0	0
As of 31 December	**0**	**0**
Total (Carrying amount)	**39,216**	**0**

Inventories comprise real estate properties of segment "Real Estate Operations and Warehousing" which are to be sold without any further modifications (real estate properties held for trading purposes).

The additions result from the acquisition of a commercial property located in Paderborn (k€ 36,990) and Soest (k€ 20,257) as well as from the recognition of incidental acquisition costs of real estate properties located in Halle, Bremerhaven and Hamburg.

With sale and purchase agreement notarised on 30 June 2015 the Group company Soest HoldCo S.à r.l sold its commercial property holding subsidiary HIGHSTREET II PropCo I GmbH to Project HIGHSTREET II (refer to note 0).

According to the current business plan, all inventories listed as of the reporting-date are to be sold and / or handed over to the buyers in the financial year 2016. The commercial property located in Paderborn was already sold in the first quarter of 2016 (refer to note 0 "subsequent events").

F.7 Receivables from Associates

Receivables from Associates		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Receivables from Project T6	8,949	9
Receivables from Project VITU	1,000	1,002
Receivables from Project TURBO FRA	634	307
Receivables from Project HIGHSTREET IV	631	-
Receivables from Project ENERGY	165	-
Receivables from Project HIGHSTREET I	60	-
Receivables from Project TURBO VIE	20	-
Receivables from Project DONALD	7	-
Receivables from Project HIGHSTREET II	3	-
Receivables from Project SQUIRREL	-	435
Receivables from Project DANUBE	-	8,000
Total	**11,469**	**9,753**

The Receivables from Project T6 comprise mainly the Promote fee including compensation payment for the amendment of asset management. The receivables were paid in full in January 2016.

The Receivables from Project VITU comprise the Promote fee (k€ 1,000), which will be paid when the corresponding funds on the escrow accounts have been released.

The unsecured loan granted to Turbo FRA GmbH bears a fixed interest of 6% per annum.

The Receivables from Project HIGHSTREET IV comprise mainly invoiced acquision fees (k€ 530).

The Receivables from Project ENERGY result from the final profit distribution, which will be paid when the corresponding funds on the escrow accounts have been released.

The Receivables from Project DANUBE reflected a receivable in Hamerlingpark Holding GmbH from December 2014 and were reimbursed in 2015.

F.8 Receivables from Joint Venture

Receivables from Joint Venture		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Loans granted to Project SALUD	3,725	-
Receivables from Project SCORE	1,354	-
Receivables from IBERIAN Advisors - Costs recharges	676	-
Total	**5,755**	**-**

In October 2015 the group entity Iberian HoldCo II S.L. has granted two loans to Project SALUD. The unsecured loan with a nominal value of k€ 3,460 is used in order to partially collateralise the guarantees to the city council of Madrid in connection with the tender process regarding a surface right agreement. The unsecured loan with a nominal value up to k€ 239 is used to partially pay the costs incurred by the Joint Venture in the ordinary course of business. The interest rates of both loans are one-month EURIBOR plus a margin of 300bps. The loans are repayable including accrued interests on the termination date, which means the earlier of the date in which all the guarantees and the deposit therein are returned or at the latest three years after the date on which the loan was granted.

The Receivables from Project SCORE result from the invoiced entry fee in connection with the Joint-Venture and Co-Investment Agreement of Project HIGHSTREET Premium I (k€ 1,157 plus VAT).

F.9 Trade Receivables

Trade receivables (k€ 3,984; previous year k€ 4,387) are non-interest bearing and are generally on terms of 30 to 90 days and relate to various fee income streams generated by the Group's Real Estate Investment Management Business.

F.10 Other short-term Receivables

Other short-term Receivables		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Loans to Shareholder	855	842
Notary escrow account	255	510
Receivables due from related parties	95	22
Receivables from employees and insurance claims	64	98
Transaction Costs Reimbursements	21	75
Cash in transit	5	80
Receivables due from affilitated companies	-	30
Others	33	184
Total	**1,329**	**1,842**

The loan granted to the shareholder Ralph Winter is repayable in full on 30 September 2016. Fix interest is charged at 1.50% per annum. In 2014, the loan was reclassified as short-term due to the maturity in September 2015. On 30 September 2015, the loan has been extended until 30 September 2016 under the same financial terms and conditions.

F.11 Other Short-term Assets

Other Short-term Assets		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Short-term receivables from other taxes (VAT)	553	92
Rental Deposits	183	141
Prepaid Expenses	159	308
others	44	104
Total	**940**	**645**

F.12 Restricted Cash, Cash and Cash Equivalents

Restricted Cash (k€ 2,800; previous year: k€ 0) and Cash and Cash Equivalents (k€ 9,647; previous year: k€ 21,820) 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.

Restricted cash of k€ 2,800 mainly include cash on CAPEX accounts.

F.13 Share Capital

F.13.1 Share capital

Share Capital		
(k€)	31 Dec 2015	31 Dec 2014
As of 1 January	**90**	**90**
Issue of new capital	35	-
Reclassification	(90)	-
Capital increase through a contribution in kind	160	-
As of 31 December	**195**	**90**

(until 23 September 2015: Share capital of CORESTATE Capital AG)

The share capital of CCH SA amounts to € 194,846 and is divided into 9,742,300 registered shares with a nominal value of € 0,02 each. The share capital is fully paid up. Each share entitles the bearer to one vote in the Annual General Meeting (Hauptversammlung).

Reclassification of shares in CC AG has followed the pooling of interest via capital increase through a contribution in kind of all shares in CC AG into CCH SA.

The share capital of CC AG amounted to CHF 132,795 (k€ 90) and was divided into 132,795 registered shares with a nominal value of CHF 1 each and is translated into € at historical exchange rates. The share capital is fully paid up. Each share entitles the bearer to one vote in the Annual General Meeting (Generalversammlung).

F.13.2 Authorised capital

The authorized capital of the Company is set at ninety-five thousand Euro (€ 95,000) represented by a maximum of four million seven hundred fifty thousand (4,750,000) shares, each with a nominal value of € 0.02 (two cents of an Euro). If fully exercised this authorised capital would be added to the existing issued share capital of the Company (i.e., one hundred ninety-four thousand eight hundred forty-six Euro (€ 194,846), represented by nine million seven hundred forty-two thousand three hundred (9,742,300)) and result in an aggregate issued share capital of two hundred eighty-nine thousand eight hundred and forty-six Euros (€ 289,846) represented by fourteen million four hundred ninety two thousand and three hundred (14,492,300) shares, each with a nominal value of € 0.02 (two cents of an Euro).

Pursuant to article 5.5 of the Company's 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 the date of publication of the general meeting approving this authorization in the Mémorial C, Recueil des Sociétés et Associations, 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 Company's 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.

In connection with the Offering, the preferential subscription rights will be excluded by the Management Board when issuing the New Shares under the authorized share capital in accordance with the Articles of Association.

F.13.3 Share repurchases

The Company may repurchase its own shares within the limits set forth by law.

F.14 Other Reserves

Movements in group capital accounts and reserves during the reporting period are reflected in the consolidated Statement of Changes in Equity. The Annual General Meeting of CC AG held on 5 May 2014 passed a resolution for a dividend classified as a capital repayment in the amount of k€ 7,125 (€ 41.27 per ordinary share) to the holders of registered shares and participation certificates. Further, the Annual General Meeting resolved to distribute an amount of k€ 18 to the legal reserve.

At the Annual General Meeting (Generalversammlung) of CC AG held on 26 May 2015 the shareholders have decided for a dividend structured as a repayment from capital reserve about k€ 10,268 (€ 59.48 per ordinary share) due as of 29 May 2015 and a Dividend about k€ 3,572 (€ 20.69 per ordinary share) due as of 31 October 2015. The amounts have been paid fully in 2015.

Under Luxembourg GAAP CCH SA is required to allocate a minimum of 5% of its annual net income (based on its local financial statements) to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed. Due to the fact that the short-financial year 2015 of CCH SA resulted in a loss, an allocation to the legal reserve was not required.

The "Other revaluations" (k€ -190; previous year k€ -47) are part of the line item "Other reserves". Other revaluations relate to "Net (Loss)/Gain on Available-for-sale Financial Assets" (k€ 28; previous year k€ 28) and "Remeasurement Gains (Losses) on Defined Benefit Plans" (k€ -218; previous year k€ -75) which are recognised directly in OCI. An amount of k€ 28 (previous year k€ 28) will be retroactively reclassified in the Group's Income Statement under certain circumstances.

F.15 Non-controlling Interests

The net profit/loss of non-controlling interests for the year 2015 relates mainly to Soest HoldCo S.à r.l. (k€ 429; previous year k€ 0) with non-controlling interests of 18.20%, CAPERA (k€ 30; previous year k€ 300) with non-controlling interests of 30.00% and CORESTATE Sand HoldCo S.à r.l (k€ -15; previous year k€ 1,118) with non-controlling interests of 30.26%.

F.16 Long-term Financial Liabilities to Banks

Long-term Financial Liabilities to Banks					
(k€)	Nominal amount	Maturity	Interest rate	Face value as of **31 Dec 2015**	Face value as of **31 Dec 2014**
Deutsche Hypothekenbank AG	24,750	31.03.2021	Euribor plus margin	17,378	-
Schwyzer Kantonalbank Lombard Fixed-Term	max. CHF 10m	30.06.2020	Euribor plus margin	8,000	8,000
Total				**25,378**	**8,000**

Financial liabilities to banks with a remaining term of more than one year are presented as long-term financial liabilities to banks. In 2015, all liabilities with a maturity in 2016 were reclassified as short-term financial liabilities to banks (see Note 0).

On 13 December 2015, Deutsche Hypothekenbank (Aktiengesellschaft) provided the Group company Corestate CAPTIVE PropCo III S.à r.l. with k€ 17,500 for the part-financing of the purchase price of a commercial building in Paderborn. The credit facility with a variable interest amounts to a maximum of k€ 24,750 and is secured by a land charge and an assignment of rent receivables.

In July 2014, Schwyzer Kantonalbank and CC AG have entered into a master agreement for a credit facility of up to CHF 10m valid until end of 2020. The facility will be reduced by CHF 2m annually starting 31 December 2016. The credit facility is secured by a global assignment of receivables. Further the parties have agreed the following Covenants related to local financial statements of CC AG according Swiss GAAP (OR):

- Equity ratio of more than 40%
- Earnings before interest and tax (EBIT) of more than CHF 2m p.a. with agreed adjustments

Under the master agreement, CC AG may draw either in € or CHF and both on a fixed or variable interest basis. On 31 December 2015, the facility was utilised in an aggregate amount of € 8m and in the following interest tranches:

- Tranche k€ 4,550: Term from 8 November 2015 until 7 November 2016 with a fix interest of 1.71% p.a..
- Tranche k€ 3,450: Term from 6 December 2015 until 5 December 2016 with a fix interest of 1.68% p.a..

There were neither delays nor defaults in the loan repayment and interest payments in the financial year 2015.

As per 31 December 2015 the total undrawnamounts under the credit facility financed by Schwyzer Kantonalbank amount to k€ 1,196.

F.17 Net Employee defined Benefit Liabilities

The Group has a defined benefit pension plan in Switzerland (funded). CC AG is affiliated to the Swiss Life Collective BVG Foundation (contract no. 816576) based in Zurich for the provision of occupational benefits. All benefits in accordance with the regulations are reinsured in their entirety with Swiss Life Ltd. within the framework of the corresponding contract.

This pension plan fully reinsures the risks of disability, death and longevity with Swiss Life. Swiss Life invests the vested pension capital and provides a 100% capital and interest guarantee. The guaranteed interest was 1.75% for mandatory retirement savings and 1.25% for supplementary retirement savings. The pension plan is entitled to an annual bonus from Swiss Life comprising the effective savings, risk and cost results.

The technical administration and management of the savings account are guaranteed by Swiss Life on behalf of the collective foundation. Insurance benefits due are paid directly to the entitled persons by Swiss Life in the name of and for the account of the collective foundation. CC AG has committed itself to pay the annual contributions and costs due under the pension fund regulations.

The contract of affiliation between CC AG and the collective foundation can be terminated by either side. In the event of a termination recipients of retirement and survivors' benefits would remain with the collective foundation. CC AG hereby commits itself to transfer its active insured members and recipients of disability benefits to the new employee benefits institution, thus releasing the collective foundation from all obligations.

So-called "fully insured" BVG plans under IAS 19 shall be considered as defined benefit plans. The reasons are as follows:

- In the event of contract cancellation there is no guarantee that the employee benefits can be continued under the same conditions,
- The risk and cost premiums are charged at different levels.

The valuation of employee benefits obligations in accordance with international accounting standards is carried out regardless of the legal configuration of the pension plans and employee benefits institutions. The standards influence solely the financial result of the company and not that of the employee benefits institution. These results are not relevant for an actuarial assessment in accordance with Article 52e, BVG.

No plan amendments, curtailment or settlement happened from 1 January 2011 till 31 December 2015.

CC AG outsources the asset liability management strategy and asset allocation to Swiss Life Ltd. The risks of disability, death and longevity are reinsured in their entirety with Swiss Life Ltd.

2015 changes in the defined benefit obligation and fair value of plan assets:

Net Employee defined Benefit Liabilities			
(k€)	**DBO**	**Plan assets**	**Difference**
As of 1 January 2015	**746**	**439**	**307**
Current service cost (employer)	81	-	81
Administration costs	5	-	5
Ordinary contributions paid by employees	44	44	-
Interest expense on defined benefit obligation	7	-	7
Contributions paid by plan participants	436	436	(0)
Benefits paid from plan assets	(102)	(102)	-
Past service costs	(39)	-	(39)
Interest income on plan assets	-	4	(4)
Ordinary contributions paid by employer	-	81	(81)
Return on plan assets excl. interest income	-	10	(10)
Actuarial (gain) / loss on defined benefit obligation	135	-	135
Exchange (gain) / loss	125	82	43
As of 31 December 2015	**1,439**	**996**	**443**
Actuarial (gain)/loss arising from changes in financial assumptions	*167*		

2014 changes in the defined benefit obligation and fair value of plan assets:

Net Employee defined Benefit Liabilities			
(k€)	**DBO**	**Plan assets**	**Difference**
As of 1 January 2014	**738**	**469**	**270**
Current service cost (employer)	121	-	121
Administration costs	6	-	6
Ordinary contributions paid by employees	31	31	-
Interest expense on defined benefit obligation	17	-	17
Contributions paid by plan participants	72	72	-
Benefits paid from plan assets	(205)	(205)	-
Interest income on plan assets	-	11	(11)
Ordinary contributions paid by employer	-	58	(58)
Return on plan assets excl. interest income	-	1	(1)
Actuarial (gain) / loss on defined benefit obligation	(38)	-	(38)
Exchange (gain) / loss	4	4	1
As of 31 December 2014	**746**	**439**	**307**
Actuarial (gain)/loss arising from changes in financial assumptions	*131*		

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

Actuarial assumptions		
	2015	**2014**
Discount rate, end of period	1.00%	1.00%
Salary increase, end of period	1.00%	1.00%
Increase in pension, end of period	0.00%	0.00%
Retirement age	M65/W64	M65/W64
Demographic assumptions	BVG 2010 GT	BVG 2010 GT

The major categories of plan assets of the fair value of the total plan assets are as follows:

Disaggregated Fair Value of plan assets		
(k€)	**2015**	**2014**
Insurance contracts (not quoted market price)	996	420
Cash (quoted market price)	-	20
Total	**996**	**439**

The following payments are expected contributions to the defined benefit plan in future years:

Expected contributions to the defined Benefit Plan in future years		
(k€)	**2015**	**2014**
Expected annual employee contribution in next year	53	33
Expected annual employer's contribution in next year	97	61
Projected benefits expected to be paid in:		
year +1	113	59
year +2	107	57
year +3	102	55
year +4	98	54
year +5	94	52
year +6 to +10	436	247
Macaulay duration in years	20.2	20.7

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.6 years (2014: 12.3 years).

F.18 Short-term Financial Liabilities to Banks

Short-term financial liabilities to banks reflect loans with a maturity within the next 12-month from the reporting date as well as interest accrued and due within the next twelve month on both long-term and short-term financial liabilities.

F.19 Short-term Liabilities to Associates

Short-term Liabilities to Associates		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Liabilities due to Highstreet Premium I HoldCo S.à r.l.	90	-
Liabilities due to Corestate Energy HoldCo S.à r.l. i.L.	-	1,671
Liabilities from Project SAILING	-	112
Other Projects	1	67
Total	**91**	**1,849**

The Liabilities due to Highstreet Premium I HoldCo S.à r.l. results from purchase of three shelf-companies from Project HIGHSTREET Premium I for a purchase price of k€ 30 for each company, which will be paid in the first quarter of 2016. Each shelf company was founded with a subscribed capital of k€ 30.

Short Term Loans from Project Energy reflected advances on profit distributions which were fully offset against claims arising from dividend resolutions in 2015.

F.20 Trade Payables

Accounts payable (k€ 8,258; previous year k€ 3,228) mainly consist of amounts due to external service providers as well as capital raising agents. The increase of trade payables compared to previous year results from the IPO costs.

F.21 Current Income Tax Liabilities

Current Income Tax Liabilities		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Swiss corporate Income taxes	354	683
German trade taxes	119	223
German income taxes	111	214
Luxembourg income taxes	19	-
Others	0	22
Total	**603**	**1,142**

F.22 Other Current Liabilities

Other Current Liabilities		
(k€)	**31 Dec 2015**	**31 Dec 2014**
Bridge loan from Intershop Holding AG	21,205	-
Bridge loan from vitB AG (warehousing)	4,014	-
Liabilities from purchase prices not paid yet (ASG)	3,200	-
Liabilities from employee benefits	2,790	1,886
Bridge loan from vitB AG (CCH SA)	1,726	-
Bridge loan from Thomas Landschreiber (CCH SA)	1,523	-
Concession agreement	1,050	2,000
Short-term liabilities from other taxes (VAT, stamp duty)	1,023	933
Accrued Asset and Property Management revenues	475	3,065
Advance payments from tenants	259	-
Liabilities from CAPERA's minority shareholders	258	258
Liabilities due to legal advice	245	-
Liabilities from share-based payments	215	228
Prepayments received	200	200
Deposits received	43	43
Liabilities from social security contributions	20	46
Liabilities from purchase prices not paid yet (Sistema)	4	-
Deferred income	3	8
Others	26	89
Total	**38,279**	**8,755**

The bridge loan from Intershop Holding AG and vitB AG reflects the drawn amounts under a revolving financing facility agreement with Intershop Holding AG and vitB AG as lenders in an aggregate amount of k€ 47,500 and relates to the acquisition of warehousing assets in Paderborn, Bremerhaven and Hamburg. The loan is secured by pledging of all shares in CAP FinCo S.à r.l. and CAP HoldCo S.à r.l. and a pledge over bank accounts of CAP FinCo S.à r.l. The loan is repayable in full on 30 June 2016, but CAP FinCo S.à r.l. as the borrower has an option to extend the maturity date until 31 December 2016. Fixed interest is charged at 10.00% per annum.

With loan agreement dated 6 November 2015, vitB AG has granted an unsecured loan in the amount of k€ 1,700 for the financing of the working capital of CCH SA. The loan is repayable in full on 30 June 2016. Fix interest is charged at 10.00% per annum.

With loan agreement dated 6 November 2015, Thomas Landschreiber (shareholder) has granted CCH SA an unsecured loan in the amount of k€ 1,500 as a bridge financing until 30 June 2016. Fix interest is charged at 10.00% per annum.

Liabilities from purchase prices not paid yet result from the additional acquisition of shares in Project T6 from an investor as part of the wind down of the investment structure. In turn all of the profits relating to such additional shares were received and used to finance the share purchase price. The liability was paid in January 2016.

Liabilities from employee benefits relate to expected bonus payments for current financial year (payable in April 2016) as well as deferred bonus payments to members of the Group's senior management structured as contributions to the Corestate MCIF scheme.

Liabilities form concession agreements relate to an outstanding liability in the course of the wind-down of the CORESTATE German Residential Ltd. fund. The remaining amount as per 31 December 2015 was paid in the first quarter of 2016 (refer to note 0 "subsequent events").

Prepayments received comprise advance payments from certain third party management agreements.

G. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

G.1 Revenue from Acquisition Related Fees

Revenue from Aquisition Related Fees		
(k€)	**2015**	**2014**
Revenue from Acquisition Fee	3,483	1,804
Revenue from Onboarding Fee	1,000	500
Revenue from other Acquisition Related Fees	-	87
Total	**4,483**	**2,391**

G.2 Revenue from Asset and Property Management

Revenue from Asset and Property Management		
(k€)	**2015**	**2014**
Revenue from Property Management Fee	9,148	9,918
Revenue from Asset Management and Sales Fee	11,052	7,657
Revenue Other Fees	-	19
Revenue from Capex Coordination Fee	-	220
Other Revenues	685	447
Total	**20,886**	**18,261**

G.3 Revenue from Sales Fees

Sales Fees relates to projects with asset by asset sales structures (Project Squirrel in 2015).

G.4 Revenue from Promote Fees realized

Revenue from Promote Fees realized		
(k€)	**2015**	**2014**
Promote realised	12,298	8,567
Success capital introduction Fee towards third parties	(124)	(1,729)
Total	**12,174**	**6,838**

The Promote fee realised relates to services provided for Projects T6, SQUIRREL and TURBO FRA (previous year: Projects VITU and TURBO VIE (Phase I)).

G.5 Total Expenses from Real Estate Investment

Expenses from Real Estate Investment include both personnel and overhead expenses (e.g. rent and leasing expenses, IT and telecommunication expenses, travel expenses, Legal and other advisory fees) allocated to the Group's Real Estate Investment Management activities.

Personnel expenses account for k€ 11,649 (previous year: k€ 10,609) and overhead expenses account for k€ 8,130 (previous year: k€ 5,954)

G.6 Share of Profit or Loss from Associates

Share of Profit or Loss from Associates and Joint Ventures		
(k€)	**2015**	**2014**
Share of profit/(loss) for the year/net of tax	4,695	4,102
Profit from sale of shares in associates	-	272
Total	**4,695**	**4,373**

Share of profit/loss for the year comprises the Group's share of the results of operations of the Associate or the Joint Venture using the equity method as well as gains and losses from the disposal of shares in Associates or Joint Venture (reference is made to notes A and 0).

G.7 Expenses from Management of Associates and Joint Ventures

Expenses from Management of Associates include both personnel and overhead expenses allocated to the Management of Associates. Personnel expenses account for k€ 385 (previous year: k€ 643) and management expenses account for k€ 281 (previous year: k€ 361)

G.8 Net Gain from Selling Property Holding Companies

The gains from selling property holding companies under the warehousing structure relate to sales of entities to investment structures managed by the Group. The increase was due to the fact that the Group only commenced such deals in June 2015 (Project HIGHSTREET II: sale of property located in Soest; previous year Project HIGHSTREET I: sale of property located in Hanau).

G.9 Expenses from Real Estate Operations/Warehousing

Expenses from Real Estate Operations/Warehousing		
(k€)	**2015**	**2014**
Operating expenses in relation for properties	(824)	-
Personnel expenses (allocation of costs)	(489)	(375)
Administrative expenses	(422)	-
Administrative expenses (allocation of costs)	(342)	(183)
Total	**(2,077)**	**(558)**

G.10 General and Administrative Expenses

General and Administrative Expenses include both personnel and overhead expenses not allocable to either Management Expenses, Expenses from Management for Associates or Expenses from Real Estate Operations. In 2015 the IPO costs (k€ 5,825) were recognised as General and Administrative Expenses.

Personnel expenses account for k€ 2,705 (pervious year: k€ 1,127) and overhead expenses (including IPO costs) account for k€ 10,413 (previous year: k€ 3,239).

G.11 Other Income

Other Income primarily includes cost reimbursements from investment structures (k€ 690; previous year k€ 502) as well as revenues from office subleases.

G.12 Depreciation and Amortisation

Depreciation & Amortisation		
(k€)	**2015**	**2014**
Intangible assets - scheduled depreciation	(111)	(96)
Property, plant and equipment - scheduled depreciation	(235)	(236)
Total	**(349)**	**(332)**

G.13 Financial Income

Financial Income		
(k€)	**2015**	**2014**
Interest income	173	218
Total	**173**	**218**

G.14 Financial Expenses

Financial Expenses		
(k€)	**2015**	**2014**
Interest expenses to related parties	(1,702)	-
Impairment losses on loans	(572)	(288)
Financing Fees	(528)	(2)
Interest expenses	(508)	(151)
Foreign currency income/expenses	(197)	(98)
SWAP valuation expenses	(77)	-
Bank Charges	(28)	(52)
Subsequent measurement of liabilities stated at fair value	21	(40)
Effects of consolidation	138	-
Others	(5)	-
Total	**(3,458)**	**(631)**

Regarding the composition of interest expenses from related parties we refer to note 0.

G.15 Income Tax Expense

Income Tax (expense)/benefit		
(k€)	**2015**	**2014**
Current income tax expense	(122)	(741)
Deferred taxes	1,568	267
Total	**1,446**	**(474)**

Current income tax (expense)/benefit		
(k€)	**2015**	**2014**
Income tax Switzerland	63	(227)
Income tax Germany	(104)	(474)
Income tax Luxembourg	(69)	(36)
Income tax United Kingdom	-	(5)
Income tax Spain	(11)	-
Total	**(122)**	**(741)**

H. INCOME TAX

Tax rate reconciliation

According to IAS 12, the entire income taxes for the accounting period consist of current taxes on income and profit and of deferred taxes.

The table below shows the reconciliation of the tax expenses as recorded in Income Statement to the tax burden resulting from simply multiplying the consolidated IFRS accounting profit with the Luxembourg statutory income tax rate for CCH SA (previous year: Switzerland statutory income tax rate for CC AG) :

Tax rate reconciliation		
(k€)	**2015**	**2014**
Consolidated profit before taxes according to IFRS	8,642	14,218
Luxembourg (previous year Switzerland) statutory income tax rate for CCH SA (previous year CC AG)	29.220%	14.600%
Projected income tax (gain) / burden	**2,525**	**2,076**
Adjustments in respect of current income tax of previous years	(106)	-
Effect from write-off of deferred tax assets	1,053	(195)
Effect from permanent differences	270	53
Effect from different tax rates	(2,140)	694
Effect from dividends and other income exempt from taxation	(3,129)	(2,153)
Other differences	82	-
Income tax reported in the income statement	**(1,446)**	**474**
Effective tax rate	-16.73%	3.33%

I. OTHER INFORMATION

I.1 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. In this context ordinary share includes the registered shares of CCH SA for both periods.

In the calculation of the weighted average number of ordinary shares outstanding during the reporting period, the issue date of 23 September 2015 was used as the basis with regard to the new equity shares (1,750.000) issued in connection with the establishment of CCH SA through cash contributions. Until 23 September 2015 7,992.300 shares have been considered.

For the financial years 2015 and 2014, the diluted result per share corresponds to the undiluted result per share since there were no instruments with dilutive effects outstanding.

The following table reflects the income and share data used in the basic earnings per share computations:

Earnings per share		
(k€)	**2015**	**2014**
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	9,656	12,333
Profit attributable to ordinary equity holders of the parent for basic earnings	**9,656**	**12,333**
Weighted average number of ordinary shares:		
Share capital	8,625,177	7,992,300
Weighted average number of ordinary shares (total)	**8,625,177**	**7,992,300**
Earnings per share	**1.12 €**	**1.54 €**

I.2 Capital management

The Group's policy is to maintain a strong capital base in order to maintain investor, creditor, and general capital markets confidence and to support the ongoing development and growth of the Group in order to maximise shareholder value. Shareholder value is measured both in terms of total return as well as running dividend yield.

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

I.3 Commitments and contingencies

I.3.1 Capital commitments

At 31 December 2015, the Group has outstanding commitments of k€ 4,425 relating to Project HIGH-STREET Premium I, k€ 757 to Project DANUBE and k€ 1,463 relating to Project BEN.

At 31 December 2014, the Group had outstanding commitments of k€ 1,463 relating to Project BEN and k€ 384 relating to Project DONALD and k€ 147 relating to Project Sailing.

I.3.2 Guarantees

Except for an Intra-Group guarantee in favour of CORESTATE Capital Advisors GmbH there are no guarantees outstanding since the Group follows a strict non-recourse financing and security structure.

I.3.3 Contingent liabilities

There were no contingent liabilities for the provision of collateral for third-party liabilities.

There are no unresolved legal disputes outside the ordinary business activities.

I.3.4 Collateral held by the Group

Except for the pledged shares in connection with loans granted to shareholders and vitB AG (Note 0) the Group did not hold any collateral at 31 December 2015.

I.4 Financial risk management objectives and policies

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

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

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

The Group does currently not use any derivative financial instruments. All investments are dominated in Euros such that foreign exchange risks are largely eliminated. Going forward, should the Group decide to use any derivative instruments, it would solely be for the purpose of limiting potential risks and not for speculative profit objectives.

The EMC reviews and agrees policies for managing each of these risks which are summarised below.

I.4.1 Interest rate risk

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

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

At the reporting date the interest rate profile of the Group's interest bearing liabilities is shown in Note 0 and 0 of the notes. All financial assets – with the exception of loans to shareholders and Associates - are non-interest bearing.

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, the Group does not have any foreign currency risk relating to financial instruments.

I.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 (primarily from trade receivables) which, in turn, are dependent on the operating performance of the underlying investments. Such operating performance is very closely monitored by the Group's asset, property, and financial management teams.

The carrying amount of the Group's financial assets represents the maximum credit exposure.

I.4.3 Liquidity risk

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

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

The table below shows the maturities of financial liabilities of the Group:

Maturities of financial liabilities (31 December 2015)				
(k€)	Closing Balance 31 Dec 2015	< 1 year	1 to 5 years	> 5 year
Bank loans	25,378	423	12,834	15,647
Short-term Liabilities to Associates	91	91	-	-
Trade payables	8,258	8,258	-	-
Other financial liabilities	39,554	39,670	1,275	-
Total financial liabilities	**73,282**	**48,443**	**14,109**	**15,647**

Maturities of financial liabilities (31 December 2014)				
(k€)	Closing Balance 31 Dec 2014	< 1 year	1 to 5 years	> 5 year
Bank loans	8,002	133	6,757	1,663
Short-term Liabilities to Associates	1,849	1,849	-	-
Trade payables	3,228	3,228	-	-
Other financial liabilities	10,144	8,755	1,388	-
Total financial liabilities	**23,223**	**13,966**	**8,146**	**1,663**

With the exemption of some personnel-related liabilities, all current liabilities are expected to be settled within twelve months of the end of the reporting period. As well as repayments, interest incurred in the future usually also results in an outflow of liquidity.

I.5 Financial instruments

Financial instruments can be classified as original or derivative financial instruments. Original financial instruments on the assets side include receivables and cash and cash equivalents. Original financial assets are shown at amortised costs. On the liabilities side, original financial instruments include liabilities valued at amortised cost. Derivative financial instruments such as caps and swaps are shown at fair value.

Where default risks are identifiable for financial assets these risks are recognised as impairment losses.

I.5.1 Sensitivity analysis for variable rate instruments

In the event of a change in the interest rate by 100 basis points ("bps"), the annual interest expense from the variable-rate loans would increase or decrease by approximately k€ 254 – based on the value of the loans as of the end of the reporting period.

I.5.2 Fair value

Within the Group, only original financial instruments are used. Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments:

			Categories				
(in k€)	*IAS 39 Category*	**Carrying amount 31 Dec 2015**	Armortised cost	Fair value recognised through profit and loss	Fair value recognised directl in equity (OCI)	not applicable	**Fair value 31 Dec 2015**
Other financial instruments	*Afs*	31	-	-	31	-	31
Receivables from associates	*LaR*	11,469	11,469	-	-	-	11,469
Receivables from joint ventures	*LaR*	5,755	5,755	-	-	-	5,755
Trade receivables	*LaR*	3,984	3,984	-	-	-	3,984
Other short-term receivables	*LaR*	1,329	1,329	-	-	-	1,329
Other short-term assets	*LaR*	940	940	-	-	-	940
Cash and cash equivalents	*n/a*	12,447	-	-	-	12,447	12,447
TOTAL FINANCIAL ASSETS		**35,955**					**35,955**
Other non-current liabilities	*FLaFV*	1,275	-	1,275	-	-	1,275
Long-term financial liabilities to banks	*FLAC*	25,378	25,378	-	-	-	25,378
Short-term liabilities to associates	*FLAC*	91	91	-	-	-	91
Trade payables	*FLAC*	8,258	8,258	-	-	-	8,258
Other current liabilities	*FLAC/FLAFV*	38,279	38,279	-	-	-	38,279
TOTAL FINANCIAL LIABILITIES		**73,282**					**73,282**

(List of abbreviations: Afs = Available for sale; LaR = Loans and Receivables; FLAC = Financial Liability at cost; FLAFV = Financial Liability at Fair Value)

(in k€)	IAS 39 Category	Carrying amount 31 Dec 2014	Categories				Fair value 31 Dec 2014
			Armortised cost	Fair value recognised through profit and loss	Fair value recognised directl in equity (OCI)	not applicable	
Other financial instruments	*Afs*	31	-	-	31	-	31
Long-term loans to associates	*LaR*	715	715	-	-	-	715
Receivables from associates	*LaR*	9,753	9,753	-	-	-	9,753
Trade receivables	*LaR*	4,387	4,387	-	-	-	4,387
Other short-term receivables	*LaR*	1,842	1,842	-	-	-	1,842
Other short-term assets	*LaR*	645	645	-	-	-	645
Cash and cash equivalents	*n/a*	21,820	-	-	-	21,820	21,820
TOTAL FINANCIAL ASSETS		**39,192**					**39,192**
Other non-current liabilities	*FLaFV*	1,388	-	1,388	-	-	1,388
Long-term financial liabilities to banks	*FLAC*	8,000	8,000	-	-	-	8,000
Short-term financial liabilities to banks	*FLAC*	2	2	-	-	-	2
Short-term liabilities to associates	*FLAC*	1,849	1,849	-	-	-	1,849
Trade payables	*FLAC*	3,228	3,228	-	-	-	3,228
Other current liabilities	*FLAC/FLAFV*	8,755	8,755	-	-	-	8,755
TOTAL FINANCIAL LIABILITIES		**23,223**					**23,223**

(List of abbreviations: Afs = Available for sale; LaR = Loans and Receivables; FLAC = Financial Liability at cost; FLAFV = Financial Liability at Fair Value)

The carrying amounts of the financial instruments are a reasonable approximation to their fair value, except for other financial instruments and certain other current liabilities which are recognized at fair value.

I.6 Related party information

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.

Note 0 provides information about the Group's structure, including details of the subsidiaries and the holding Company. CCH SA has identified these Group companies as well as the following entities and persons as related parties:

Major shareholders and shareholders' related entities

- Ralph Winter, shareholder
- Thomas Landschreiber, shareholder
- INTERSHOP Holding AG, Zurich, Switzerland, shareholder
- vitB AG, Zug, Switzerland

Ralph Winter is a senior advisor to CC AG through a consultancy agreement between vitB AG and CC AG. vitB AG is an investment company wholly-owned by Ralph Winter.

CCH SA Key Management Personal:

- Sascha Wilhelm (Chief Executive Officer of CORESTATE Capital Holding S.A. and a chairman of the Group's Investment Committee) – since 21 August 2015
- Thomas Landschreiber (Chief Investment Officer of CORESTATE Capital Holding S.A. and a member of the Group's Investment Committee) – since 21 August 2015

* Daniel Schoch (Chief Financial Officer of CORESTATE Capital Holding S.A. and a member of the Group's Investment Committee) – since 21 August 2015

Member of the Supervisory Board:

* Micha Blattmann (Chairman, Manager, whose professional address is General-Guisan Strasse 15, CH-6300 Zug/Switzerland) – since 23 September 2015
* Urs Felder (self-employed tax and accounting Expert, whose professional address is at FELUR Swiss Treuhand AG, Sihlamtsstrasse 5, CH-8001 Zurich/Switzerland) – since 21 August 2015
* Ulrich Plett (Wirtschaftsprüfer, whose professional address is Clausewitzstr. 7, D-10629 Berlin/Germany) – since 23 September 2015
* Andreas Wirz (Architect, member of the Executive board of Intershop Holding AG, whose professional address is at Intershop Holding AG, Puls 5 – Giessereistrasse 18, Postbox 1601, CH-8031 Zurich/Switzerland) – since 21 August 2015
* Thomas Zinnöcker (Diplom-Kaufmann, whose professional address is Philipp-Strasse 3, D-44803 Bochum/Germany) – from 23 September 2015 until 10 March 2016
* Ralph Winter (self-employed management Consultant, whose professional address is at CORESTATE Capital AG, Baarerstr. 135, CH-6300 Zug/Switzerland) – from 21 August 2015 until 23 September 2015

The Board members are entitled to receive an annual fee of k€ 25 plus VAT (if any). The deputy chairman of the Supervisory Board is entitled to receive an annual fee of k€ 37.5 plus VAT (if any) and the chairman of the Supervisory Board of k€ 50 plus VAT (if any). The annual fee is payable (after deduction of all applicable taxes) in a single lump sum within 10 days after the end of each financial year. In addition to the annual fee, each member of the Supervisory Board is entitled to € 750 for each meeting such member attends in person (physically or via phone). The Supervisory Board Members shall further be reimbursed of all reasonable and properly documented costs incurred as part of their mandate and benefit from a market-standard D&O insurance. In the supervisory board meeting on 10.03.2016 the members decided to reduce the fee by 50% retrospectively.

Associates (Co-Investments)

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

CC AG invests typically between 5% and 10% in each of its investment products alongside its investors as alignment capital investment. Since CC AG provides comprehensive real estate investment management services to, and is acting as asset manager for such investments structures, these investment structures qualify as an Associate under the IFRS regime. The revenues generated with such Associates are based on market-standard Joint-Venture and Co-Investments Agreements (JVCIA) as well as Asset Management Agreements (AMA), and are entered into with and approved by its investors. Note 0 provides an overview of the Group's Investment in Associates.

Joint Venture (cooperation with local partners)

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 is also selectively looking at other attractive European real estate markets such as Austria and Spain. In selected markets the Group envisage structured growth through efficient resource allocation and ensuring necessary market expertise, typically by cooperating with local partners. This cooperation may take the form of an exclusive joint venture in a specific market (as already established in Spain).

I.6.1 Transactions with shareholders and shareholder related entities

The loan granted to the shareholder Ralph Winter (k€ 855; 31 December 2014: k€ 842) is repayable in full on 30 September 2016. Fix interest is charged at 1.50% per annum.

I.6.2 Transactions with Key Management Personnel

Transactions with Key Management Personnel		
(k€)	**2015**	**2014**
Short-term employee benefits	(1,561)	(1,303)
Post-employment pension	(142)	(125)
Cost reimbursements to member of the supervisory board	(457)	(7)
Bonus awards (MCIF)	(394)	(389)
Profit Distributions to key management personnel from MCIF	(55)	(123)
Equity-settled share-based payment	(6)	(12)

Transactions with shareholders and shareholder related entities		
(k€)	**2015**	**2014**
Fees paid to vitB AG under consultancy agreements	(455)	(371)
Cost reimbursements to vitB AG	(364)	(589)
Rental income from sublease with vitB AG	15	13
Interests expenses from shareholder loans	(2,357)	-
Interests income on loans granted to shareholders	13	12
Dividends (including capital repayments) paid to shareholders	(13,790)	(8,098)
Sale of Shares in Subsidiaries or Associates to shareholders	1,014	24
Proceeds from loans granted by shareholders	49,589	14,469
Repayment of loans granted by shareholders	(21,775)	(14,469)

Some of the executive directors have a minority interest (Limited Partner) in Corestate MCIF GmbH & Co. KG (MCIF). All profits of MCIF are distributable to these Limited Partners (disproportionate profit distribution).

Under the MCIF scheme, executive directors as well as certain other senior manager personnel are required to contribute up to one third of the annual bonus (as compensation element for their service for the respective financial year) to CORESTATE MCIF GmbH & Co. KG as a deferred bonus payment (annual MCIF contribution). MCIF invests alongside CC AG in alignment capital investments, and serves as a retention instrument for the plan participants since the annual MCIF contribution becomes payable to the participants only after three years, and is further subject to good and bad leaver provisions. Profits generated by MCIF, however are immediately distributed to the participants pro rata their participations in the underlying alignment capital investment. All pay-outs to the MCIF participants are made in cash (cash-settled share-based payment transaction). As of 31 December 2015, k€ 546 (as of 31 December 2014: k€ 527) has been recognized as expense relating to MCIF (this amount also represents the fair value of MCIF related annual bonus awards). The respective liability recognized in the

Statement of Financial Position as per 31 December 2015 is k€ 1,275 (as of 31 December 2014: k€ 1,388).

The Group's CFO was granted an option to acquire 1.25% of CC AG at 50% of the fair value (equity settled share-based payment plan) in 2007, contingent on the fulfilment of specified vesting conditions. The service period commenced on 28 December 2007. The vesting period is variable and vesting occurs as soon as performance conditions (total revenues, implementation of certain company structures and functions) are cumulatively fulfilled. Upon vesting the option can be exercised within 36 months. The exercise price to acquire 1.25% of CC AG will be based on a company valuation, to be performed by a renowned expert.

The fair value has been determined based on the acquisition of a non-controlling interest stake by a third party. Management has estimated that all vesting conditions would be met around the Company's initial public offering. Management has determined that it is appropriate to expense the fair value of the award determined at transition on a straight-line basis over the period from 2007 to 2015. The IPO did not take place in 2015.

Total fair value of this award is k€ 98. For the first six month of the financial year 2015 and 2014, k€ 6 were recognized as personnel expense.

I.6.3 Transactions with Associates (Co-Investments) and Joint Ventures (cooperation with local partners)

The terms and condition agrees with Associates for the services of CC AG Group are negotiated and set out in the underlying documentation for each investment product entered into with the respective investor (JVCIA, AMA etc.). Hence, such terms and conditions are at arm's length.

Transactions with Associates (Co-Investments)		
(k€)	**2015**	**2014**
Revenue from Aquisition Related Fees	4,483	2,919
Revenue from Asset and Property Management	6,744	4,331
Revenue from Sales Fees	491	602
Revenue from Promote Fees realized	12,298	8,567
Proceeds from Selling Property Holding Companies	2,506	3,800
Interest income from Associates	172	67

Balances with Associates (Co-Investments)		
(k€)	**2015**	**2014**
Loans received from Associates	-	1,671
Liabilities from Associates	99	178
Liabilities from Joint venture partners	150	-
Receivables from Associates	11,469	9,753
Receivables from Joint Venture	5,755	-
Liabilities to related parties	28,471	-

We refer for items in the Statement of Financial Position to Notes 0, 0, 0 and 0 for further details on the receivables, liabilities and other transactions with Associates or Joint Ventures.

With sale and purchase agreement notarised on 30 June 2015 the Group company Soest HoldCo S.à r.l sold its real estate holding subsidiary to Project HIGHSTREET II for a sales price of k€ 2,500. The gain from the transaction amounted to k€ 2,514.

I.7 Consolidated Statement of Cash Flow

The consolidated Statement of Cash Flow shows how the Group's liquid funds have changed over the course of the financial year through inflows and outflows. As per IAS 7 cash flows from operating activities are distinguished from cash flows from investment activities and cash flows from financing activities. When determining the cash flow from operating activities using the indirect method, the profit for the period was adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, as well as items of income or expense associated with investing or financing cash flows. Therefore, direct comparison with the corresponding changes in the published consolidated Statement of Financial Position is not possible.

In accordance with the IAS 7 option, interest paid is shown under cash flow used in/from financing activities.

The financial funds considered in the consolidated Statement of Cash Flow include cash and cash equivalents.

The cash flows from investment and financing activities are directly related to payments. The total of the cash flows from the acquisition or sale of subsidiaries is shown separately and classified as investment activity in the cash flow statement.

Cash flows from Sale of Subsidiaries and business units in 2015 (k€)	Share sales price received	Cash balance of the subsidiary	Net cash inflow/(outflow) from sale of subsidiaries
Sale of HIGHSTREET II PropCo I GmbH	2,500	323	2,177
Sale of Other companies without operations	7,710	100	7,610
Total 2015	**10,210**	**423**	**9,786**

Cash flows from Acquisition of Subsidiaries in 2015 (k€)	Share purchase price paid	Cash balance of subsidiaries	Net cash (outflow)/inflow from acqusition of subsidiaries
Acquisition/foundation of companies without business	574	547	(26)
Total 2015	**574**	**547**	**(26)**

Cash flows from Acquisition of Subsidiaries in 2014 (k€)	Share purchase price paid	Cash balance of subsidiaries	Net cash (outflow)/inflow from acqusition of subsidiaries
Acquisition of Corestate Capital Fund Management S.á r.l	88	468	380
Acquisition/foundation of companies without business	2,156	607	(1,549)
Total 2014	**2,244**	**1,075**	**(1,169)**

Short Term Loans from Project ENERGY of k€ 1,408 (previous year: Project Berry of k€ 3,354) reflect advances on profit distributions which were fully offset against claims arising from dividend resolutions in 2015 and 2014.

I.8 Group entities

CCH SA (previous year: CC AG) was the parent company of the Group. The ultimate controlling party is Ralph Winter.

The consolidated financial statements include basically all companies which the group controls, i.e. typically for which CCH SA owns, directly or indirectly through subsidiaries, more than half of the voting power. There are no restrictions regarding Cash or Dividend Payments from subsidiaries.

With the exception of CORESTATE MCIF GmbH & Co.KG (Note 0) the equity interest is equal to the voting rights.

Group entities			
		31 Dec 2015	**31 Dec 2014**
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Capital Holding S.A.	**Luxembourg**	**Parent Company**	**n/a**
CORESTATE CAPITAL AG	Zug/Switzerland	100.00%	Parent Company
CORESTATE Capital Advisors GmbH	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE CAPITAL Fund Management S.à r.l.	Luxembourg	100.00%	100.00%
CORESTATE Capital Developments GmbH	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE Capital Advisors (Singapore) Pte. Ltd.	Singapore	100.00%	100.00%
CORESTATE Capital Advisors (UK) LLP	London/Great Britain	100.00%	100.00%
CAP FinCo S.à r.l.	Luxembourg	100.00%	n.a.
CORESTATE Capital Beteiligungs Verwaltung GmbH	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE Capital Finance GmbH	Zug/Switzerland	100.00%	100.00%
CORESTATE Capital Transactions AG	Zug/Switzerland	100.00%	100.00%
Corestate Capital Vorratsgesellschaft mbH 1	Frankfurt am Main/Germany	100.00%	100.00%
Corestate Capital Vorratsgesellschaft mbh EINS & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
Corestate CAPTIVE PropCo I GmbH	Frankfurt am Main/Germany	100.00%	n.a.
CORESTATE CIV GmbH	Frankfurt am Main/Germany	100.00%	n.a.
Corestate Investment 1 S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Sailing HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
1 2 3 6 Vermögensverwaltung GmbH (CORESTATE Co Investment Verwaltungs GmbH)	Frankfurt am Main/Germany	100.00%	100.00%
Energy AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
HIGHSTREET FinCo I S.à r.l. (Highstreet II AquiCo S.à r.l.)	Luxembourg	100.00%	100.00%
HIGHSTREET FinCo II S.à r.l.	Luxembourg	100.00%	n.a.
Highstreet II PropCo III S.à r.l.	Luxembourg	100.00%	100.00%
Highstreet TopCo II Ltd. (Highstreet IV AcquiCo Ltd.)	Luxembourg	100.00%	n.a.
Highstreet V AcquiCo Ltd.	Luxembourg	100.00%	n.a.
Highstreet V HoldCo S.à r.l.	Luxembourg	100.00%	n.a.
Highstreet V PropCo II Sarl	Luxembourg	100.00%	n.a.
Highstreet V PropCo III Sarl	Luxembourg	100.00%	n.a.
Highstreet V PropCo IV Sarl	Luxembourg	100.00%	n.a.
Highstreet V TopCo Ltd.	Guernsey	100.00%	n.a.
Highstreet VI PropCo II Sarl	Luxembourg	100.00%	n.a.
Highstreet VI PropCo III Sarl	Luxembourg	100.00%	n.a.
Highstreet VI PropCo IV Sarl	Luxembourg	100.00%	n.a.
Iberian HoldCo I S.L.	Madrid/Spain	100.00%	n.a.
Iberian HoldCo II S.L.	Madrid/Spain	100.00%	n.a.
Iberian HoldCo III S.L.	Madrid/Spain	100.00%	n.a.
Iberian Investment I HoldCo S.à r.l.	Luxembourg	100.00%	n.a.
Iberian Investment I TopCo Ltd.	Guernsey	100.00%	n.a.
Iberian Investment II HoldCo S.à r.l.	Luxembourg	100.00%	n.a.
Iberian Investment III HoldCo S.à r.l.	Luxembourg	100.00%	n.a.
Iberian PropCo I S.L.	Madrid/Spain	100.00%	n.a.
Iberian PropCo II S.L.	Madrid/Spain	100.00%	n.a.
Iberian PropCo III S.L.	Madrid/Spain	100.00%	n.a.

Group entities (continued)

		31 Dec 2015	31 Dec 2014
Name	Seat and Country of incorporation	% equity interest	% equity interest
T6 AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
TURBO FRA AcquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
VITU AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
SQUIRREL AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
CAP HoldCo S.à r.l.	Luxembourg	94.90%	n.a.
Corestate CAPTIVE PropCo II S.à r.l.	Luxembourg	94.90%	n.a.
Corestate CAPTIVE PropCo III S.à r.l.	Luxembourg	94.90%	n.a.
Corestate CAPTIVE PropCo IV S.à r.l.	Luxembourg	94.90%	n.a.
Corestate CAPTIVE PropCo V S.à r.l.	Luxembourg	94.90%	n.a.
CORESTATE MCIF GmbH & Co. KG	Frankfurt am Main/Germany	86.67%	86.67%
Soest HoldCo S.à r.l. (Corestate Shelf HoldCo 2 S.à r.l. - Soest)	Luxembourg	81.80%	100.00%
CAPERA Immobilien Service GmbH	Neu-Isenburg/Germany	70.00%	70.00%
CAPERA Immobilien Service GmbH	Vienna/Austria	70.00%	n.a.
Corestate SAND HoldCo S.à r.l.	Luxembourg	69.74%	69.74%
Highstreet II PropCo I S.à r.l.	Luxembourg	n.a.	100.00%
Corestate Highstreet II HoldCo S.à r.l.	Luxembourg	n.a.	100.00%
Corestate Highstreet II TopCo Ltd.	Guernsey	n.a.	100.00%
Corestate VIE Developments S.à r.l.	Luxembourg	n.a.	100.00%
Hamerling HoldCo GmbH	Vienna/Austria	n.a.	100.00%
Highstreet II PropCo II S.à r.l.	Luxembourg	n.a.	100.00%

I.9 Business combination

In 2015, apart from the fact that various shelf-companies were acquired or founded, business combinations have not been occurred. In 2014, the Group accounted for the following business combination:

(k€)	Corestate Capital Fund Management S.á r.l
Acquisition date	*01.01.2014*
Total Cost of the combination (in k€)	88
thereof purchase prices (cash) (in k€)	88
Number of shares acquired	*87,500*
Voting rights acquired (%)	*100.00%*
Property, plant & equipment	108
Intangible assets (Software)	22
Receivables	33
Other assets	77
Cash and cash equivalents	468
Total assets	**708**
Trade payables	352
Other payables	269
Total liabilities	**621**
Fair value of net assets acquired	**88**
Non-controlling interests	-
Realized bargain purchase ("lucky buy")	***(0)***
Revenues generated since acquisition date	**1,081**
Profit / (loss) since acquisition date	**112**

CORESTATE Capital Fund Management S.à r.l, Luxembourg, operates as an Alternative Investment Fund Manager (AIFM) for the Group's AIF's regulated by the Alternative Investment Fund Management Directive (AIFMD).

I.10 Deconsolidation

During the financial year 2015, the following companies were deconsolidated:

(k€)	HIGHSTREET II PropCo I GmbH	Other companies without operations
Date of sale	*30.06.2015*	*01.01.2015*
Total proceeds from sale	2.500	7.710
thereof sales prices (cash)	2.500	7.710
Number of shares sold	*35.000*	
Voting rights sold (%)	*100,00%*	
Inventories	20.257	-
Shares in Associates	-	70
Receivables	291	2
Receivables from affiliated companies	-	8.000
Other assets	52	68
Cash and cash equivalents	323	100
Total assets	**20.924**	**8.240**
Derivatives	57	-
Financial liabilities due to banks	11.016	-
Liabilities from affilitated companies	9.204	-
Trade payables	582	-
Other payables	79	660
Total liabilities	**20.938**	**660**
Net assets disposed	**(14)**	**7.580**
Gain/(loss) from deconsolidation	***2.514***	***130***
Revenues generated until deconsolidation	**225**	**-**
Profit/(loss) until date of deconsolidation	**2**	**-**

I.11 Leasehold contracts

I.11.1 Operating lease commitments — Group as lessee

The Group has entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Detailed schedule of lease contracts as per 31 December 2015 (Group as Lessee)

Description of lease contract	Lessee	Lessor	Initiation	Maturity	lease payment (per month) (incl. VAT, k€)	minimum lease payments in 2016 (incl. VAT, k€)	minimum lease payments 2017 until 2021 (incl. VAT, k€)	minimum lease payments after 2021 (incl. VAT, k€)	Classification
Rental agreement relating to branch offices in Germany	CAPERA	various	2013-2015	max. 5 years	25	147	160	0	operating lease
Rental agreement relating to office premises in Frankfurt am Main	CC Advisors GmbH	Pensionskasse der Mitarbeiter der Höchst Gruppe VVaG	01.08.2012	29.02.2016	25	301	326	0	operating lease
Rental agreement relating to office premises in Frankfurt am Main - Residenz Argon	CC Advisors GmbH	Lepatra/Weyand	10.05.2013	undefined	2	18	81	0	operating lease
Rental agreement relating to office premises in Gera	CAPERA	Poivre Durable S.e.c.s./ Leitner Walter u. Isolde	1.6.2013/ 16.10.2014	31.05.2018/ undefined	10	99	220	76	operating lease
Rental agreement relating to office premises in Luxemburg	CC Fund Management S.à r.l.	Arthur Schummer	01.08.2014	undefined	4	42	189	0	operating lease
Rental agreement relating to office premises in London	CCH SA	AVANTA Warwick Street	18.12.2015	30.06.2016	3	15	0	0	operating lease
Rental agreement relating to office premises in Neu-Isenburg	CAPERA	DIC HI Objekt Neu-Isenburg GmbH	2013-2014	31.05.2018	10	118	167	0	operating lease
Rental agreement relating to office premises in Zug	CC AG	GoldenPeaks Capital Partners AG	01.10.2010	30.06.2016	16	187	843	0	operating lease
Rental agreement relating to office premises in Singapore	CC SINGAPORE Plc.	CORECAM Pte. Ltd.	01.09.2015	31.08.2018	12	144	228	0	operating lease
Rental agreement relating to storage/archiv in Frankfurt am Main	CC Advisors GmbH	Michael Sroka/ALS GmbH	01.01.2014	undefined	0	6	6	0	operating lease
Software and IT-Leasing	CAPERA	various	2013-2014	2016/ undefined	60	253	2	0	operating lease
Lease agreement relating to office equipment	CC Advisors GmbH	various	2011-2014	2017-2019	1	11	18	0	operating lease
Car lease contracts	various Group entities	various	2008-2014	2015-2018	45	472	464	0	operating lease
Car parking contracts	CC Advisors GmbH	various	2008-2012	undefined	4	44	110	0	operating lease
Total					**216**	**1,857**	**2,813**	**76**	

Detailed schedule of lease contracts as per 31 December 2014 (Group as Lessee)

Description of lease contract	Lessee	Lessor	Initiation	Maturity	lease payment (per month) (incl. VAT, k€)	minimum lease payments in 2015 (incl. VAT, k€)	minimum lease payments 2016 until 2020 (incl. VAT, k€)	minimum lease payments after 2020 (incl. VAT, k€)	Classification
Rental agreement relating to branch offices in Germany	CAPERA	various	2013-2014	max. 5 years	18	136	117	0	operating lease
Rental agreement relating to office premises in Frankfurt am Main	CC Advisors GmbH	Pensionskasse der Mitarbeiter der Höchst Gruppe VVaG	01.08.2012	31.07.2017	25	301	476	0	operating lease
Rental agreement relating to office premises in Frankfurt am Main - Residenz Argon	CC Advisors GmbH	Lepatra/Weyand	10.05.2013	undefined	2	18	90	0	operating lease
Rental agreement relating to office premises in Gera	CAPERA	Poivre Durable S.e.c.s./ Leitner Walter u. Isolde	1.6.2013/ 16.10.2014	31.05.2018/ undefined	8	82	184	76	operating lease
Rental agreement relating to office premises in Luxemburg	CC Fund Management S.à r.l.	Arthur Schummer	01.08.2014	undefined	4	42	210	210	operating lease
Rental agreement relating to office premises in Neu-Isenburg	CAPERA	DIC HI Objekt Neu-Isenburg GmbH	1.8.2013/ 15.12.2014	31.05.2018	10	111	202	0	operating lease
Rental agreement relating to office premises in Zug	CC AG	GoldenPeaks Capital Partners AG	01.10.2010	undefined	16	187	936	0	operating lease
Rental agreement relating to storage/archiv in Frankfurt am Main	CC Advisors GmbH	Michael Sroka/ALS GmbH	01.01.2014	undefined	0	6	9	0	operating lease
Software and IT-Leasing	CAPERA	various	2014	31.07.2015/ 31.12.2015	34	74	0	0	operating lease
Lease agreement relating to office equipment	CC Advisors GmbH	various	2011-2014	2017-2019	1	11	24	0	operating lease
Car lease contracts	various Group entities	various	2008-2014	2015-2018	42	507	889	0	operating lease
Car parking contracts	CC Advisors GmbH	various	2008-2012	undefined	4	44	132	0	operating lease
Total					**163**	**1,518**	**3,270**	**286**	

I.11.2 Operating lease commitments — Group as lessor

With the exemption of sub-lease agreements, the Group is not a lessor.

Detailed schedule of lease contracts as per 31 December 2015 (Group as Lessor)										
Description of lease contract	Lessee	Lessor	Initiation	Maturity	lease payment (per month) (incl. VAT, k€)	minimum lease payments in 2016 (incl. VAT, k€)	minimum lease payments 2017 until 2021 (incl. VAT, k€)	minimum lease payments after 2021 (incl. VAT, k€)	Classification
Sub-lease agreement regarding real estate in Zug	vitB AG	CC AG	01.10.2010	undefined	1	14	71	0	operating lease
Sub-lease agreement regarding real estate in Frankfurt/M	YOUNIQ AG	CC Advisors GmbH	01.06.2009	29.02.2016	8	16	0	0	operating lease
Sub-lease agreement regarding real estate in Frankfurt/M	CC Developments GmbH	CC Advisors GmbH	01.08.2014	29.02.2016	1	2	0	0	operating lease
Total					**10**	**32**	**71**	**0**	

Detailed schedule of lease contracts as per 31 December 2014 (Group as Lessor)									
Description of lease contract	Lessee	Lessor	Initiation	Maturity	lease payment (per month) (incl. VAT, k€)	minimum lease payments in 2015 (incl. VAT, k€)	minimum lease payments 2016 until 2020 (incl. VAT, k€)	minimum lease payments after 2020 (incl. VAT, k€)	Classification
Sub-lease agreement regarding real estate in Zug	CoreCam AG	CC AG	01.07.2014	31.03.2015	4	11	0	0	operating lease
Sub-lease agreement regarding real estate in Zug	vitB AG	CC AG	01.10.2010	undefined	1	14	71	0	operating lease
Sub-lease agreement regarding real estate in Frankfurt/M	YOUNIQ AG	CC Advisors GmbH	01.06.2009	31.07.2017	8	94	149	0	operating lease
Sub-lease agreement regarding real estate in Frankfurt/M	CC Developments GmbH	CC Advisors GmbH	01.08.2014	31.07.2017	1	11	17	0	operating lease
Total					**14**	**130**	**238**	**0**	

The Group is not subject to any relevant restrictions on financing, dividends or other leasing agreements as a result of its financing operating leases, whether as lessor or lessee.

I.12 Significant events after the reporting date (subsequent events)

- As of 4 March 2016 the outstanding amount of the Bridge Facility of INTERSHOP Holding AG and vitB AG (k€ 25,840) has been fully repaid.
- With SPA as of 16 February 2016 all Shares of Corestate CAPTIVE PropCo II S.à r.l. with the real estate asset located in Bremerhaven has been sold with an profit of k€ 1,682. With LPA as of 16 February 2016 the Shareholder Loans was sold for the face value including accrued interest.
- With SPA as of 16 February 2016 all Shares of Corestate CAPTIVE PropCo III S.à r.l. with the real estate asset located in Paderborn has been sold with an profit of k€ 3,740. With LPA as of 16 February 2016 the Shareholder Loans was sold for the face value including accrued interest.
- With SPA as of 16 February 2016 all Shares of Corestate CAPTIVE PropCo IV S.à r.l. with the real estate asset located in Hamburg has been sold with an profit of k€ 19. With LPA as of 16 February 2016 the Shareholder Loans was sold for the face value including accrued interest.
- With SPA as of 12 February 2016 all Shares of Corestate CAPTIVE PropCo I GmbH with the real estate asset located in Halle has been sold with an profit of k€ 438. With LPA as of 16 February 2016 the Shareholder Loans was sold for the face value including accrued interest.

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 the Group.

Luxembourg, 8 April 2016

Sascha Wilhelm	Daniel Schoch	Thomas Landschreiber
Chief Executive Officer	Chief Financial Officer	Chief Investment Officer