PROSPECTUS

for the admission to trading

in the Federal Republic of Germany

of

8,500,000 ordinary bearer shares in dematerialized form (the "**New Shares**"),

each such share with no par value (*valeur nominale*) and with full dividend rights as of 1 January 2020

on the

regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Admission**")

of

Corestate Capital Holding S.A.

a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 199780

This prospectus (the "**Prospectus**") constitutes a prospectus under the simplified disclosure regime for secondary issuances pursuant to Article 14 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") and Annex 3 and Annex 12 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004. Application has been made to the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*) (the "**CSSF**") in its capacity as competent authority under the Prospectus Regulation, for the approval of this Prospectus for the purposes of the Prospectus Regulation. By approving this Prospectus, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality and solvency of Corestate Capital Holding S.A., in line with Article 6(4) of the Luxembourg law of 16 July 2019 relating to prospectuses for securities.

The Company has requested the CSSF to provide the competent authority in Germany, the German Federal Financial Supervisory Authority *(Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*), with a copy of this Prospectus and a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Regulation. The Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and
on the website of the Company (www.corestate-capital.com) under the section "Shareholders".

International Securities Identification Number (ISIN): LU1296758029
(Prior to the Admission the ISIN of the New Shares is: LU2346513588)
German Securities Code (*Wertpapierkennnummer*) (WKN): A141J3
Common Code: 129675802
Trading Symbol: **CCAP**

Listing Agent

Hauck & Aufhäuser Privatbankiers Aktiengesellschaft

The date of this Prospectus is 28 June 2021

The validity of this Prospectus will expire on 28 June 2022, being twelve months after the date of its approval by the CSSF. The information contained in this Prospectus speaks only as of the date hereof and any obligation to supplement this Prospectus on the event of significant new factors, material mistakes or material inaccuracies (insofar as required under the Prospectus Regulation) will not apply after the time when trading of the New Shares on the Frankfurt Stock Exchange begins. In any event, the obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

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1. SUMMARY OF THE PROSPECTUS

1.1 Introduction and warnings

This prospectus (the "**Prospectus**") relates to ordinary bearer shares with no par value (*valeur nominale*) of Corestate Capital Holding S.A., Luxembourg, Grand Duchy of Luxembourg, (the "**Company**" and, together with its consolidated subsidiaries, "the "**Group**" or "**we**", "**us**" and "**our**"), with the legal entity identifier ("**LEI**") 529900GNB86RB7HRX793 and International Securities Identification Number ("**ISIN**") LU1296758029 (for the New Shares until the Admission (each as defined below) the ISIN is LU2346513588). The Company can be contacted at: 4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg (telephone: +352 26 63722 0); www.corestate-capital.com.

There will be no public offering. The person asking for admission to trading on a regulated market is the Company. Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, Frankfurt am Main, Germany, with the LEI 529900OOZP78CYPYF471 is acting as the listing agent ("**Hauck & Aufhäuser**"). Hauck & Aufhäuser can be contacted at: Kaiserstraße 24, 60311 Frankfurt am Main, Germany (telephone: +49 69 21610), www.hauck-aufhaeuser.com.

This Prospectus has been approved on 28 June 2021 by the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*), 283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg (telephone: +352 26 25 1 - 1 (switchboard); fax: +352 26 25 1 - 2601; e-mail: direction@cssf.lu; www.cssf.lu) (the "**CSSF**") as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, (the "**Prospectus Regulation**") and application has been made to notify the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht,* BaFin) in accordance with the European passport mechanism set forth Article 25 para. 1 of the Prospectus Regulation.

This summary (the "**Summary**") should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by an investor. Investors could lose all or part of their invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor may, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this Summary including any translation thereof, but only where this Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities.

1.2 Key information on the issuer

(a) Who is the issuer of the securities?

The issuer is Corestate Capital Holding S.A. (LEI: 529900GNB86RB7HRX793), a public limited liability company (*société anonyme*) incorporated in the Grand Duchy of Luxembourg and operating under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*, Luxembourg) under number B 199780.

(i) Principal Activities

We believe that we are one of the leading listed investment managers for real estate equity and debt in Germany and selected other European countries. We are headquartered in Luxembourg with market focus predominantly on Continental Europe and the United Kingdom covering the entire lifecycle of investments in real estate. In our fully integrated business model, we are active as co-investor and manager for our clients applying our experience and expertise to a wide range of real estate investment product offerings. We combine proven real estate expertise, good market knowledge and the understanding of mega trends and environment, social affairs and corporate governance principles for optimal product performance and sustainable returns for our customers. The revenue lines of our business were split up into three segments until 31 December 2020, namely (i) "**Real Estate Investment Management**", (ii) "**Alignment Capital Management**" and (iii) "**Real Estate Operations and Warehousing**".

In the Real Estate Investment Management segment our activities encompass the sourcing and acquisition of relevant real estate opportunities and investments, structuring and implementing investment products, performing management services for real estate investments held in separate vehicles established by respective clients together with us, and the provision of real estate mezzanine financing (*i.e.* financing, that ranks below loans and above ordinary shareholders' equity) (together, the "**Investment Structures**" and individually the "**Investment Structure**"). Moreover, we perform real estate investment management services for assets held for warehousing purposes (*i.e.* assets which we acquire on our own balance sheet and hold only for a certain short term (typically three to twelve months) in order to convert them into investment products) and – to a lesser extent – assets owned by non-client third parties, with the aim of actively value-enhancing and optimizing the assets and, ultimately, structuring the exit from such real estate investments. Our Alignment Capital Management segment is an integral part of our business model and serves to co-invest alongside our clients to align our interests with those of our clients. In our Real Estate

Operations and Warehousing segment we warehouse real estate investment opportunities prior to converting or transferring them into an investment product tailor-made for clients.

Aimed at mirroring the increased significance of the real estate debt business, we have reorganized our segments as of 1 January 2021 into the following segments: (i) "**Real Estate Equity**", (ii) "**Real Estate Debt**" and (iii) "**Other Segments**". Our segment "Real Estate Equity" now encompasses revenues from acquisition fees, from asset management fees, from property management fees (in equity products) and from sales and promote fees realized. Our segment "Real Estate Debt" now consists of revenues from underwriting and structuring fees, asset management fees (in debt products), performance fees (*i.e.* coupon participation fees) and income from bridge loans. These line items in Real Estate Equity and Real Estate Debt were previously allocated to our segment "Real Estate Investment Management" until 31 December 2020. Our segment "Other Segments" encompasses all remaining line items which, until 31 December 2020, formed the business segments "Alignment Capital Management" and "Real Estate Operations and Warehousing".

Our fully-integrated business model enables us to cover the entire lifecycle of investments in real estate equity and debt. We are a one-stop-shop providing the full range of asset, fund and property management services and related investment products (managed accounts, open-ended and closed-ended funds, club deals, alternative investment funds and individual mandates), and financial investment structuring and advisory services, covering all major real estate asset classes and all relevant investment vehicles. Our diversified product offering covers a broad range of asset classes with different risk-return profiles (from value-add/opportunistic to core), including office, residential, micro living/purpose built student accommodation, city quarters, retail, hotel, logistics, debt and mezzanine financing services, which enables us to target a broad range of clients, cross-sell our products and address the specific needs of different client types (institutional, semi-professional and private). The main focus of our business strategy in the future will be on core and core+ investments. The diversification offers additional business opportunities while mitigating business risks at the same time.

To further expand and diversify our real estate debt products and services, improve our access to new sources of capital, extend our client base and capitalize on significant cross-selling potential, on 14 January 2021, the Company entered into a business combination agreement with the shareholders of Aggregate Financial Services GmbH, Frankfurt am Main, Germany, whose legal name was changed to CORESTATE Bank GmbH on 17 June 2021 ("**AFS**"), to acquire all shares in AFS (the "**AFS BCA**"). AFS is a German debt platform and fully licensed securities trading bank. The acquisition of AFS is part of our strategy to significantly expand our position in the real estate development financing market as well as the wider real estate sector by providing additional financial investment structuring and advisory services through AFS. In accordance with the AFS BCA, the shares of AFS were transferred to the Company by way of a capital increase against contribution in kind on 25 May 2021 and the completion of the transactions contemplated under the AFS BCA occurred on the same day (the "**AFS Acquisition**").

(ii) *Major Shareholders*

Based on the shareholding notifications received by the Company as of the date of this Prospectus, our major shareholders, holding more than 5% of the Company's voting rights, are Günther Walcher, who indirectly holds 5,571,970 or 16.31% of the Company's voting rights through Passiva Participations S.à r.l., Luxembourg and 1,167,804 or 3.42% of the Company's voting rights through Aggregate Holdings 2 S.A., Luxembourg and Natig Ganiyev, who indirectly holds 2,540,936, or 7.44% of the Company's voting rights through Vestigo Immobilien Investments Limited Partnership, Guernsey. As of the date of this Prospectus, therefore, the Company is neither directly nor indirectly owned or controlled by any of its shareholders.

(iii) *Key Managing Directors*

The current members of the Company's management board (*Vorstand*) (the "**Management Board**") are René Parmantier (Chief Executive Officer and Interim Chief Financial Officer), Nils Hübener (Chief Investment Officer), Sebastian Ernst (Chief Debt Investment Officer), Johannes Märklin (Chief Debt Financing Officer) and Daniel Löhken (Chief Legal & HR Officer).

(iv) *Statutory Auditors*

The Company's independent auditor is Ernst & Young S.A., 35E avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg ("**E&Y**").

(b) ***What is the key financial information regarding the issuer?***

The following financial information is taken or derived from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020 and 31 December 2019, each prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") (together, the "**Audited Consolidated Financial Statements**") as well as the Company's accounting records or its management reporting.

Each of the Audited Consolidated Financial Statements has been audited by E&Y, who issued unqualified independent auditor's reports thereon.

Where financial data in the following tables is labelled "audited", this means that it has been taken from the Audited Consolidated Financial Statements. The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the Audited Consolidated Financial Statements but from our accounting records or management reporting or has been calculated based on figures from the abovementioned sources.

(i) Selected Consolidated Statement of Profit and Loss

The table below sets forth selected financial information from our consolidated statement of profit and loss and other comprehensive income for the periods indicated:

	For the financial year ended 31 December	
	2020	**2019**
(in EUR million, except as otherwise noted)	**(audited, except as otherwise noted)**	
Total revenue[(1)]	**199.6**	**250.9**
Net Profit/(Loss) for the Period		
of which attributable to equity holders of parent company	(69.1)	*108.5*
of which attributable to non-controlling interests	*0.2*	*0.3*
Net Profit/(Loss) for the Period	**(68.9)**	**108.8**
Income Tax Expense	*(7.0)*	*(11.6)*
Financial Expenses	*(29.1)*	*(33.6)*
Financial Income	*5.3*	*10.1*
Earnings before Interest and Taxes ("EBIT")	**(38.1)**	**143.9**
Depreciation and Amortization	*(54.7)*	*(31.1)*
Year-on-Year Revenue Growth, in %[(2)]	**(20.4)**	—
Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")	**16.6**	**175.0**
EBITDA Margin, in %[(2)(3)]	8.7	57.7
Earnings per share (undiluted) in EUR[(4)]	(3.04)	5.11

(1) Sum of total revenue from Real Estate Investment Management, Net Rental Income and Revenue from Service Charges. Not including share of profit or loss from associates, net gain from selling property holding companies and dividends from other alignment capital.
(2) Unaudited.
(3) EBITDA margin represents EBITDA as a percentage of aggregate revenues and gains/(losses).
(4) Earnings per share are calculated by dividing the Company's net profit for the year attributable to ordinary equity holders of the parent for the respective financial year by the weighted average number of ordinary shares outstanding for such financial year. In the financial years 2020 and 2019, the undiluted weighted average number of ordinary shares outstanding (undiluted) was 22,753,540 and 21,228,904, respectively.

(ii) Selected Consolidated Statement of Financial Position

The table below sets forth selected financial information from our consolidated statement of financial position as of the dates indicated:

	As of 31 December	
	2020	**2019**
(in EUR million)	**(audited, except as otherwise noted)**	
Total Assets	**1,465.0**	**1,418.4**
Total Equity	**688.5**	**676.3**
Net Financial Debt[(1)]	544.4	490.2
Thereof:		
Long-term financial liabilities to banks	*4.6[(2)]*	*7.0*
Other long-term financial liabilities	*520.3[(3)]*	*538.1*
Short-term financial liabilities to banks	*68.7[(4)]*	*47.7*
Other short-term financial liabilities	*42.0[(5)]*	*3.2*
Minus:		
Cash and cash equivalents	*68.2*	*103.2*
Restricted cash	*23.0*	*2.6*
Net Financial Debt[(6)]	**544.4**	**490.2**
Minus:		
Lease liabilities[(7)]	*27.4*	*21.0*
Net Financial Debt adjusted for IFRS 16 Financial Liabilities[(6)]	**517.0**	**469.2**

(1) Unaudited. Net financial debt represents the sum of long-term financial liabilities to banks, other long-term financial liabilities, short-term financial liabilities to banks, other short-term financial liabilities, less cash and cash equivalents and restricted cash.
(2) Shown as non-current financial liabilities to banks in the audited consolidated financial statements as of and for the financial year ended 31 December 2020.
(3) Unaudited. Sum of non-current financial liabilities to bonds and other non-current financial liabilities, each as shown as non-current financial liabilities to banks in the audited consolidated financial statements as of and for the financial year ended 31 December 2020.

(4) Shown as other financial liabilities to banks in the audited consolidated financial statements as of and for the financial year ended 31 December 2020.

(5) Shown as other current financial liabilities in the audited consolidated financial statements as of and for the financial year ended 31 December 2020.

(6) Unaudited. Net financial debt adjusted for IFRS 16 financial liabilities represents the net financial debt as defined in footnote (1) above excluding lease liabilities recognized in accordance with IFRS 16 "Leases" as of the respective reporting date.

(7) Unaudited.

(iii) Selected Consolidated Statement of Cash Flow

The table below sets forth selected financial information from the Company's consolidated statement of cash flow for the periods indicated:

	Financial year ended 31 December	
	2020	**2019**
(in EUR million)	**(audited)**	
Net cash flows from / (used in) operating activities	**(60.1)**	**78.1**
Net cash flows generated from / (used in) investing activities	**(32.8)**	**(88.3)**
Net cash flows from / (used in) financing activities	**78.3**	**(80.9)**
Cash and cash equivalents at beginning of period	**105.8**	**196.9**
Net increase / (decrease) in cash and cash equivalents	(14.6)	(91.1)
Cash and cash equivalents at end of period	**91.2**	**105.8**

(iv) Alternative Performance Measures

We *inter alia* present EBIT, EBITDA, aggregate revenues and gains/(losses), adjusted net profit, EBITDA margin, net financial debt, net financial debt adjusted for IFRS 16 financial liabilities and assets under management at the end of the period as alternative performance measures ("**APMs**") as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 on alternative performance measures. We present these APMs as (i) supplemental information because they are used by our Management Board to measure operating performance or as an auxiliary profitability parameter, and (ii) as a basis for strategic planning and forecasting. We believe that these measures are widely used by certain investors, securities analysts, and other parties as supplemental measures of operating and financial performance.

The APMs, as we define them, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our APMs are calculated. Even though the APMs are used by our Management Board to assess our ongoing financial performance, and though these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for the analysis of our results, cash flows or assets and liabilities as reported under IFRS.

The following table shows our aggregate revenues and gains/(losses), adjusted net profit and assets under management at the end of the period for the dates and periods indicated:

	As of and for the financial year ended 31 December	
	2020	**2019**
(in EUR million, except as otherwise noted)	**(unaudited)**	
Aggregate Revenues and Gains/(Losses)[(1)]	191.4	303.4
Adjusted Net Profit[(2)]	(46.8)	129.4
Assets under Management at the end of the period (in EUR billion)[(3)]	27.8	26.3

(1) Aggregate revenues and gains/(losses) represent the sum of total revenue from real estate investment management, share of profit or loss from associates and joint ventures, dividends from other alignment capital, gains or losses from fair value measurement of financial instruments related to real estate and total income from real estate operations/warehousing.

(2) Adjusted Net Profit is defined as the net profit/(loss) for the period attributable to shareholders of the parent company adjusted for certain exceptional items as described below. Adjusted Net Profit for the financial years ending 31 December 2019 and 31 December 2020 has been amended compared to the Adjusted Net Profit included in the annual reports of the Company by taking into account non-significant differences in the adjustments for the Amortization of Asset Management Contracts and Deferred Tax Effects resulting in a decrease in Adjusted Net Profit for the financial year ending 31 December 2019 by EUR 0.9 million and an increase in Adjusted Net Profit for the financial year ending 31 December 2020 by EUR 0.7 million.

(3) Assets under Management are all investments, products and projects, which are actively managed by one of the Company's subsidiaries and which are generating recurring revenues. Recurring revenues are defined as contracted, regularly (monthly/quarterly/yearly) fees over the time of the management of the investments, products and projects. The following fee types are usual recurring revenues: asset management fees, investment management fees, development fees, performance fees, property management fees, etc. Management determines different kind of contracted services like investment-/fund management, asset management, development and property management. In general, the management of a real estate asset is understood to mean the active planning, management, implementation, monitoring and control of all value-influencing measures of a property, a real estate portfolio or a fund during the management phase. Development contains services for to be developed real estate assets from the initial purchase of land, the application of the building permits, the application, monitoring and steering of all construction services, the commercial management until the completion and operations hand-

over. Property management is the oversight of a real estate and generally contains services of day-to-day operations of the real estate, from screening tenants to arranging for repairs and maintenance.

The following table shows the calculation of our aggregate revenues and gains/(losses) for the periods indicated:

	Financial year ended 31 December	
	2020	2019
(in EUR million)	(audited, except as otherwise noted)	
Total Revenue from Real Estate Investment Management	193.3	236.2
Share of Profit or Loss from Associates and Joint Ventures[(1)]	(9.3)	11.9
Dividends from other Alignment Capital	8.8	10.3
Gains or Losses from fair value measurement of financial instruments related to real estate	(6.8)	11.6
Total Income from Real Estate Operations/Warehousing	5.5	33.4
Aggregate Revenues and Gains/(Losses)[(2)]	**191.4**	**303.4**

(1) Share of profit or loss from associates and joint ventures may include fair value gains or losses or other non-cash items.
(2) Unaudited.

The following table shows the reconciliation of net profit/(loss) for the period attributable to shareholders of the parent company to adjusted net profit for the periods indicated:

	Financial year ended 31 December	
	2020	2019
(in EUR million)	(unaudited, except as otherwise noted)	
Net Profit/(Loss) for the Period attributable to equity holders of the parent company[(1)]	**(69.1)**	**108.5**
Net Profit Adjustments:	22.3	20.9
Thereof:		
Amortization of Asset Management Contracts	*24.8*	*24.3*
Deferred Tax Effects	*(2.7)*	*(3.7)*
Net profit/(loss) for the period attributable to non-controlling Interests	*0.2*	*0.3*
Adjusted Net Profit	**(46.8)**	**129.4**

(1) Audited.

(c) What are the key risks that are specific to the issuer?

- The COVID-19 pandemic may lead to higher volatility in the global and European economy and capital markets as well as in the specific markets, in which we are conducting our businesses, which may materially and adversely affect our business, financial condition and results of operations.
- As an investment manager for real estate equity and debt with our principal operations in Germany and a pan-European investment exposure, our business is affected by developments in the German and European real estate markets.
- Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of our Investment Structures, reducing the ability of our Investment Structures to raise or deploy capital and reducing the volume of transactions involving our financial investment structuring and advisory business following the AFS Acquisition each of which could materially reduce our revenue and cash flow and adversely affect our financial condition.
- The benefits expected as a result of the AFS Acquisition could not be fully realized or not realized at all. Moreover, we could be exposed to risks in relation to AFS that were not detected during the due diligence preceding the AFS Acquisition.
- The AFS Acquisition exposes the Group to risks related to the business of providing certain financial services.
- Disputes with clients of our Investment Structures and our financial investment structuring and advisory services or the non-performance by clients of their obligations may materially and adversely affect our business.
- We may need to write down goodwill, which would adversely affect our financial results.
- Our business model depends on our ability to find clients for our Investment Structures and our financial investment structuring and advisory business. Any inability to do so may have a material adverse effect on our business, financial condition and results of operations.
- Current or future acquisitions or sales for our Investment Structures and for warehousing purposes may not be completed at all or not as originally contemplated, for example, due to conditions in the sale and purchase agreement or a failure to reach final agreements on the acquisition financing, all of which have material adverse effects on our business, financial condition and results of operations.
- Poor performance by the mezzanine funds we advise may adversely affect our brand and reputation, the Coupon-participation fee received by us, and our ability to raise capital.

- Our substantial debt obligations may adversely affect our business, and our ability to generate the cash needed to service our debt depends in certain factors beyond our control.
- Compliance breaches could result in investigations by relevant authorities, fines, damage claims, payment claims, the termination of relationships with clients and reputational damage.
- We and our Investment Structures could be required to pay additional taxes following tax audits or tax assessments.

1.3 Key information on the securities

(a) What are the main features of the securities?

This Prospectus relates to the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) of 8,500,000 ordinary bearer shares in dematerialized form, each with no par value (*valeur nominale*) and full dividend rights as from 1 January 2020, (the "**Admission**") stemming from a capital increase against contribution in kind in connection with the AFS Acquisition (the "**AFS Capital Increase**") from EUR 1,924,952.15 to EUR 2,562,452.24 by utilizing a corresponding portion of the Company's authorized capital (the "**New Shares**", or individually a "**New Share**") as resolved by the Management Board on 25 May 2021, with the consent of the supervisory board of the Company from the same day.

The ISIN of the New Shares is LU2346513588 and following the Admission the ISIN will be LU1296758029. The New Shares are denominated in Euros and are issued for an indefinite term. Each New Share carries one vote at the Company's shareholders' meeting. All of the New Shares confer the same voting rights. There are no restrictions on voting rights. The New Shares are freely transferable in accordance with the legal requirements for ordinary bearer shares. There are no prohibitions on disposals or restrictions with respect to the transferability of the New Shares. All New Shares provide holders thereof with the same rights and none of the New Shares provides any additional rights or advantages.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the shares in proportion to their interest in the Company's share capital.

Our general dividend policy is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. In line with this general dividend policy, our dividend policy as adopted in April 2020 is to distribute at least 30% of our consolidated net profit to shareholders. As the Company reported a net loss for the financial year 2020, and given the uncertainty surrounding the further development of the COVID-19 pandemic, further strengthening of our liquidity is currently a priority. Therefore, no dividend was paid for the financial year 2020.

(b) Where will the securities be traded?

As of the date of this Prospectus, 25,666,025 shares of the Company are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard). An application has been made for the Admission, *i.e.* the admission of the New Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard).

(c) What are the key risks that are specific to the securities?

- The trading volume and price of the Company's shares could fluctuate significantly.
- The shares of the Company may not be a suitable investment for all investors.

1.4 Key information on the admission to trading on a regulated market

(a) Under which conditions and timetable can I invest in this security?

Not applicable. There will be no public offering of the New Shares.

Based on 25,666,025 shares immediately prior to the AFS Capital Increase and the issuance of 8,500,000 New Shares by means of the AFS Capital Increase, the percentage ownership in the Company's share capital and voting rights of each shareholder existing prior to the AFS Capital Increase was decreased by 33.1% per existing share.

The following is the expected timetable, which remains subject to change, of the Admission:

25 May 2021.....................	Issuance of the New Shares
17 June 2021.....................	Application for the Admission

28 June 2021....................	Approval of this Prospectus by the CSSF
	Publication of the approved Prospectus on the Company's website (www.corestate-capital.com) under the section "Shareholders"
29 June 2021....................	Decision on the Admission to be issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
30 June 2021....................	Commencement of trading in the New Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard)

(b) Who is the person asking for admission to trading?

The person asking for admission to trading on a regulated market (*regulierter Markt*) is the Company. The Company is a public limited liability company (*société anonyme*) incorporated in the Grand Duchy of Luxembourg and operating under the laws of the Grand Duchy of Luxembourg. Hauck & Aufhäuser is acting as listing agent in connection with the Admission.

(c) Why is this Prospectus being produced?

(i) Subject Matter of this Prospectus

The subject matter of this Prospectus is the Admission, *i.e.* the admission of the New Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard).

(ii) Most Material Conflicts of Interest Pertaining to the Admission to Trading

Hauck & Aufhäuser is acting for the Company in connection with the Admission and is coordinating the listing process. Hauck & Aufhäuser will receive a customary fixed commission for such services. As a result of this contractual relationship, Hauck & Aufhäuser has a financial interest in the success of the Admission. Hauck & Aufhäuser or its affiliates may from time to time in the future have business relations or perform services for the Company and/or other companies of the Group in the ordinary course of business.

Other than the interests described above, there are no material interests with respect to the Admission. None of the aforementioned interests constitutes a conflict of interest or a potential conflict of interest.

2. ZUSAMMENFASSUNG DES PROSPEKTS

2.1 Einleitung und Warnungen

Dieser Prospekt (der „**Prospekt**") bezieht sich auf den Inhaber lautende Stammaktien ohne Nennwert (*valeur nominale*) der Corestate Capital Holding S.A., Luxemburg, Großherzogtum Luxemburg, (die „**Gesellschaft**" und, gemeinsam mit ihren konsolidierten Tochtergesellschaften, die „**Gruppe**" oder „**wir**", „**uns**" und „**unser**"), mit der Rechtsträgerkennung („**LEI**") 529900GNB86RB7HRX793 und der internationalen Wertpapieridentifikationsnummer („**ISIN**") LU1296758029 (für die Neuen Aktien lautet die ISIN bis zur Zulassung (jeweils wie nachstehend definiert) LU2346513588). Die Gesellschaft ist erreichbar unter: 4, rue Jean Monnet, L-2180 Luxemburg, Großherzogtum Luxemburg (Telefon: +352 26 637220); www.corestate-capital.com.

Es wird kein öffentliches Angebot geben. Die Zulassung zum Handel an einem regulierten Markt beantragende Person ist die Gesellschaft. Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, mit der LEI: 529900OOZP78CYPYF471 agiert als der Listing Agent („**Hauck & Aufhäuser**"). Hauck & Aufhäuser ist erreichbar unter: Kaiserstraße 24, 60311 Frankfurt am Main, Germany (Telefon: +49 69 2161-0), www.hauck-aufhaeuser.com.

Dieser Prospekt ist am 28. Juni 2021 von der Luxemburger Aufsichtskommission des Finanzsektors (*Commission de Surveillance du Secteur Financier*), 283, route d'Arlon, L-1150 Luxemburg, Großherzogtum Luxemburg, (Telefon: +352 26 25 1 - 1 (Vermittlung); Fax: +352 26 25 1 - 2601; E-Mail: direction@cssf.lu; www.cssf.lu) (die „**CSSF**") als zuständige Behörde gemäß Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist und zur Aufhebung der Richtlinie 2003/71/EG (die „**Prospektverordnung**") gebilligt worden und es wurde ein Antrag auf Notifizierung bei der deutschen Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) gemäß dem europäischen Passport-Mechanismus nach Artikel 25 Abs. 1 der Prospektverordnung gestellt.

Diese Zusammenfassung (die „**Zusammenfassung**") soll als Einführung zu diesem Prospekt verstanden werden. Ein Anleger sollte jede Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospekts stützen. Der Anleger könnte das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in dem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung des Prospekts zu Prozessbeginn zu tragen haben. Die zivilrechtliche Haftung gilt nur für diejenigen Personen, die diese Zusammenfassung einschließlich ihrer Übersetzung eingereicht haben, jedoch nur, wenn diese Zusammenfassung irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen würden

2.2 Basisinformationen über die Emittentin

(a) Wer ist die Emittentin der Wertpapiere?

Die Emittentin ist die Corestate Capital Holding S.A. (LEI: 529900GNB86RB7HRX793), eine Aktiengesellschaft (*société anonyme*), die im Großherzogtum Luxemburg gegründet wurde und nach den Gesetzen des Großherzogtums Luxemburg tätig ist, mit registriertem Sitz in 4, rue Jean Monnet, L-2180 Luxemburg, Großherzogtum Luxemburg und eingetragen im Handels- und Gesellschaftsregister Luxemburg (*Registre de Commerce et des Sociétés*, Luxemburg) unter der Nummer B 199780.

(i) Hauptgeschäftstätigkeiten

Wir verstehen uns als einen der führenden börsennotierten Investmentmanager für Immobilienkapital und -finanzierungen in Deutschland und ausgewählten anderen europäischen Ländern. Wir haben unseren Hauptsitz in Luxemburg und konzentrieren uns hauptsächlich auf Märkte in Kontinaleuropa und dem Vereinigten Königreich, wobei wir den gesamten Lebenszyklus von Immobilieninvestitionen abdecken. In unserem vollständig integrierten Geschäftsmodell sind wir als Co-Investor und Manager für unsere Kunden aktiv und wenden unsere Erfahrung und unser Know-how auf eine breite Palette von Immobilieninvestment-Produktangeboten an. Wir kombinieren nachgewiesene Immobilienkompetenz, gute Marktkenntnisse und das Verständnis für Megatrends und Umwelt, soziale Angelegenheiten und Corporate Governance, um eine optimale Produktleistung und nachhaltige Renditen für unsere Kunden zu erzielen. Die Darstellung unserer Umsatzerlöse erfolgte bis einschließlich 31. Dezember 2020 in diesen drei Segmenten: (i) „**Real Estate Investment Management**", (ii) „**Alignment Capital Management**" und (iii) „**Real Estate Operations and Warehousing**".

Im Segment Real Estate Investment Management umfassen unsere Aktivitäten die Beschaffung und Akquisition relevanter Immobiliengelegenheiten und -investitionen, die Strukturierung und Implementierung von Anlageprodukten sowie die Erbringung von Managementdienstleistungen für Immobilieninvestitionen in separaten Investmentvehikeln, die von den jeweiligen Kunden zusammen mit uns eingerichtet wurden, und die Bereitstellung von Immobilien-Mezzanine-Finanzierungen (d.h. Finanzierungen, die im Rang unter Kreditverbindlichkeiten und über dem Eigenkapital liegen) (zusammen die „**Investmentstrukturen**" und einzeln die „**Investmentstruktur**"). Darüber hinaus erbringen wir Dienstleistungen im Bereich Immobilieninvestmentmanagement sowie für Vermögenswerte, die zu Warehousing-Zwecken gehalten werden (d.h. Vermögenswerte, die wir auf unsere eigene Bilanz erwerben und nur für eine bestimmte kurzfristige Zeit halten (in der Regel 3 bis 12 Monate), um sie in

Anlageprodukte umzuwandeln) und - in geringerem Umfang - Vermögenswerte von Dritten außerhalb unseres Geschäftskreises mit dem Ziel, die Vermögenswerte aktiv zu steigern und zu optimieren und letztendlich die Strukturierung des Exits aus solchen Immobilieninvestitionen. Unser Segment Alignment Capital Management ist ein wesentlicher Bestandteil unseres Geschäftsmodells und dient dazu, gemeinsam mit unseren Kunden zu investieren, um unsere Interessen mit denen unserer Kunden in Einklang zu bringen. In unserem Segment Real Estate Operations and Warehousing halten wir Immobilieninvestitionsmöglichkeiten, bevor wir sie in ein für den Kunden maßgeschneidertes Anlageprodukt umwandeln oder übertragen.

Um der gestiegenen Bedeutung des Real Estate Debt Geschäfts Rechnung zu tragen, haben wir unsere Segmente zum 1. Januar 2021 in die folgenden Segmente umstrukturiert: (i) „**Real Estate Equity**", (ii) „**Real Estate Debt**" und (iii) „**Other Segments**". Unser Segment „Real Estate Equity" umfasst nun Erlöse aus Akquisitionsgebühren, aus Asset-Management-Gebühren, aus Gebühren für Immobilienverwaltung (in Eigenkapital-Produkten) und aus realisierten Verkaufs- und Promote Gebühren. Unser Segment „Real Estate Debt" umfasst nun Erlöse aus Underwriting- und Strukturierungsgebühren, Asset-Management-Gebühren (bei Fremdkapital-Produkten), Leistungsgebühren (d.h. Coupon-Partipication Gebühr) und Erträge aus Brückenfinanzierungen. Alle diese Positionen in Real Estate Equity und Real Estate Debt waren bis zum 31. Dezember 2020 Teil des Segments „Real Estate Investment Management". Unser Segment „Other Segments" umfasst alle verbleibenden Posten, die bis zum 31. Dezember 2020 die Geschäftssegmente „Alignment Capital Management" und „Real Estate Operations and Warehousing" bildeten.

Unser vollständig integriertes Geschäftsmodell ermöglicht es uns, den gesamten Lebenszyklus von Investitionen in Immobilienkapital und -finanzierungen abzudecken. Wir sind ein One-Stop-Shop, der die gesamte Palette von Vermögens-, Fonds- und Immobilienverwaltungsdienstleistungen und damit verbundenen Anlageprodukten (verwaltete Konten, offene und geschlossene Fonds, Club-Deals, alternative Investmentfonds und Einzelmandate) anbietet sowie Investmentstrukturierung und -beratung, die alle wichtigen Immobilien-Anlageklassen und alle relevanten Anlageinstrumente abdeckt. Unser diversifiziertes Produktangebot deckt eine breite Palette von Anlageklassen mit unterschiedlichen Risiko-Rendite-Profilen ab (von Value-Add/Opportunistic bis Core) einschließlich Büro-, Wohn-, Mikro-Wohn-/zweckgebundener Studentenunterkünfte, Stadtquartiere, Einzelhandels-, Hotel-, Logistik-, Kredit- und Mezzanine-Finanzierungsdienstleistungen, die es uns ermöglichen, ein breites Spektrum von Kunden anzusprechen, cross-selling unserer Produkte zu betreiben und auf die spezifischen Bedürfnisse verschiedener Kundentypen (institutionelle, semiprofessionelle und private) einzugehen. Der Hauptfokus unserer Geschäftsstrategie wird in Zukunft auf Core- und Core+-Investitionen liegen. Die Diversifikation bietet zusätzliche Geschäftsmöglichkeiten und mindert gleichzeitig die Geschäftsrisiken.

Um unsere Immobilienkreditprodukte und -dienstleistungen weiter auszubauen und zu diversifizieren, unseren Zugang zu neuen Kapitalquellen zu verbessern, unseren Kundenstamm zu vergrößern und ein erhebliches Cross-Selling-Potenzial auszuschöpfen, hat die Gesellschaft am 14. Januar 2021 mit den Anteilseignern von Aggregate Financial Services GmbH, Frankfurt am Main, Deutschland, die am 17. Juni 2021 ihre Firma zu CORESTATE Bank GmbH geändert hat („**AFS**") eine Vereinbarung über den Erwerb aller Anteile an AFS (das „**AFS BCA**"), einer deutschen Kreditplattform und voll lizenzierten Wertpapierhandelsbank, abgeschlossen. Der Erwerb von AFS ist Teil unserer Strategie, unsere Position auf dem Markt für Immobilienentwicklungsfinanzierungen sowie im breiteren Immobiliensektor deutlich auszubauen, indem wir über AFS zusätzliche Dienstleistungen zur Strukturierung von Finanzinvestitionen und zur Beratung anbieten. Gemäß dem AFS BCA wurden die Geschäftsanteile von AFS im Wege einer Sachkapitalerhöhung am 25. Mai 2021 in die Gesellschaft eingebracht und der Abschluss der im Rahmen des AFS BCA vorgesehenen Transaktionen erfolgte am gleichen Tag (die „**AFS Akquisition**").

(ii) *Hauptanteilseigner*

Auf der Grundlage der bei der Gesellschaft zum Datum dieses Prospekts eingegangenen Stimmrechtsmitteilungen sind unsere Hauptaktionäre, die mehr als 5% der Stimmrechte der Gesellschaft halten, Günther Walcher, welcher mittelbar 5.571.970 oder 16,31% der Stimmrechte der Gesellschaft durch die Passiva Participations S.à r.l., Luxemburg und 1.167.804 oder 3,42% der Stimmrechte der Gesellschaft durch die Aggregate Holdings 2 S.A., Luxemburg hält und Natig Ganiyev, welcher mittelbar 2.540.936 oder 7,44% der Stimmrechte der Gesellschaft durch die Vestigo Immobilien Investments Limited Partnership, Guernsey, hält. Zum Datum dieses Prospekts befindet sich die Gesellschaft daher weder direkt noch indirekt im Besitz oder unter der Kontrolle eines ihrer Aktionäre.

(iii) *Hauptgeschäftsführer*

Die gegenwärtigen Mitglieder des Vorstands der Gesellschaft (der „**Vorstand**") sind René Parmantier (Vorstandsvorsitzender sowie kommissarischer Finanzvorstand), Nils Hübener (Investmentvorstand), Sebastian Ernst (Vorstand für den Bereich Kreditfinanzierung), Johannes Märklin (Vorstand für Fremdfinanzierungen) und Daniel Löhken (Vorstand für Recht und Personal).

(iv) *Abschlussprüfer*

Der Abschlussprüfer der Gesellschaft ist Ernst & Young S.A., 35E avenue John F. Kennedy, L-1855 Luxemburg, Großherzogtum Luxemburg („**E&Y**").

(b) ***Was sind die wesentlichen Finanzinformationen der Emittentin?***

Die folgenden Finanzinformationen sind den geprüften Konzernabschlüssen der Gesellschaft zu den und für die zum 31. Dezember 2020 und 31. Dezember 2019 beendeten Geschäftsjahre, welche in Übereinstimmung mit den International

Financial Reporting Standards („**IFRS**"), wie sie in der Europäischen Union anzuwenden sind, erstellt wurden (zusammen die „**Geprüften Konzernabschlüsse**") sowie der Buchhaltung des Unternehmens oder seinen Managementberichten, entnommen worden.

Jeder geprüfte Konzernabschluss wurde gemäß IFRS erstellt und von E&Y geprüft, welche jeweils uneingeschränkte Bestätigungsvermerke erteilt hat.

Wenn die Finanzdaten in den folgenden Tabellen als „geprüft" gekennzeichnet sind, bedeutet dies, dass sie den geprüften Konzernabschlüssen entnommen wurden. Die Angabe „ungeprüft" wird in den folgenden Tabellen verwendet, um Finanzdaten anzugeben, die nicht aus den geprüften Konzernabschlüssen, sondern aus unserer Buchhaltung oder unseren Managementberichten stammen oder auf der Grundlage von Zahlen aus den oben genannten Quellen berechnet wurden.

(i) Ausgewählte Finanzinformationen aus der Konzern- Gewinn- und Verlustrechnung

In der folgenden Tabelle sind ausgewählte Finanzinformationen aus unserer Konzern-Gewinn- und Verlustrechnung und sonstigem Gesamtergebnis für die angegebenen Zeiträume aufgeführt:

	Für das zum 31. Dezember beendete Geschäftsjahr	
	2020	**2019**
(in EUR Millionen, wenn nicht anders angegeben)	**(geprüft, wenn nicht anders angegeben)**	
Summe der Umsatzerlöse[(1)]	**199,6**	**250,9**
Konzernjahresergebnis		
davon entfällt auf Anteilseigner des Mutterunternehmens	(69,1)	*108,5*
davon entfallen auf nicht beherrschende Anteile	0,2	*0,3*
Konzernjahresergebnis	**(68,9)**	**108,8**
Ertragsteueraufwand	*(7,0)*	*(11,6)*
Finanzaufwendungen	*(29,1)*	*(33,6)*
Finanzerträge	*5,3*	*10,1*
Ergebnis vor Zinsen und Steuern ("EBIT")	**(38,1)**	**143,9**
Abschreibungen	*(54,7)*	*(31,1)*
Wachstum der Summe der Umsatzerlöse im Jahresvergleich, %[(2)]	**(20,4)**	**—**
Ergebnis vor Zinsen, Steuern und Abschreibungen („EBITDA")[0]	**16,6**	**175,0**
EBITDA-Marge, in %[(2)(3)]	8,7	57,7
Ergebnis je Aktie (unverwässert) in Euro[(4)]	(3,04)	5,11

(1) Summe der Einnahmen aus Real Estate Investment Management, Nettomietertrag und Einnahmen aus Nebenkosten. Beinhaltet nicht den Anteil am Gewinn und Verlust von assoziierten Unternehmen, Nettogewinn aus dem Verkauf von Immobilienbesitzgesellschaften und Dividenden aus sonstigem Alignment Capital.

(2) Ungeprüft.

(3) EBITDA-Marge stellt EBITDA als Prozentsatz von aggregierten Gewinnen und Erlösen dar.

(4) Das Ergebnis je Aktie wird berechnet, indem das den Anteilseignern des Mutterunternehmens zuzurechnende Konzernjahresergebnis des Unternehmens für das jeweilige Geschäftsjahr durch die unverwässerte gewichtete durchschnittliche Anzahl der für dieses Geschäftsjahr im Umlauf befindlichen Aktien geteilt wird. In den Geschäftsjahren 2020 und 2019 betrug die gewichtete durchschnittliche Anzahl der im Umlauf befindlichen Stammaktien (unverwässert) 22.753.540 und 21.228.904.

(ii) Ausgewählte Finanzinformationen aus der Konzernbilanz

In der folgenden Tabelle sind ausgewählte Finanzinformationen aus unserer Konzernbilanz zu den angegebenen Zeitpunkten aufgeführt:

	Zum 31. Dezember	
	2020	**2019**
(in EUR Millionen)	**(geprüft, wenn nicht anders angegeben)**	
Summe Vermögenswerte	**1,465,0**	**1,418,4**
Summe Eigenkapital	**688,5**	**676,3**
Nettofinanzschulden[(1)]	544,4	490,2
Davon:		
Langfristige Finanzverbindlichkeiten gegenüber Banken	*4,6[(2)]*	*7,0*
Andere langfristige Finanzverbindlichkeiten	*520,3[(3)]*	*538,1*
Kurzfristige Finanzverbindlichkeiten gegenüber Banken	*68,7[(4)]*	*47,7*
Andere kurzfristige Finanzverbindlichkeiten	*42,0[(5)]*	*3,2*
Minus:		
Zahlungsmittel und Zahlungsmitteläquivalente	*68,2*	*103,2*
Zahlungsmittel mit Verfügungsbeschränkungen	*23,0*	*2,6*
Nettofinanzschulden[(6)]	**544,4**	**490,2**
Minus:		
Leasingverbindlichkeiten[(7)]	*27,4*	*21,0*
Nettofinanzierungsschulden bereinigt um IFRS 16 Finanzverbindlichkeiten[(8)]	**517,0**	**469,2**

(1) Ungeprüft. Nettofinanzschulden stellt die Summe von langfristigen Finanzverbindlichkeiten gegenüber Banken, anderen langfristigen Finanzverbindlichkeiten, kurzfristigen Finanzverbindlichkeiten gegenüber Banken, andere kurzfristige Finanzverbindlichkeiten, weniger Zahlungsmittel und Zahlungsmitteläquivalente und eingeschränkt verfügbare Zahlungsmittel dar.
(2) Ausgewiesen als langfristige Finanzverbindlichkeiten gegenüber Kreditinstituten im geprüften Konzernabschluss zum und für das Geschäftsjahr zum 31. Dezember 2020.
(3) Ungeprüft. Summe aus langfristigen Finanzverbindlichkeiten aus Anleihen und sonstigen langfristigen Finanzverbindlichkeiten, jeweils wie im geprüften Konzernabschluss zum und für das Geschäftsjahr zum 31. Dezember 2020 als langfristige Finanzverbindlichkeiten gegenüber Kreditinstituten ausgewiesen.
(4) Ausgewiesen als sonstige finanzielle Verbindlichkeiten gegenüber Kreditinstituten im geprüften Konzernabschluss zum und für das Geschäftsjahr zum 31. Dezember 2020.
(5) Ausgewiesen als sonstige kurzfristige finanzielle Verbindlichkeiten im geprüften Konzernabschluss zum und für das Geschäftsjahr zum 31. Dezember 2020.
(6) Ungeprüft. Die um IFRS 16-Finanzverbindlichkeiten bereinigten Nettofinanzschulden stellen die Nettofinanzschulden gemäß der Definition in Fußnote (1) oben dar, ohne die gemäß IFRS 16 "Leasingverhältnisse" erfassten Leasingverbindlichkeiten zum jeweiligen Stichtag.
(7) Ungeprüft.

(iii) Ausgewählte konsolidierte Kapitalflussrechnung

Die Tabelle unten zeigt ausgewählte Finanzinformationen aus unserer Konzern-Kapitalflussrechnung für die angegebenen Perioden:

	Für das zum 31. Dezember beendete Geschäftsjahr	
	2020	**2019**
(in EUR Millionen)	**(geprüft)**	
Netto Cash Flows aus / (für) laufender Geschäftstätigkeit	**(60,1)**	**78,1**
Netto Cash Flows aus / (für) Investitionstätigkeiten	**(32,8)**	**(88,3)**
Netto Cash Flows aus / (für) Finanzierungstätigkeiten	**78,3**	**(80,9)**
Zahlungsmittel und Zahlungsmitteläquivalente am Anfang der Periode	**105,8**	**196,9**
Nettozunahme / (-abnahme) der Zahlungsmittel und Zahlungsmitteläquivalente	(14,6)	(91,1)
Zahlungsmittel und Zahlungsmitteläquivalente am Ende der Periode	**91,2**	**105,8**

(iv) Alternative Leistungskennzahlen

Wir stellen unter anderem das EBIT, EBITDA, aggregierte Gewinne und Erlöse/(Verluste), das bereinigte Konzernergebnis, die EBITDA-Marge, die Nettoverschuldung, die Nettoverschuldung bereinigt um die finanziellen Verbindlichkeiten nach IFRS 16, und das verwaltete Vermögen zum Ende der Periode als alternative Leistungskennzahlen („**APMs**"), gemäß den Richtlinien der Europäischen Wertpapier- und Marktaufsichtsbehörde (ESMA) vom 5. Oktober 2015 zu alternativen Leistungskennzahlen, dar. Wir stellen diese APMs dar als (i) ergänzende Informationen, da sie von unserem Vorstand zur Messung der operativen Leistung oder als zusätzliches Kenngröße für die Rentabilität verwendet werden und (ii) als Grundlage für die strategische Planung und Prognose dienen. Zudem glauben wir, dass diese Kennzahlen von bestimmten Anlegern, Wertpapieranalysten und anderen Parteien häufig als ergänzende Kennzahlen für die operative und finanzielle Leistung verwendet werden.

Diese APMs sind nicht nach IFRS erforderlich und werden nicht gemäß IFRS oder anderen international anerkannten Rechnungslegungsgrundsätzen berechnet. Die von uns definierten APMs sind möglicherweise nicht mit Kennzahlen mit ähnlichen Titeln vergleichbar, wie sie von anderen Unternehmen dargestellt werden, da sich die Berechnung unserer APMs unterscheidet. Obwohl die APMs von unserem Vorstand zur Bewertung unserer laufenden finanziellen Leistung verwendet werden und diese Arten von Kennzahlen üblicherweise von Anlegern verwendet werden, können sie nur eingeschränkt als Analysewerkzeuge verwendet werden, und sollten nicht isoliert oder als Ersatz für die Analyse unserer Ergebnisse, Cashflows oder Vermögenswerte und Schulden gemäß IFRS betrachtet werden.

Die folgende Tabelle zeigt unsere aggregierten Gewinne und Erlöse/(Verluste), den bereinigten Nettogewinn und das verwaltete Vermögen zum Ende der Periode für die angegebenen Zeiträume:

	Zum und für das zum 31. Dezember endende Geschäftsjahr	
	2020	**2019**
(in EUR Millionen, wenn nicht anders angegeben)	**(ungeprüft)**	
Aggregierte Gewinne und Erlöse/(Verluste) (1)	191,4	303,4
Bereinigtes Konzernjahresergebnis (2)	(46,8)	129,4
Verwaltetes Vermögen zum Ende der Periode (in EUR Milliarden)(3)	27,8	26,3

(1) Aggregierte Gewinne und Erlöse/(Verluste) stellt die Summe der Gesamterlöse aus Real Estate Investment Management, Anteil am Ergebnis von assoziierten Unternehmen und Joint Ventures, Dividenden aus anderem Alignment Capital, Gewinne

oder Verluste aus der Bewertung zum beizulegenden Zeitwert von Finanzinstrumenten im Zusammenhang mit Immobilien und Gesamterträge aus Immobiliengeschäften/-lagern.

(2) Das Bereinigte Konzernjahresergebnis wird definiert als das den Aktionären der Muttergesellschaft zurechenbare Konzernjahresergebnis der Periode bereinigt um bestimmte außergewöhnliche Positionen wie nachstehend beschrieben. Das Bereinigte Konzernjahresergebnis für die zum 31. Dezember 2020 und 31. Dezember 2019 beendeten Geschäftsjahre wurde gegenüber dem in den Geschäftsberichten der Gesellschaft enthaltenen Bereinigten Konzernjahresergebnis geändert, indem nicht signifikante Unterschiede bei den Bereinigungen für die Abschreibung von Asset-Management-Verträgen und für Latente Steueransprüche berücksichtigt wurden, was zu einer Verringerung des Bereinigten Konzernjahresergebnisses für das am 31. Dezember 2019 endende Geschäftsjahr um 0,9 Mio. EUR und zu einer Erhöhung des Bereinigten Konzernjahresergebnisses für das am 31. Dezember 2020 endende Geschäftsjahr um 0,7 Mio. EUR führte.

(3) Als Assets under Management werden alle Investments, Produkte und Projekte betrachtet, die von einer Tochtergesellschaft der Gesellschaft aktiv verwaltet werden und wiederkehrende Erträge generieren. Wiederkehrende Erträge sind definiert als vertraglich vereinbarte, regelmäßige (monatliche/vierteljährliche/jährliche) Gebühren über den Zeitraum der Verwaltung der Investments, Produkte und Projekte. Die folgenden Gebührentypen sind übliche wiederkehrende Einnahmen: Asset Management Gebühren, Gebühren für die Verwaltung von Investitionen, Entwicklungsgebühren, Leistungsgebühren, Gebühren für die Immobilienverwaltung usw. Das Management bestimmt verschiedene Arten von beauftragten Dienstleistungen wie Investment-/Fondsmanagement, Asset Management, Entwicklung und Property Management. Im Allgemeinen versteht man unter der Verwaltung eines Immobilienvermögens die aktive Planung, Steuerung, Durchführung, Überwachung und Kontrolle aller wertbeeinflussenden Maßnahmen einer Immobilie, eines Immobilienportfolios oder eines Fonds während der Bewirtschaftungsphase. Entwicklung beinhaltet Leistungen für zu entwickelndes Immobilienvermögen vom ersten Grundstückserwerb, der Beantragung der Baugenehmigung, der Beantragung, Überwachung und Steuerung aller Bauleistungen, der kaufmännischen Verwaltung bis zur Fertigstellung und Betriebsübergabe. Das Property Management ist die Betreuung einer Immobilie und beinhaltet in der Regel Leistungen des täglichen Betriebs der Immobilie, von der Auswahl der Mieter bis zur Veranlassung von Reparaturen und Instandhaltung.

Die folgende Tabelle zeigt die Berechnung unserer Gesamterlöse und –gewinne/(-verluste) für die angegebenen Zeiträume:

	Für das zum 31. Dezember endende Geschäftsjahr	
	2020	**2019**
(in EUR Millionen)	**(geprüft, wenn nicht anders angegeben)**	
Gesamterlöse aus Real Estate Investment Management	193,3	236,2
Gewinn- oder Verlustanteile an assoziierten Unternehmen und Joint Ventures [1]	(9,3)	11,9
Dividenden aus anderem Alignment Capital	8,8	10,3
Gewinne oder Verluste aus der Bewertung zum beizulegenden Zeitwert von Finanzinstrumenten im Zusammenhang mit Immobilien	(6,8)	11,6
Gesamterträge aus Real Estate Operations/Warehousing	5,5	33,4
Aggregierte Gewinne und Erlöse/(Verluste) [2]	**191,4**	**303,4**

(1) Gewinn- oder Verlustanteile an assoziierten Unternehmen und Joint Ventures kann Gewinne oder Verluste aus dem beizulegenden Zeitwert oder andere nicht zahlungswirksame Posten enthalten.

(2) Ungeprüft.

Die folgende Tabelle zeigt die Überleitung des Nettogewinns/(Verlusts) der Periode, der den Aktionären der Muttergesellschaft zuzurechnen ist, zum bereinigten Nettogewinn für die angegebenen Zeiträume:

	Für das zum 31. Dezember endende Geschäftsjahr	
	2020	**2019**
(in EUR Millionen)	**(ungeprüft, wenn nichts anders angegeben)**	
Konzernjahresergebnis, das den Anteilseignern des Mutterunternehmens zuzurechnen ist[1]	**(69,1)**	**108,5**
Konzernjahresergebnis Bereinigungen:	22,3	20,9
Davon:		
Abschreibung von Asset-Management-Verträgen	*24,8*	*24,3*
Latente Steueransprüche	*(2,7)*	*(3,7)*
Konzernjahresergebnis entfallend auf nicht beherrschende Anteile	*0,2*	*0,3*
Bereinigter Konzernjahresgewinn	**(46,8)**	**129,4**

(1) Geprüft.

(c) Welches sind die zentralen Risiken, die für die Emittentin spezifisch sind?

- Die COVID-19-Pandemie kann zu einer höheren Volatilität in der globalen und europäischen Wirtschaft und auf den Kapitalmärkten sowie in den spezifischen Märkten führen, in denen wir unsere Geschäfte betreiben, was unsere Geschäfts-, Finanz- und Ertragslage erheblich und nachteilig beeinflussen kann.
- Als Investmentmanager für Immobilieneigenkapital und Immobilienfinanzierungen mit unseren Haupttätigkeiten in Deutschland und einem europaweiten Investmentmanagement ist unser Geschäft von den Entwicklungen auf dem deutschen und europäischen Immobilienmarkt betroffen.

- Schwierige Marktbedingungen können sich in vielerlei Hinsicht nachteilig auf unser Geschäft auswirken, z. B. indem sie den Wert oder die Leistung unserer Anlagestrukturen verringern, die Fähigkeit unserer Anlagestrukturen verringern, Kapital zu beschaffen oder einzusetzen, das Transaktionsvolumen im Zusammenhang mit unserem Investmentstrukturierungs- und beratungsgeschäft nach der AFS-Akquisition verringern, von denen jeder Faktor unsere Einnahmen und unseren Cashflow erheblich reduzieren und unsere Finanzlage nachteilig beeinflussen könnte.
- Die durch die AFS-Akquisition erwarteten Vorteile könnten nicht vollständig oder überhaupt nicht realisiert werden. Darüber hinaus könnten wir in Bezug auf AFS Risiken ausgesetzt sein, die bei der Due Diligence vor der AFS-Akquisition nicht erkannt wurden.
- Die AFS-Akquisition setzt den Konzern Risiken im Zusammenhang mit der Erbringung bestimmter Finanzdienstleistungen aus.
- Streitigkeiten mit Kunden unserer Anlagestrukturen und unserem Investmentstrukturierungs- und beratungsgeschäft oder die Nichterfüllung ihrer Verpflichtungen durch unsere Kunden können unser Geschäft erheblich und nachhaltig beeinträchtigen.
- Möglicherweise müssen wir Goodwill abschreiben, was sich nachteilig auf unser Finanzergebnis auswirken würde.
- Unser Geschäftsmodell hängt von unserer Fähigkeit ab, Kunden für unsere Investmentstrukturen und unser Investmentstrukturierungs- und beratungsgeschäft zu finden. Sollte uns dies nicht gelingen, könnte dies erhebliche negative Auswirkungen auf unsere Geschäfts-, Finanz- und Ertragslage haben.
- Gegenwärtige oder zukünftige Akquisitionen oder Verkäufe für unsere Investmentstrukturen und für Warehousing können möglicherweise überhaupt nicht oder nicht wie ursprünglich vorgesehen abgeschlossen werden, beispielsweise aufgrund von Bedingungen im Kauf- oder Verkaufsvertrag oder weil keine endgültigen Vereinbarungen über die Akquisitionsfinanzierung getroffen wurden die wesentliche nachteilige Auswirkungen auf unsere Geschäfts-, Ertrags- und Finanzlage haben.
- Eine schlechte Performance der von uns empfohlenen Mezzanine-Fonds kann sich nachteilig auf unsere Marke und unsere Reputation, die von uns erhaltene Coupon-Participation Gebühr und unsere Fähigkeit zur Kapitalbeschaffung auswirken.
- Unsere beträchtlichen Kreditverpflichtungen können sich negativ auf unser Geschäft auswirken, und unsere Fähigkeit, die zur Bedienung unserer Schulden erforderlichen Barmittel zu erwirtschaften, hängt von bestimmten Faktoren ab, die sich unserer Kontrolle entziehen.
- Verstöße gegen die Compliance können zu Untersuchungen durch die zuständigen Behörden, Geldbußen, Schadensersatzansprüchen, Zahlungsansprüchen, Beendigung von Kundenbeziehungen und Reputationsschäden führen.
- Wir und unsere Investmentstrukturen unterliegen nach Steuerprüfungen oder Steuerveranlagungen möglicherweise zusätzlicher Steuerlast.

2.3 Basisinformationen über die Wertpapiere

(a) Welches sind die wichtigsten Merkmale der Wertpapiere?

Dieser Prospekt bezieht sich auf die Zulassung von 8.500.000 Stammaktien in entmaterialisierter Form, jeweils ohne Nennwert (*valeur nominale*) und mit vollen Dividendenrechten ab 1. Januar 2020 zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (*Prime Standard*) (die „**Zulassung**“) aus einer Kapitalerhöhung gegen Sacheinlagen im Rahmen der AFS Akquisition (die „**AFS Kapitalerhöhung**“) von EUR 1.924.952,15 auf EUR 2.562.452,24 durch Verwendung eines entsprechenden Teils des Genehmigten Kapitals der Gesellschaft (die „**Neuen Aktien**“ oder einzeln die „**Neue Aktie**“) durch Beschluss des Vorstands vom 25. Mai 2021, mit Zustimmung des Aufsichtsrats der Gesellschaft von demselben Tag.

Zum Datum dieses Prospekts handelt es sich bei den Neuen Aktien um Stammaktien in entmaterialisierter Form, wobei jede dieser Aktien keinen Nennwert (*valeur nominale*) und volle Dividendenrechten ab 1. Januar 2020 aufweist. Die ISIN der Neuen Aktien ist LU2346513588 und wird nach der Zulassung LU1296758029 sein. Die Neuen Aktien lauten auf Euro und werden auf unbestimmte Zeit ausgegeben. Jede Neue Aktie hat auf der Hauptversammlung der Gesellschaft eine Stimme. Alle Neuen Aktien verleihen das gleiche Stimmrecht. Es gibt keine Stimmrechtsbeschränkungen. Die Neuen Aktien sind gemäß den gesetzlichen Bestimmungen für Stammaktien frei übertragbar. Es gibt keine Verbote von Veräußerungen oder Beschränkungen hinsichtlich der Übertragbarkeit der Neuen Aktien. Alle Neuen Aktien gewähren ihren Inhabern die gleichen Rechte und keine Neuen Aktien bieten zusätzliche Rechte oder Vorteile.

Im Falle der Liquidation der Gesellschaft wird der Erlös an die Inhaber der Aktien im Verhältnis zu ihrem Anteil am Grundkapital der Gesellschaft ausgeschüttet.

Unsere allgemeine Dividendenpolitik besteht darin, Dividenden auf einem Niveau zu zahlen, das unseren Wachstums- und Entwicklungsplänen entspricht, und gleichzeitig ein angemessenes Maß an Liquidität aufrechtzuerhalten. Im Einklang mit dieser allgemeinen Dividendenpolitik besteht unsere im April 2020 verabschiedete Dividendenpolitik darin, mindestens 30% unseres konsolidierten Nettogewinns an die Aktionäre auszuschütten. Da die Gesellschaft, jedoch einen Nettoverlust für das Geschäftsjahr 2020 ausgewiesen hat, und aufgrund der Unsicherheit in Bezug auf die weitere Entwicklung der COVID-19 Pandemie, hat die Stärkung unserer Liquidität Priorität. Daher wurde für das Geschäftsjahr 2020 keine Dividende ausgeschüttet.

(b) Wo werden die Wertpapiere gehandelt?

Zum Datum dieses Prospektes sind 25.666.025 Aktien der Gesellschaft zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (*Prime Standard*) zugelassen. Es wurde ein Antrag auf Zulassung, das heißt die Zulassung der Neuen Aktien zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (*Prime Standard*) gestellt.

(c) Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Das Handelsvolumen und der Preis der Aktien der Gesellschaft können erheblich schwanken.
- Die Aktien der Gesellschaft sind möglicherweise nicht für alle Anleger geeignet.

2.4 Basisinformationen über die Zulassung zum Handel an einem geregelten Markt

(a) Zu welchen Konditionen und nach welchem Zeitplan kann ich in die Wertpapiere investieren?

Nicht anwendbar. Es wird kein öffentliches Angebot der Neuen Aktien geben.

Basierend auf 25.666.025 Aktien unmittelbar vor der AFS Kapitalerhöhung und der Ausgabe von 8.500.000 Neuen Aktien mittels der AFS Kapitalerhöhung wurden der prozentuale Anteil am Aktienkapital und die Stimmrechte jedes vor der AFS Kapitalerhöhung vorhandenen Aktionärs um 33,1% pro bestehender Aktie verringert.

Der Zulassung zugrundeliegende erwartete Zeitplan, vorbehaltlich etwaiger Änderungen, ist nachfolgend wiedergegeben:

25. Mai 2021	Ausgabe der Neuen Aktien
17. Juni 2021	Antrag auf Zulassung
28. Juni 2021	Billigung dieses Prospekts durch die CSSF
	Veröffentlichung des genehmigten Prospekts auf der Webseite der Gesellschaft (www.corestate-capital.com) im Bereich "Aktionäre"
29. Juni 2021	Entscheidung über die Zulassung der Frankfurter Wertpapierbörse
30. Juni 2021	Aufnahme zum Handeln in die Neuen Aktien im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (*Prime Standard*)

(b) Wer ist Anbieter und die die Zulassung zum Handel beantragende Person?

Die Zulassung zum Handel in einem regulierten Markt beantragende Person ist die Gesellschaft. Die Gesellschaft ist eine Aktiengesellschaft (*société anonyme*) eingetragen im Großherzogtum Luxemburg und ist den Gesetzen des Großherzogtums Luxemburg tätig.

(c) Weshalb wird dieser Prospekt erstellt?

(i) Gegenstand dieses Prospekts

Der Gegenstand dieses Prospekts ist die Zulassung, das heißt die Zulassung zum Handel der Neuen Aktien im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (*Prime Standard*).

(ii) Wesentliche Interessenskonflikte im Zusammenhang mit der Zulassung zum Handel

Hauck & Aufhäuser handelt für die Gesellschaft im Zusammenhang mit der Zulassung und koordiniert das Zulassungsverfahren. Hauck & Aufhäuser erhält für diese Leistung eine übliche feste Provision. Aufgrund dieses Vertragsverhältnisses hat Hauck & Aufhäuser ein finanzielles Interesse am Erfolg der Zulassung. Hauck & Aufhäuser oder ihre verbundenen Unternehmen können von Zeit zu Zeit in der Zukunft Geschäftsbeziehungen mit der Gesellschaft und/oder anderen Unternehmen der Gruppe unterhalten im Rahmen des normalen Geschäftsbetriebes.

Außer den vorstehend beschriebenen Interessen bestehen keine Interessenskonflikte im Hinblick auf die Zulassung. Keine der oben genannten Interessen stellt einen Interessenskonflikt oder einen potenziellen Interessenskonflikt dar.

3. RISK FACTORS

*Investors should carefully consider the following risks in addition to the other information contained in this prospectus (the "**Prospectus**"). Investing in the shares (the "**Shares**") of Corestate Capital Holding S.A. (the "**Company**" and, together with its consolidated subsidiaries, "**we**," "**us**," "**our**", "**Corestate**," the "**Group**") involves a high degree of risk. The risk factors described below represent those risks which are material and specific to the Group and the Shares. The following risks may materialize individually or cumulatively.*

*The risk factors set out below are divided into risks related to the Issuer (see section A ("Risks Related to the Issuer") below) and risks related to the Shares and our shareholder structure (see section B ("Risks Related to the Shares and Our Shareholder Structure") below). The risks related to the Issuer are sub-divided into the following eight risk categories each indicated by a title (in **bold font**), according to their nature: 3.A.1. Risks relating to our market environment, 3.A.2. Risks Relating to the AFS Acquisition, 3.A.3. Risks relating to our business, 3.A.4. Risks relating to our alignment capital investments in our investment structures and to our assets held for warehousing purposes, 3.A.5. Risks Relating to our Mezzanine Financing Business, 3.A.6. Risks relating to our financial profile, 3.A.7. Legal and regulatory risks, 3.A.8. 3 Tax Risks Relating to our Investment Structures and to us and our affiliates. The risks related to the Shares and our shareholder structure are comprised of two categories: 3.B.1. Risks relating to the Shares and 3.B.2 Risks relating to our shareholder structure. Within these different risk categories each individual risk factor is set out in a separate sub-section entitled with a sub-heading in **bold italic** font. We have assessed the materiality of the risk factors on the basis of the probability of their occurrence and the expected magnitude of their negative impact. Within each category, the most material risk, in the assessment undertaken by the Company, taking into account the negative impact on Corestate and the probability of their occurrence, is set out first. Except for these first risk, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialization. The order of the categories does not represent any evaluation of materiality of the risk factors within that category when compared to risk factors in another category.*

A. RISKS RELATED TO THE ISSUER

3.A.1. Risks Relating to Our Market Environment

(a) The COVID-19 pandemic may lead to higher volatility in the global and European economy and capital markets as well as in the specific markets, in which we are conducting our businesses, which may materially and adversely affect our business, financial condition and results of operations.

In early March 2020, COVID-19, a disease caused by a novel coronavirus, was characterized as a pandemic by the World Health Organization. Since December 2019, COVID-19 has spread rapidly, with most countries and territories worldwide having confirmed cases of COVID-19. The rapid spread has resulted in international, national, federal, state and local public health and governmental authorities implementing numerous measures to contain the virus, such as travel restrictions and bans, quarantines, shelter-in-place orders and mandated business closures. The COVID-19 pandemic and these containment measures have had, and are expected to continue to have, a substantial negative impact on businesses around the world and on global, regional, national and local economies, their labor and capital markets.

In the financial year, the COVID-19 pandemic has impacted Corestate and its business in a number of ways.

Clients have shifted their investment focus towards core/core+ assets, thus to a more restricted risk/return profile, which required us to make certain adjustments in our product range with a direct impact on several segments. Thus, earnings from higher-risk investments in the value-add and opportunistic segments were under pressure, leading to significantly lower fee income, and COVID-19-driven declining property values of around EUR -16 million for the financial year ended 31 December 2020 (the "**financial year 2020**"), especially with respect to our (co-)investments in serviced apartments, retail and office properties with corresponding substantial earnings decreases within our alignment capital management segment ("**Alignment Capital Management**") and real estate operations and warehousing segment ("**Real Estate Operations and Warehousing**").

Moreover, the transaction volume on the German real estate investment market declined in the financial year 2020 compared to the financial year ended 31 December 2019 (the "**financial year 2019**").

Against this background, in the financial year 2020, our total revenue decreased to EUR 199.6 million, as compared to EUR 250.9 million in the financial year 2019. Total revenue from real estate investment management ("**Real Estate Investment Management**") declined to EUR 193.3 million, as compared to EUR 236.2 million in the financial year 2019. This decrease was mainly due to a decline in revenues from asset and property management which declined to EUR 144.5 million in the financial year 2020 from EUR 175.3 million in the financial year 2019, mainly attributable to reduced coupon participation fee driven by revaluation effects and higher risk provisioning and lower development fees.

Total income from real estate operations/warehousing for the financial year 2020 was EUR 5.5 million, as compared to EUR 33.4 million in the financial year 2019, as a result of negative valuation effects especially with respect to retail assets. Total earnings from real estate operations/ warehousing came down to EUR -0.1 million in the financial year 2020, from EUR 14.2 million in the financial year 2019. Total earnings from alignment capital management were also significantly hit by the COVID-19 pandemic driven by reduced real estate values especially in serviced apartments, retail and partially office, and amounted to EUR -24.7 million in the financial year 2020, as compared to EUR 21.6 million in the financial year 2019.

The extent to which the COVID-19 pandemic will continue to affect our business, financial condition and results of operations going forward will depend on future developments such as the length and severity of the crisis, any potential resurgence of the crisis, future government actions in response to the crisis and the overall impact of the COVID-19 pandemic on the global and domestic economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable. Due to these persisting restrictions on business activities, it might be likely that there could be significant rent defaults leading to voids, decreasing valuations and therefore also decreasing net asset values of the Investment Structures managed by us, and a resulting shortfall in income for the respective asset classes of the Group. This could lead to write-downs on various asset classes due to lower profitability.

It cannot be excluded that in the future other diseases could cause similar disruptions. Any of these negative impacts, alone or in combination with others, could also exacerbate many of the other risk factors discussed in this "Risk Factors" section.

(b) As an investment manager for real estate equity and debt with our principal operations in Germany and a pan-European investment exposure, our business is affected by developments in the German and European real estate markets.

Europe's real estate markets are influenced by a number of factors related to the general economic environment as well as long-term structural shifts. As we operate as an investment manager for real estate equity and debt with our principal operations in Germany, our business is affected by these developments. Reflecting our high exposure to the German market, it can affect our business disproportionately high. These principal developments, all of which may be subject to significant fluctuation, include:

- the availability of financing,
- the availability and the creditworthiness of tenants,
- the availability of potential clients and their financial resources,
- changes in tax laws and laws in general,
- the investment activity of companies,
- the purchasing power of the general public,
- the attractiveness of Germany as a location in comparison to other countries and global markets,
- the supply and demand of real estate in respective locations, as well as special factors in the local markets,
- re-evaluations of properties in certain real estate subsectors particularly affected by the COVID-19 pandemic, such as retail, office, serviced apartments and hotels,
- political and administrative development,
- general structural shifts in demand for commercial and residential space,
- changes in consumption, working, leisure and living behavior,
- changes in environmental and social behavior,
- currency fluctuations,
- the general economic trend, in particular the level of interest rates for the financing of real estate acquisitions,
- the cyclical fluctuations of the real estate market,
- demographic developments,
- the fluctuations in energy costs,
- special influences such as *force majeure* events, and
- dependency on decisions by main commercial tenants for their business location.

Changing developments can adversely affect the results of our co-investments of our own funds alongside the funds of our clients, which we refer to as alignment capital investments, of our real estate investments held in separate vehicles established by respective clients together with Corestate and the provision of real estate mezzanine financing (*i.e.* financing, that ranks below loans and above ordinary shareholders' equity) (the "**Investment Structures**" and each an "**Investment Structure**") within our mezzanine financing business, the revenues we generate as an investment manager for real estate equity and debt, and the results from our assets held for warehousing purposes. As a result, developments in any of the above factors could have a material adverse effect on our business, financial condition and results of operations.

(c) Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of our Investment Structures, reducing the ability of our

Investment Structures to raise or deploy capital and reducing the volume of transactions involving our financial investment structuring and advisory business following the AFS Acquisition, each of which could materially reduce our revenue and cash flow and adversely affect our financial condition.

Due to the Group's differentiated business with a pan-European investment exposure, we are materially affected by economic conditions in the different markets in which the Group operates, including, but not limited to fluctuations in public share prices, inflation rates, levels of public debt and interest rates, supply of liquid funds, economic uncertainty, as well as factors specific to regional markets, such as the development of rental rates. For example, the macroeconomic development could be adversely affected by a further intensification of the COVID-19 pandemic, extreme fluctuations in the price of oil, an increased inflation rate (possibly resulting from events such as further monetary support measures from central banks, or interest rates remaining low for an extended period), as well as deflationary trends. Excessive public debt could result in tax increases, increased inflation rates, lower economic output and a declining willingness to invest among private and institutional investors. Similar effects could be triggered by deflation. Fluctuations in exchange rates, especially the Euro-to-US-Dollar rate, and politically driven measures by governments, such as increases of custom tariffs as well as import and travel and/or immigration restrictions to protect local economies could have material effects on German exports and, consequently, also on the performance of the German economy as a whole. Because of the currently uncertain economic situation in Germany and Europe, it cannot be foreseen whether the real estate market in Germany and Europe will evolve favorably. Furthermore, a number of uncertainties in connection with the future of the UK and its relationship with the European Union remain after the UK has departed from the European Union. All these factors may have a negative impact on the German and European economy and their real estate markets.

In the event of a market downturn, each of our businesses could be affected in different ways. Weakened market conditions may affect the performance of our Investment Structures, including by reducing opportunities to exit and realize value from their investments, and by the fact that we may not be able to find suitable investments for our Investment Structures to effectively deploy capital, which could adversely affect our ability to raise new funds. Furthermore, a general market downturn may affect the performance of the mezzanine funds within our mezzanine financing business, which, in turn, may affect the Coupon-participation Fee (as defined below), which we receive in our role as advisor to such mezzanine funds. Further poor performance by the mezzanine funds could damage our brand and reputation, which may affect our growth and ability to raise capital for future funds, with a consequential reduction of our fee income generated with the structuring of mezzanine funds. Please also see risk factor "*3.A.5 (a) Poor performance by the mezzanine funds we advise may adversely affect our brand and reputation, the Coupon-participation fee received by us, and our ability to raise capital*." below. In addition, following the AFS Acquisition (as defined below) we may be impacted by adverse effects of such negative market conditions on AFS's financial investment structuring and advisory business. For instance, during periods of unfavorable market or economic conditions, the volume of potential transactions could decrease in general, thereby reducing the demand for AFS's (as defined below) financial investment structuring and advisory services and increasing price competition among financial investment structuring and advisory companies.

If any of these risks materialize, this could have material adverse effects on our business, financial condition and results of operations.

(d) Any deterioration of the asset values of our Investment Structures due to external economic and political factors could materially adversely affect our business, financial condition, results of operations and prospects.

The asset values of the Investment Structures could be influenced by a number of factors beyond our control, including a declining real estate market, general economic conditions, political uncertainty and acts of terrorism. Deteriorating market conditions may decrease the interest of our existing or prospective clients in our Investment Structures as investors shift allocations to other asset classes. If existing or prospective clients invest less in our Investment Structures, it would likely result in lower fee income for us. In particular, the performance of our Investment Structures is critical for our investment management business to attract new investments. If the asset values of our Investment Structures decline, our existing clients may terminate their relationships with us or choose to invest in other projects, which would reduce our investment management fees from these structures and limit our ability to invest in attractive Investment Structures in the future, both of which could materially adversely affect our business, financial condition and results of operations.

(e) Possibly high demand for assets with environmental, social affairs and/or corporate governance related benefits could materially adversely affect our business, financial condition, results of operation and prospects, and our reputation.

Driven by the ten priorities of the European Commission regarding sustainability, and the measures taken by European regulatory authorities such as the European Securities and Markets Authority, the demand for assets fulfilling at least partial preventive measures related to the environment, social affairs and corporate governance ("**ESG**") has increased and could further increase significantly in the future, while the availability of such assets may be significantly lower as the market's demand. This could lead to higher purchase prices resulting in lower return on investments for both, our clients and us related to our alignment capital investments. There is a risk that Investment Structures we have set up with ESG elements may not be able to acquire such assets at all due to limited availability of assets fitting into the investment requirements of such Investment Structures. Banks providing debt capital may also increase their interest rates for assets not providing ESG elements, or refrain from offering debt capital at all. The lack of availability of ESG compliant assets could also lead to us not being able to set up Investment Structures at all. This could have an adverse effect on our reputation, our business, our revenues, and on our return on our alignment capital investments.

(f) As the world's societies, economies and businesses go through rapid technological and social change, affecting the way people work, consume, socialize and live, there are real estate related implications that could materially adversely affect our business.

Through rapid technological progress as well changes in social behavior, demand for commercial and residential space can change significantly. The rise in e-commerce, for example, has increased demand for logistics space but had an adverse effect on demand for retail space. Moreover, a further advancement in smart software development and artificial intelligence could strengthen automation among office employees and, thus, adversely affect demand for office space. Also, living habits can change periodically. For many years, there was a dominant trend of sub-urbanization, meaning people moving out of the cities into the commuter belts and rural areas, but this had changed to a trend of re-urbanization during the last 15 to 20 years. Incidents such as the COVID-19 pandemic or technical advancements such as broad availability of high-speed internet access, may be drivers for a further change in living behavior. Such developments are long-term and structural in nature and may adversely or positively affect certain real estate sectors or markets. As they are relatively unpredictable, they pose long-term risks for market performance, and may have a material adverse effect on our business, financial condition and results of operations.

3.A.2. Risks Relating to the AFS Acquisition

(a) The benefits expected as a result of the AFS Acquisition could not be fully realized or not realized at all. Moreover, we could be exposed to risks in relation to AFS that were not detected during the due diligence preceding the AFS Acquisition.

On 14 January 2021, the Company entered into a business combination agreement with the shareholders of Aggregate Financial Services GmbH, Frankfurt am Main, Germany, whose legal name was changed to CORESTATE Bank GmbH on 17 June 2021 ("**AFS**"), to acquire all shares in AFS (the "**AFS BCA**").

In accordance with the AFS BCA, the shares of AFS were transferred to the Company by way of a capital increase against contribution in kind on 25 May 2021 and the completion of the transactions contemplated under the AFS BCA occured on the same day (the "**AFS Acquisition**"). The AFS Acquisition is part of our strategy to significantly expand our position in the real estate development financing market as well as the wider real estate sector by providing additional financial investment structuring and advisory services through AFS, a licensed securities trading bank and investment firm. However, the benefits that we anticipate from the AFS Acquisition could not be fully realized or not realized at all.

The process of integrating the business of AFS into our existing business involves certain risks and uncertainties and there can be no assurance that we will be able to integrate the business of AFS in the manner or within the time frame currently anticipated. For instance, we could encounter issues such as costs and issues relating to regulatory requirements, the integration of personnel, the implementation of governance and compliance systems and procedures, the integration of information technology and accounting or internal control systems. The materialization of such risks could result in, *inter alia*, inefficiencies, loss of clients of our Investment Structures and our financial investment structuring and advisory business and increased integration costs. Moreover, both the Company and AFS depend on their respective key employees for a successful business combination. The implementation of a common strategy and the execution of normal business operations could be negatively affected or delayed if either the Company or AFS were to lose key employees or know-how due to the combination of their businesses. Retaining key employees is of critical importance for the integration of AFS within the Group and the anticipated growth of our combined business.

We expect that the AFS Acquisition will precipitate various synergy benefits, including the acceleration of fund-raising for our mezzanine funds and significant diversification of the current debt value chain. Moreover, the complementary investor bases of the Company and AFS will give us the opportunity to cross-sell products and AFS will substantially expand the Group's client base by granting us access to additional corporate and real estate clients. Furthermore, future deals structured and implemented by AFS are expected to create additional asset management opportunities. Finally, we envisage operational costs savings across the combined business. Within the next three until 2023, we believe to be in a position to realize annual run-rate synergies of at least EUR 10 million. The targeted synergies are based on estimates and assumptions that result from a number of factors and are inherently uncertain and, therefore, subject to change. These factors include general macroeconomic, industry, legal, regulatory and tax considerations, as well as changes in our business strategy, development and investment plans, all of which are difficult to predict and many of which are beyond our control. Further, any anticipated synergy benefits of the AFS Acquisition are predicated upon the assumption of a successful integration of the business of AFS within our existing operating platform. An unsuccessful integration of AFS could negatively impact the targeted synergies. As a result, there can be no assurance that such synergies will be fully realized in part or realized at all. Even if the expected synergies are realized, they may not be realized within the anticipated time frame.

Moreover, the business of AFS could be subject to risks of which we are not aware of and which were not detected or which were not disclosed to us during the due diligence process or derived from the financial information of AFS. Material circumstances that could be relevant for a valuation of AFS or in connection therewith may not have been adequately or sufficiently considered. The existence or materialization of any undetected risks or issues could lead to a deterioration of our business, financial condition and results of operation. Any inadequacy or insufficiency in the identification and assessment of risks associated and in connection with the AFS Acquisition could negatively affect the Group and therefore have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

(b) The AFS Acquisition exposes the Group to risks related to the business of providing certain financial services.

Following the AFS Acquisition, the Group will be exposed to a variety of risks related to the business of providing financial investment structuring and advisory services. Through AFS as a licensed securities trading bank and investment firm, we will provide our clients with customized financing solutions in connection with various real estate projects. We aim to employ AFS's combination of corporate finance, capital markets and structuring expertise to this end. Furthermore, we intend to accompany our clients through various real estate project phases and advise on sector-specific aspects. Through AFS, we will examine and attempt to optimize existing and targeted financing structures of our clients on both an asset and the corporate level. At the same time, through AFS, we aim to provide investors with real estate investment opportunities through various capital instruments and capital structures, while focusing on mature and liquid real estate markets, transparency in the relevant market and on the availability of equity for the underlying assets. We intend to structure debt investment products in accordance with regulatory requirements of our individual institutional investors. In connection with the aforementioned services, we are exposed to a number of risks, including liability claims by clients and investors based on alleged deficient financial and investment advice or incorrect financial structuring. Any such claim could lead to reputational damage and a decrease in revenue and successful claims could lead to increased costs, both of which have a material adverse effect on our business and financial results.

Furthermore, we are exposed to various legal and regulatory risks relating to the AFS Acquisition. AFS is a securities trading bank and investment firm regulated by the German Federal Financial Supervisory Authority *(Bundesanstalt für Finanzdienstleistungsaufsicht;* the "**BaFin**") and holds regulatory approvals (licenses) to provide a range of banking, financial and investment services pursuant to sections 32 and 1 of the German Banking Act (*Kreditwesengesetz*; "**KWG**"), including principal brokerage business and underwriting business as well as investment brokerage, investment advice, placement business, contract brokerage, proprietary trading, and proprietary business. The BaFin has granted such licenses by way of administrative acts dated 7 May 2019 and 24 August 2020 subject to customary conditions, including the requirement to comply with a 12% total capital ratio after receipt of the licenses and more frequent financial and solvency reporting requirements. If AFS conducts its business outside the scope of the licenses it obtained or violates specific requirements under these licenses, this could result in the revocation of the licenses, administrative penalties and criminal proceedings, which, in turn, could have an adverse effect on our business. Moreover, from 26 June 2021 onwards, AFS business operations will be subject to the newly introduced IFR and IFD (each as defined below) and the German Act on Investment Firms (*Wertpapierinstitutsgesetz*) which will replace the requirements applicable to AFS under the KWG (please also see risk factor "3*.A.7 (f) We are subject to numerous laws and regulations in many jurisdictions and may be adversely affected by changes in laws and regulations.*" below). Depending on the size and scope of AFS' business in the future, AFS may be subject to additional requirements, which may include the requirement to obtain additional licenses. However, there can be no assurance that AFS will be in a position to obtain all required licenses or operate within the applicable regulatory regimes.

(c) We may be adversely affected if a regulatory authority classified us an investment holding company (Investmentholdinggesellschaft) or a financial holding company (Finanzholdinggesellschaft) following the AFS Acquisition.

As a result of the AFS acquisition, we acquired 100% of the shares in AFS, a regulated investment and securities trading firm. Since AFS holds a broad scope of regulatory licenses, there is a risk that a competent regulatory authority classifies us as a financial holding company (*Finanzholdinggesellschaft*) under the KWG and the Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. Additionally, the provisions of the IFR and the IFD, which will apply as from 26 June 2021, may lead to a competent regulatory authority classifying us as an investment holding company (*Investmentholdinggesellschaft*). We have taken legal advice and believe neither to classify as a financial holding company (*Finanzholdinggesellschaft*) nor an investment holding company (*Investmentholdinggesellschaft*). However, we may not rule out that a competent regulatory authority will come to a different conclusion. If we were to be classified as financial holding company (*Finanzholdinggesellschaft*) or investment holding company (*Investmentholdinggesellschaft*) we would be obliged to apply the regulatory requirements under IFR and IFD (please also see risk factor "*3.A.7 (f) We are subject to numerous laws and regulations in many jurisdictions and may be adversely affected by changes in laws and regulations.*" below) on a consolidated basis, which, for instance, may require new equity contributions to comply with consolidated capital requirements. Moreover, the new regulatory requirements may affect our business model.

(d) The interests of the new shareholders of the Company following the consummation of the AFS Acquisition could conflict with the interests of the existing shareholders of the Company as well as the Company's business strategy.

The interests of the new shareholders of the Company after the AFS Acquisition could conflict with the interests of the existing shareholders as well as the Company's existing business strategy. This is particularly true as the Company's new shareholders are also members of the management board of the Company (the "**Management Board**"). The Company's new shareholders may have strategic objectives or business interests that conflict with the Company's existing strategies or interests. If the interests of the new shareholders conflict with existing interests of the Company or its majority shareholders, anticipated benefits of the AFS Acquisition as well as the Company's general business strategy may not be realized in part or in full.

3.A.3. Risks Relating to Our Business

(a) Disputes with clients of our Investment Structures and our financial investment structuring and advisory services or the non-performance by clients of their obligations may materially and adversely affect our business.

Our Investment Structures, and our financial investment structuring and financial investment advisory business depend on investments by third parties. There are general risks involved such as potential disputes with clients of our Investment Structures, and our financial investment structuring and financial investment advisory business in connection with the performance of their obligations under the relevant agreements or conflicts with the policies or objectives adopted by us. Each of our Investment Structures and our services rendered within our financial investment structuring and financial investment advisory services business are structured in a way to reduce risks stemming from a potential or temporary default on a payment obligation of involved parties by including appropriate sanctions to adequately protect the interests of the relevant Investment Structure and financial investment structuring and advisory services provided by us as well as (indirectly) other (*i.e.* non-defaulting) clients. However, in particular, if a client is unable or unwilling to perform its financial obligations under the relevant agreements and ultimately defaults on its payment obligations and we are unable to remedy such default, the planned investments may be adversely affected and may no longer be feasible. This may result in a decrease or even a total loss of the returns from such investment. Further, we are exposed to credit risk, *i.e.* the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, from our operating activities, primarily from trade receivables as well as receivables from associates and joint ventures, which, in turn, are dependent on the operating performance of the underlying investments. The carrying amount of the Group's financial assets represents the maximum credit exposure. For the financial year 2020, the gross carrying amount of trade receivables amounted to EUR 31.4 million (financial year 2019: EUR 51.1 million), and the lifetime expected credit loss amounted to EUR 0.5 million (financial year 2019: EUR 1.0 million). The gross carrying amount of total other receivables amounted to EUR 202.0 million for the financial year 2020 (financial year 2019: EUR 265.0 million), and the expected credit loss to EUR 0.4 million (financial year 2019: EUR 0.1 million). If one of our counterparties is unable or unwilling to perform its financial obligations this may lead to a financial loss. The occurrence of such events may have a material adverse effect on our business, financial condition and results of operations.

(b) We may need to write down goodwill, which would adversely affect our financial results.

We recognize goodwill in connection with the purchase price allocation for acquisitions. For the financial year 2020, we recognized goodwill in an amount of EUR 577.7 million (financial year 2019: EUR 567.1 million). Goodwill arising from an acquisition represents the excess of the consideration transferred over the acquisition date fair values of the assets acquired, liabilities assumed and contingent liabilities recognized. Goodwill is recognized at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortized but tested for impairment annually whenever events or changes in circumstances indicate that the carrying amount of a cash generating unit may not be recoverable. Preparation of these calculations requires the use of estimates and assumptions.

The International Financial Reporting Standards as adopted by the European Union ("**IFRS**") require that goodwill be periodically evaluated for impairment based on the recoverable amount of the reporting unit. Declines in our profitability or the value of comparable companies may impact the fair value of our reporting units, which could result in a write-down of goodwill and a reduction in net income. For the financial year 2020, we had to write down goodwill in an amount of EUR 21.7 million (financial year 2019: EUR 0.0 million). In addition, if we acquire new businesses in the future, we may recognize additional goodwill, which could be significant. We could also be required to recognize additional impairments in the future and such an impairment charge could have a material adverse effect on our financial position and results of operations in the period of recognition.

(c) Our business model depends on our ability to find clients for our Investment Structures and our financial investment structuring and advisory business. Any inability to do so may have a material adverse effect on our business, financial condition and results of operations.

We will be able to pursue our investment strategy in its present form in the long-term only if we succeed in finding clients for our various real estate equity and real estate debt investment businesses. Our ability to find clients for our various businesses depends on a number of factors, including market-driven factors that are outside our control. We compete in the market for real estate equity and real estate debt investments predominantly in Germany, and in other European countries, in which we are conducting business. Some market participants in these markets may have greater financial resources, lower cost of capital and better access to funding sources, which may create disadvantages for us. Other market participants may have higher risk tolerances or different risk assessments, which could allow them to compete more aggressively. Additionally, new market participants with investment objectives similar to ours may be established in the future.

Moreover, clients may choose to invest in assets other than real estate, in real estate investment structures, including real estate mezzanine investments. If existing clients cease or significantly curtail commitments to our Investment Structures or our financial investment structuring and advisory business following the AFS Acquisition, we may need to identify and attract new clients in order to maintain or increase the size of our investment portfolios. Moreover, poor performance of our investment portfolios would cause a decline in our revenue, income and cash flow, and could also adversely affect our ability to raise capital for future investments. In markets that experienced prolonged governmental restrictions in connection with the COVID-19 pandemic, certain of our Investment Structures performed lower than expected. In addition, it was more difficult to raise capital. As a result of the reductions or delays in distributions to clients from certain Investment Structures or to the extent that investors were called upon to inject additional capital, there were complaints from clients in some cases, some of which were resolved at short term, but some of which are still on-going. There is a risk that such customer complaints may ultimately lead to these clients ceasing their commitment to these Investment Structures or asserting claims against these Investment Structures. There can be no assurance that we can find or secure commitments from new clients. If we are unable to identify and secure capital commitments from existing or new clients, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

For instance, our ability to find clients for new Investment Structures may be hampered if the general appeal of alternative investments were to decline. Alternative investments may fall into disfavor as a result of concerns about liquidity and short-term performance. If we were unable to successfully raise funds for our existing and future Investment Structures, we could be unable to earn sufficient fees and finance our Investment Structures, which could have a material adverse effect on our financial condition and results of operations.

Further, for a variety of reasons, fund investors may turn against real estate mezzanine investments. For example, the returns generated by mezzanine funds may decline or other asset classes than real estate may be perceived to offer more superior returns. If existing clients or potential clients would cease to invest in mezzanine funds, this could materially affect our revenues generated within our mezzanine financing business.

Moreover, increasing regulations and client requirements in the markets in which we operate, and the costs and other efforts involved may prevent clients from investing in our Investment Structures, which could limit our ability to acquire assets for our Investment Structures, which could lead to a decrease of our revenues or have adverse effects on our alignment capital investments. Increased regulations may also lower our risk tolerance, or the risk tolerance of our financing partners, such as banks providing debt capital, which could have a negative impact on our ability to set up Investment Structures or to acquire assets for such Investment Structures or materially adversely affect our returns on investment, which may lead to lower revenues and adversely affect our alignment capital investments. Our mezzanine financing business and financial investment structuring and advisory business could be affected in a similar way.

(d) The historical performance of our existing Investment Structures may not be indicative of their future results or the results of Investment Structures we may develop in the future.

The historical performance of our Investment Structures should not be considered indicative of their future results or the results of any other Investment Structures that we may develop in the future. For example, historical performance may be due to favorable investment opportunities and positive economic and market conditions which existed in the historical period and that may not exist in future periods. In the event of weak economic and market conditions in the future, as already experienced to a certain extent during the COVID-19 pandemic, we may not be able to identify and invest in profitable investment opportunities, which in turn may have an adverse effect on the future performance of our Investment Structures. Moreover, we have undergone a deliberate transformation over the last few years, from a largely residential focused investment management company to a diversified real estate group with an enlarged product offering and client base. We may not guarantee that our growth strategy will deliver the desired results. If the future performance of our Investment Structures is significantly weaker compared to previous periods, this could affect our fee income and the results of our alignment capital investments and could have a material adverse effect on our business, financial condition and results of operations.

(e) Our efforts to establish new Investment Structures may be unsuccessful and could lead to excess costs and negatively affect our reputation which may in turn have a material adverse effect on our business, financial condition and results of operations.

As part of our growth strategy, we may establish new Investment Structures from time to time to expand our business. The costs associated with establishing a new Investment Structure (*e.g.* contractual, legal and tax advisory costs) would initially exceed the revenues it generates. If a new Investment Structure does not perform successful, the revenues we earn from it may not be sufficient to compensate us for these costs. The poor performance of a new Investment Structure may also affect our reputation and the reputation of our other Investment Structures which may in turn have a material adverse effect on our business, financial condition and results of operations.

(f) We may not be able to maintain our current fee structure as a result of poor investment performance, general industry trends or changes in our business mix.

We may not be able to maintain our current fee structure for a number of reasons, including investment underperformance, general industry trends or changes in our business mix. Typically, our clients consider our fees in the context of the historical return on their investments in our Investment Structures. In case of poor performance of any Investment Structure, it is possible that, with regard to future Investment Structures, we will not be able to maintain our current fee structure. Downward pressure on fees may also result from general industry trends such as the growth and evolution of alternatives to our existing Investment Structures. Additionally, our business mix may change in the future to include a higher proportion of industry segments in which fees are generally lower. As a result of any of these factors, we may be unable to maintain our current fee structure and may be forced to reduce our fees in order to retain current, and attract additional, clients for our Investment Structures. Fee reductions for existing or future business could have a material adverse effect on our business, financial condition and results of operations.

(g) Our customers or clients may withdraw assets under management at short notice, which could have an immediate impact on our asset and property management fees.

In the financial year 2020, 74.6% of our total revenue from Real Estate Investment Management comprised of revenues from asset and property management fees, which are generally based on the value of the assets under management. The contracts governing our Investment Structures provide for the clients' right to reduce the aggregate amount of their investment, or to withdraw altogether from an Investment Structure without cause, following the expiration of a specific period of time in which investments may not be withdrawn, typically with a termination period of one year, depending on the individual contract. Moreover, withdrawals may be permitted under contractual provisions, such as change of control provisions, which result in financings terminating and/or becoming due and payable upon the occurrence of a change of control event or may be permitted at the option of the parties without grounds. Redemptions of investments in Investment Structures could also be requested at a rate that outpaces the rate at which assets can be sold to meet such redemptions, especially where the underlying assets of an Investment Structure are less liquid. This could result in a suspension of redemptions or the use of other mitigating mechanisms which could negatively affect our reputation. Withdrawals of assets under management could have an immediate impact on fees and revenues and could have a material adverse effect on our business, financial condition and results of operations.

(h) We depend on the members of our management team. The loss of their services or our inability to attract and retain additional key personnel could impair our operations and growth.

We depend on the relationships, skills, expertise and experience in the real estate equity industry and private debt industries of the members of our management team. Our management team is responsible, among other things, for deal sourcing, fund raising and the execution of our strategies. Our future success will therefore depend to a significant extent on the continued service of the members of our management team and our ability to attract and retain experienced key personnel. We have had frequent changes in certain executive and management positions in previous years. Competition for such personnel is intense and there can be no assurance that we will succeed in retaining our executives or other key personnel or in attracting and recruiting new talented staff with the appropriate qualifications, and such risk may be exacerbated if a number of key personnel would decide to leave the Company at the same time. On 31 May 2021, Lars Schnidrig, who was appointed as chief financial officer ("**CFO**") to the Management Board of the Company, resigned as a member of the Management Board. Lars

Schnidrig was primarily responsible for the Group's finance with the departments Controlling, Property & Corporate Accounting and Treasury. He was also responsible for the Investor Relations and IT departments. René Parmantier, who serves as chief executive officer of the Management Board of the Company since 1 December 2020, was appointed as interim CFO of our Management Board with immediate effect. Though we aim to appoint a new CFO and mandated a reputable executive recruiting consultant to find a suitable candidat, there can be no assurance that we will be able to attract suitable candidates in a timely manner, or at all. The departure of Lars Schnidrig could lead to considerable expertise and process knowledge being lost by us or access thereto being gained by our competitors. Further, our key personnel and other employees may join or form a competing firm or solicit other employees to also join that competing firm. The loss or lack of any of our key personnel may limit our ability to successfully execute our business strategy, could impair our development and growth, increase our costs, harm our reputation or may prevent us from sustaining the investment performance that our current investment portfolio has achieved. This may also adversely affect our ability to retain existing clients and attract new clients. As such, the inability to appoint a new CFO, the loss of any of the aforementioned individuals or our inability to recruit additional key personnel may have a material adverse effect on our business, financial condition and results of operations.

(i) Conducting a portion of our operations through joint ventures exposes us to risks and uncertainties, many of which are outside of our control.

In foreign countries in which we are active, we typically enter into joint ventures with reputable local partners which provide vital market know-how. We cannot control the conduct of our joint venture partners, including any non-performance, default or bankruptcy of our joint venture partners. Differences in views among the joint venture partners may result in delayed decisions or in failures to agree on major and time-sensitive issues. If our partners fail to invest in the joint venture in the manner that is anticipated or otherwise fail to meet their contractual obligations, the joint ventures may be unable to adequately perform and conduct their respective operations, which could have a material adverse effect on our business, financial condition and results of operations.

(j) The highly competitive market for asset and property management may create adverse pricing pressures.

We provide asset and property management services to third-party real estate owners and to the Investment Structures we manage. The asset and property management business is very competitive. While competition in the asset and property management business is based on a variety of factors, the amount of fees charged is an important consideration for those seeking to outsource asset and/or property management services. As a result of consolidation in the German market among real estate companies that offer property management, some of our competitors benefit from significant economies of scale and have greater financial, technical, marketing and other resources than we do, which may create adverse pricing pressure. If we are unable to compete effectively for asset and property management business, our earnings may be reduced and this could have a material adverse effect on our business, financial condition and results of operations.

(k) If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses.

In order to manage the risks inherent in our business, we maintain policies, procedures and systems that enable us to identify, monitor and control our exposure to market, counterparty default, operational, legal and reputational risks. If our risk management efforts are ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise, we may suffer losses that could have a material adverse effect on our business, financial condition or results of operations. Additionally, we may be subject to litigation, particularly from our clients, and sanctions or fines from regulators if our risk management system is deemed to be insufficient. Our procedures for managing risks may not fully mitigate our risk exposure in all economic or market environments, or against all types of risk, including risks that we might fail to identify or anticipate. In such events, we may be exposed to material unanticipated losses and this could have a material adverse effect on our business, financial condition and results of operations.

(l) Our brand and reputation are of great importance for us, for example in the competition for finding clients to, and investment opportunities for, our Investment Structures and our mezzanine financing and financial investment advisory business. A deterioration of our brand and reputation could impair our ability to attract and retain clients and subject us to significant legal liabilities.

We are vulnerable to reputational harm because we operate in an industry in which our integrity and the confidence of our clients and investors in us are of critical importance. There is a risk that factors such as poor investment performance of our Investment Structures or of our mezzanine financing and financial investment advisory activities, negative press, insufficient sustainability procedures and overriding of ESG factors, or non-compliance with applicable laws and regulations could lead to client dissatisfaction and negatively affect our ability to find new clients to, and investment opportunities for, our various businesses. These risks to our brand and reputation are not only affected by our own strategy and operating direction, but also by failures and negative publicity relating to the investments performed in our various businesses.

In addition, our reputation is connected to and dependent upon the reputation of our clients. The poor reputation of a client may have a negative impact on our reputation in the market. Any time a new client intends to invest funds with us, we conduct comprehensive know-your-customer and anti-money laundering investigation procedures in order to obtain all necessary information to verify the background of the client and the source of its funds. There is a risk that a client's background is not properly assessed during the course of our know-your-customer and anti-money laundering investigation procedures. The participation of a client with a negative reputation in one of our Investment Structures could have a negative impact on our reputation and we may suffer financial losses, a disruption of our business, regulatory intervention and reputational damage.

Our brand and reputation could also be affected by rumors, which may not be true or based on facts. Such rumors may be difficult for us to address and may have an adverse effect on our brand and reputation. Furthermore, our brand and reputation may be adversely affected by publicity relating to the real estate equity or real estate debt industry as a whole.

Moreover, there is a risk that our employees could engage in misconduct or unlawful behavior, including fraudulent behavior, that adversely affects our business and that the measures taken by us to detect, deter, and prevent employee misconduct, by way of imposing confidentiality restrictions, implementing policies and organizing regular training of employees, are insufficient. We are subject to a number or regulatory obligations and standards applicable to our various businesses. The violation of any of these obligations and standards or criminal actions by any of our employees may adversely affect our brand and reputation.

If our brand and reputation were to deteriorate due to any of the risks mentioned above, our ability to attract and retain clients, would be adversely affected, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

(m) We rely on well-functioning financial, accounting, information and other data processing systems, including to prevent loss or leakage of information.

In order for us to efficiently and securely process data and perform other tasks necessary for the operation of our various businesses, we rely on well-functioning financial, accounting, information and other data processing systems. We could be affected by disruptions or disturbances in our systems, due to issues such as intrusion, sabotage, computer viruses, bugs, incorrect handling, or other factors. As a result of disruptions or disturbances in our Group's data processing systems there is a risk that we may not be able to conduct our business as planned during a certain period and information may be lost or leaked. If any of our data processing systems do not operate properly or are disabled, or if there is any unauthorized access to or disclosure of data, we could suffer financial losses, increased costs, disruptions of our business, liability to clients of our Investment Structures, regulatory intervention or reputational damage.

(n) We depend on third-party services for certain aspects of our business and any interruption or deterioration in the performance of such third-parties may result in delays, additional expenses and damage claims.

We depend on third-party services for certain aspects of our business. For instance, we use external service providers and external advisors in the preparation and implementation of our investments. Any failure of such external service providers or external advisors (*e.g.* flaws in due diligence exercises) or any restrictions in the use of service providers or external advisors may result in delays, additional expenses, and damage claims, and materially affect our reputation and, thus, have a material adverse effect on our business, financial condition and results of operations.

(o) Our IT systems could malfunction or become impaired and our IT-based management tools could fail to correctly reflect and support business decisions that are in our best interest.

Information technology ("**IT**") systems are essential for the daily operation of our business operations. Any interruptions in, failures of or damage to our IT systems could lead to delays or interruptions to our business processes, the disclosure of business secrets, a violation of privacy provisions, and, thus, could lead to administrative or criminal offences and subject us to damage claims and lead to administrative fines. We have experienced attacks by hackers and attempted data theft. We cannot assure that the security measures we have put in place will continue to successfully defend against these attacks. The measures we apply and regularly review to guarantee and improve the protection of confidential data may be insufficient to prevent certain types of security vulnerabilities. Future actual or perceived security vulnerabilities could cause us to incur significant additional costs to alleviate problems caused by any such vulnerabilities. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breach or unauthorized access may result in financial loss, liabilities towards third parties, measures taken by authorities or loss of reputation, and may therefore adversely affect our business, financial condition and results of operations. Delays and interruptions to our IT systems could lead to increased costs and may result in lost income and could, therefore, have a material adverse effect on our business, financial condition, cash flows or results of operations.

The administration and management of our portfolios is conducted using IT-based management tools. Our reliance on such management tools could lead to decisions that are not in our best interest, for instance, if essential data cannot be collected or has to be estimated for the future, if model assumptions turn out to be wrong, or if the key performance indicators used are not meaningful for our long-term success. Failure to make the correct business decisions in reliance on these IT systems could have a material adverse effect on our business, financial condition and results of operations.

(p) We may enter into new geographic markets and business segments, make strategic investments or acquisitions or enter into additional joint ventures, each of which may result in additional risks and uncertainties for our business.

We may expand into new geographic markets and business segments in the real estate industry and the private debt industry in which we have little or no experience. To the extent that we make strategic investments or acquisitions in new geographic markets or enter into additional joint ventures or other strategic initiatives, we may face numerous risks and uncertainties including, but not limited to, the required investment of capital and other resources and the possibility that we may have insufficient expertise or rely on external local partners to engage in such activities profitably or without incurring inappropriate amounts of risk. We may acquire real estate portfolios or companies involved in insolvency proceedings from time to time. Distressed acquisitions have a specific risk profile and may result in higher costs than initially anticipated due to, for example, higher than anticipated liabilities or through third parties enforcing against the distressed assets. If these initiatives generate insufficient revenue or if we are unable to efficiently manage the expanded operations, there could be a material adverse effect on our business, financial condition and results of operations.

(q) We may be exposed to potential liabilities as a result of any strategic investments or acquisitions in underperforming companies or restructurings or companies that hold underperforming assets or need to be restructured, any of which may result in additional risks and uncertainties for our business.

We may make strategic investments in restructurings or acquisitions that involve entities that are experiencing or are expected to experience financial difficulties and in respect of which other investors may have sought to exit. These financial difficulties may never be overcome and may cause such strategic investment or acquisition to become subject to bankruptcy or insolvency proceedings. Such strategic investments or acquisitions could, in certain circumstances, subject us to certain additional potential liabilities that may exceed the value of our original investment therein. For example, in certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments we received and distributions we made may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Further, strategic investments or acquisitions in restructurings may be adversely affected by statutes relating to, *inter alia*, fraudulent conveyances, voidable preferences, lender liability and, where applicable, a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions. If we were to lose all or part of any strategic investments or acquisitions in underperforming companies or restructurings or companies that hold underperforming assets or need to be restructured, or suffer additional liabilities in connection with such strategic investments or acquisitions, there could be a material adverse effect on our business, financial condition and results of operations.

(r) We may be unable to successfully identify and complete acquisitions for Investment Structures or warehousing purposes on favorable terms or achieve anticipated synergies relating to any acquisitions, and such acquisitions could result in unforeseen operating difficulties and expenditures.

We periodically review potential acquisitions of complementary businesses. However, we may be unable to find suitable acquisition targets. Even if we are able to identify appropriate acquisition targets, we may be unable to complete such acquisitions on favorable terms, if at all. In addition, the process of integrating an acquired business into our existing business and operations may result in unforeseen operating difficulties and expenditures. Integration of an acquired business may also require significant management resources that otherwise would be available for the ongoing needs of our business. Moreover, we may not realize the anticipated benefits of any acquisition, and any such transaction may not generate the expected financial results. Future acquisitions could also require us to issue equity securities, incur debt, assume contingent liabilities or amortize expenses related to intangible assets, any of which could have a material adverse effect on our business, financial condition and results of operations.

(s) We might be subject to project development risks.

Certain of our projects comprise the acquisition of plots, securing of respective building rights additional project planning steps as well as the development for our clients in our function as real estate investment manager. These projects may also include alignment investments by us. Even though such projects are not true project developments, there are certain risks regarding such projects, *e.g.* the risk that any required building permit cannot be obtained. The realization of these risks could have a material adverse effect on our business, financial condition, cash flow and results of operation.

In some projects we co-finance the costs of construction arising in the initial development phase and capital expenditure and tenant improvement measures as part of our investment. The period from the start of development to completion can extend over several years for complex projects. However, the income from a property can generally be obtained only after completion. Volatility in the markets or other unforeseeable circumstances, or circumstances not foreseen by us that occur or become known during the development phase, can affect the expected return. These include in particular unknown environmental risks, soil discoveries of all types that delay construction progress or errors in planning. The risks associated with the further development of projects also arise from possible disputes with building authorities and delayed and defective performance by the general and sub-contractors commissioned, or their insolvency, as well as from unplanned increases in construction costs, or a resulting delay in initial sale or leasing. In the case of construction activities that involve the design of a property, under certain circumstances, architects could apply for injunctions against us or third parties commissioned for the construction activities, to assert their copyright and thereby hinder or prevent construction. This can lead to delays or changes in the realization of projects or to their complete failure. The realization of such risk could have a material adverse effect on our business, financial condition, cash flow and results of operation.

(t) Current or future acquisitions may not be completed at all or not as originally contemplated, for example, due to conditions in the acquisition agreement or a failure to reach final agreements on the acquisition financing.

In current or future acquisitions, unforeseen problems could arise, for example, in the form of substantial economic or legal impediments. For example, transactions can be subject to a number of closing conditions and contain certain rights of withdrawal for the parties. If certain conditions precedent set out in the acquisition agreements are not fulfilled, the parties fail to reach final agreements with respect to, for example, the acquisition financing entered into in connection with these transactions or the approval of the acqusition by competent authorities is not granted, the transactions may not occur in the form intended and/or within the intended timeframe or at all.

In the event of a failure of current or future acquisitions, we could have to bear the associated transaction costs or be subject to damage claims, without receiving any of the intended results and benefits from the envisaged acquisition. The realization of this risk could have material adverse effects on our business, financial condition and results of operations.

(u) As the Company is a holding company, it will have to rely on dividends and other distributions by its operating subsidiaries. Any limitations on their ability to pay dividends may adversely impact the Company's ability to pay dividends to shareholders.

As the Company is a holding company, the Company will have to rely on dividends paid by our operating subsidiaries and any limitations on their ability to pay dividends to us may adversely affect our ability to pay dividends to shareholders. Contractual and legal restrictions applicable to our subsidiaries could limit our ability to obtain cash from our operating subsidiaries. See risk factor "*3.A.6 (a) Our substantial debt obligations may adversely affect our business, and our ability to generate the cash needed to service our debt depends in certain factors beyond our control*." below Our rights to participate in any distribution of our subsidiaries' assets upon their liquidation, reorganization or insolvency may generally be subject to superior claims of the subsidiaries' creditors, including any lenders, trade creditors and preferred shareholders. Dividends and other distributions on equity paid by our subsidiaries will be our principal source of cash in order for us to be able to pay any dividends and other cash distributions to our shareholders. If our subsidiaries incur debt in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

(v) The due diligence process that we undertake in connection with investments by our Investment Structures or in connection with acquisitions or other transactions may not reveal all relevant facts.

Before making investments on behalf of our Investment Structures or undertaking an acquisition or other transaction, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances made available for each investment, acquisition or transaction. When conducting due diligence, we evaluate complex business, financial, tax, accounting, environmental, technical and legal issues. External consultants, legal advisors, accountants and investment banks may be involved in the due diligence process to varying degrees depending on the type of investment, acquisition or transaction. Nevertheless, when conducting due diligence and making an assessment regarding an investment, acquisition or other transaction, we rely on the resources available to us, including information provided by the target of the investment or acquisition and, in some circumstances, third-party investigations. The due diligence investigation that we carry out with respect to any investment, acquisition or other transaction may not reveal all relevant facts that may be necessary or helpful in evaluating such investment, acquisition or other transaction. As a result, we may be subject to unexpected liabilities, greater indebtedness, increased capital expenditures, higher interest expenses and the risk that we will not be able to create or enhance value with respect to the property during the holding period to the extent initially anticipated. The realization of this risk could have material adverse effects on our business, financial condition, cash flow and results of operations.

(w) Our Investment Structures may run into liquidity issues and we may postpone and, under certain extreme circumstances even waive, the invoicing of our management fees and make loans or capital contributions to our Investment Structures in order to alleviate such liquidity issues.

If any of our Investment Structures do not perform as expected or run into liquidity issues, we may decide to support them, even though we are not subject to any legal or contractual obligation to do so. We may, for example, postpone and, under certain extreme circumstances even waive, the invoicing of our management fees or make loans or additional capital contributions to our Investment Structures. For example, due to the COVID-19 pandemic and the lack of income in certain Investment Structures, which led in some cases to liquidity issues within those Investment Structures, we had to postpone the invoicing of our management fees for such Investment Structures. There can be no guarantee that such measures will contribute to or result in alleviating the liquidity issues of our Investment Structures or that we will be finally compensated for our support. We have taken such measures in the past with respect to some of our Investment Structures and there can be no assurance that we will not decide to do so again in the future.

The materialization of any of the risks described above could have material adverse effects on our business, financial condition and results of operations.

(x) We might fail to identify all conflicts of interests resulting, inter alia, from the different functions performed by our Group and therefore be subject to litigations or regulatory measures.

Various conflicts of interest may arise with regard to the activities of the Group. For instance, we typically manage the Investment Structures in which we are co-invested through Group subsidiaries, which act as alternative investment fund managers ("**AIFM**") pursuant to the Alternative Investment

Fund Managers Directive ("**AIFMD**" or "**Directive 2011/61/EU**", and the relevant transpositions into national law, the "**AIFM Rules**") for the relevant fund as well through Group subsidiaries performing asset management and property management activities. Furthermore, our Group subsidiaries serve as fund investment advisors, debt financing advisors, and development managers. Although we undertake huge efforts to identify and address any conflicts of interests that may result, *inter alia*, from our Group subsidiaries performing such different functions or from the fact that certain assets may be suitable for more than one of our Investment Structures, we could fail to identify all conflicts of interests, and to address them properly. Failure to appropriately deal with conflicts of interest could subject us to litigations or regulatory measures, lead to wrong decision makings and harm our reputation and the trust of our clients in us. The materialization of any of the aforementioned risks could have material adverse effects on our business, financial condition and results of operations.

3.A.4. Risks Relating to Our Alignment Capital Investments in Our Investment Structures and to Our Assets Held for Warehousing Purposes

As an integrated investment manager for real estate equity and debt, we make alignment capital investments in our Investment Structures. These alignment capital investments expose us indirectly to the risks of owning real estate. Additionally, from time to time we acquire real estate assets for our own account for the purpose of warehousing them, so that these assets can subsequently be transferred to our Investment Structures. During the period between the acquisition of a real estate asset and its transfer to an Investment Structure, we are directly exposed to the risks of owning the real estate.

Risks relating to the ownership of real estate to which we are exposed through our alignment capital investments in our Investment Structures and our assets held for warehousing purposes include the following risks.

(a) Current or future acquisitions or sales for our Investment Structures and for warehousing purposes may not be completed at all or not as originally contemplated, for example, due to conditions in the sale and purchase agreement or a failure to reach final agreements on the acquisition financing, all of which have material adverse effects on our business, financial condition and results of operations.

In current or future acquisitions or sales for the benefit of our Investment Structures or for warehousing purposes, unforeseen problems could arise, for example, in the form of substantial economic or legal impediments. For example, a transaction could be subject to a number of closing conditions and contain certain rights of withdrawal for both parties. If certain conditions precedent set out in a sale and purchase agreement are not fulfilled, for example the approval of the sale by competent authorities, or if the parties fail to reach final agreements with respect to, for example, the acquisition financing entered into in connection with a transaction, a transaction may not occur in the intended form and/or within the intended timeframe. The same is true if the seller or purchaser of an asset or portfolio of assets fails to fulfil its obligations under a sale and purchase agreement, in particular, transferring the purchased object or paying the purchase price or if there is a significant delay. In the event of a failure of future acquisitions or sales for our Investment Structures or for warehousing purposes, we could have to bear the associated transaction costs without receiving any of the intended results and benefits from the envisaged transaction. The realization of this risk could have material adverse effects on our business, financial condition and results of operations.

(b) Our ability to generate the desired returns for our Investment Structures and warehousing margins depends on our ability to arrange for leases of properties underlying these Investment Structures or warehousing properties to appropriate tenants on satisfactory terms and to dispose of properties on appropriate terms.

Our ability to achieve the desired returns for our Investment Structures, which in turn affects the fees we earn and the results of our alignment capital investments, may be limited by our ability to arrange leases for the properties underlying these Investment Structures with appropriate tenants on satisfactory terms and to dispose of them on appropriate terms. This generally applies also to our warehousing properties and, thus, may also affect our warehousing margins. Returns for our Investment Structures and our warehousing margins may therefore be adversely affected by a number of factors affecting the leases of properties underlying our Investment Structures and warehousing properties, including, amongst others:

- vacancies that lead to reduced occupancy levels and additional expenses until the property is re-let;
- our ability to obtain adequate management and maintenance services for properties on commercial terms or at all;
- our ability to collect rent and service charge payments from tenants on a timely basis or at all;
- where tenants fail make such payment, the ability to agree with the tenant on adequate solutions in a timely manner or, where such solutions cannot be obtained, to evict the tenant with low cost and time efforts, so that the property affected can be re-let;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favorable than current leases or previously estimated rental amounts;
- a competitive rental market which may affect rental amounts and occupancy levels; and
- changes in laws and governmental regulations in relation to real estate, including those governing permitted and planning usage, taxes and government charges, health and safety and environmental requirements.

The occurrence of any of the above factors could materially adversely affect our business, financial condition and results of operations.

(c) Locations and sub-sectors where we have invested in real estate could lose their attractiveness and could suffer from an economic downturn.

Every location and real estate sub-sector is exposed to individual regional and sector-related risks that we cannot influence and that are beyond our control. Individual locations where we have invested, especially smaller cities outside of major metropolitan areas, could depend heavily on a few companies for their economic growth. The insolvency, closure or relocation of one of these companies could have a significant adverse impact on the economic growth of the relevant location, for example shops in high street locations or in shopping malls. In addition, certain sub-sectors in the real estate market or certain asset classes may be affected by factors beyond our control, *e.g.* highstreet shops, shopping malls and hotels which are heavily affected by the closings imposed by local authorities during the COVID-19 pandemic. Such factors are present at all locations in various forms for real estate and could each have adverse consequences for our investments. An adverse economic change in one of the locations where we have invested could have material adverse effects on our business, financial condition and results of operations.

(d) We could fail to conclude real estate transactions on attractive terms and might lose opportunities to purchase and sell properties.

We frequently seek to acquire real estate assets for our Investment Structures and for warehousing purposes and to sell real estate assets held by our Investment Structures and our warehousing assets. We may not be able to successfully purchase and sell properties at the most suitable time and/or on attractive terms. Our ability to purchase and sell properties depends on various factors such as the availability of suitable properties, favorable purchase terms, reasonable financing options, demand for rental space, the sourcing of equity, the competitive situation, but also on certain public legal matters such as the issuance of required permits. Competitors with asset acquisition objectives similar to ours may possess greater financial resources or benefit from lower costs of capital. Our competitors for the purchase of real estate include not only regional real estate investors with in-depth knowledge of the local markets, but also institutional real estate investors such as insurance companies, pension funds and sovereign wealth funds. International real estate investors have also emerged as competitors for real estate investments, even outside of large metropolitan areas. Compared to us, institutional real estate investors and international real estate investors often have greater resources to finance their acquisitions and may be willing to pay higher prices for strategic purchases. The high demand for real estate in Germany might result in excessive purchase prices for real estate, and thus in declining returns. A lack of purchase and sale opportunities for real estate on attractive terms could have a material adverse effect on our business, financial condition and results of operations.

Current or future acquisitions or sales for our Investment Structures and for warehousing purposes may not be completed at all or not as originally contemplated, for example, due to conditions in the sale and purchase agreement or a failure to reach final agreements on the acquisition financing, all of which have material adverse effects on our business, financial condition and results of operations.

(e) We are exposed to risks related to the structural conditions of the properties held by our Investment Structures or held by us for warehousing purposes and their modernization and maintenance, the occurrence of which could subject us to significantly increased costs.

In order to ensure the safety of a rental property's inhabitants, sustain demand for a rental property and generate adequate revenue over the long term, a property's condition must be maintained or improved to a standard that satisfies technical requirements and meets market demand. Maintaining or improving the condition of properties is important to capturing any increase in market demand and can entail significant costs. We undertake maintenance and refurbishment work for assets held by our Investment Structures or held by us for warehousing purposes on an ongoing basis. Failure to maintain the technical soundness of a rental property poses a risk to the health and safety of the tenants. Typically, the costs associated with maintaining a rental property at market standards are borne primarily by the property owner. If maintenance and modernization are required to meet changing legal or market requirements (*e.g.* with regard to energy efficiency or health and safety requirements), the property owner may be burdened with substantial expenses. In Germany, rent increases to compensate for these expenses may only be introduced under certain conditions and may not exceed a certain percentage of the costs incurred in connection with certain modernization measures. In addition, we may not be able to increase rents to the extent legally permissible as a result of prevailing market conditions or the inability of tenants to afford these increased rents.

Although we have a system in place to monitor and budget necessary maintenance and modernization measures, numerous factors may generate substantial unbudgeted costs for maintenance and modernization. Maintenance and refurbishment work is subject to a number of construction, operating and other risks, many of which are beyond our control, including shortages and price inflation of materials, equipment and labor, adverse weather conditions, accidents, unexpected delays and other unforeseen circumstances, any of which could result in costs that are materially higher than we initially estimated. In addition, numerous other factors, such as the age of the building, the material and substances used at the time of construction or building code violations could also result in substantial maintenance costs. We could incur additional and unexpected costs if the actual costs of maintaining or modernizing properties were to exceed our estimates, if it is not permitted to increase rents in connection with the modernization and maintenance or if hidden defects not covered by insurance or contractual warranties are discovered during the maintenance or modernization process.

Any failure to undertake appropriate maintenance and modernization work could adversely affect the rental income earned from affected properties, result in unplanned costs, negatively impact the affected units' value and, in some circumstances, result in a breach of obligations under a lease. Such a failure could entitle tenants to withhold or reduce rental payments or even to terminate existing lease contracts. Any such event could reduce the performance of our Investment Structures, which could affect our fee income and our results from alignment capital investments, which in turn could have material adverse effects on our business, financial condition and results of operations.

(f) We may make significant investments in modernization measures for properties held by our Investment Structures or held by us for warehousing purposes, which may not generate the expected return or fall short the expected budget, which could affect our fee income and our results from alignment capital investments.

We may make significant investments in modernization measures for properties held by our Investment Structures or held by us for warehousing purposes. There can be no assurance that we will be able to achieve the targeted yield in the future on capital invested in modernization measures. Furthermore, we may face challenges in overseeing and organizing such modernization measures. Management may make investment decisions that turn out to be less profitable than expected as a result of insufficient information or lack of knowledge of pertinent facts. In addition, we may not be able to pass on the costs of such modernization measures to the tenants if these tenants are unable to afford such rent increases. Further, our Investment Structures may be restricted in their ability to finance the modernization measures through loans or other debt instruments depending on their current and future debt level and structure. The materialization of any of the risks described above could reduce the performance of our Investment Structures, which could affect our fee income and our results from alignment capital investments, which in turn could have material adverse effects on our business, financial condition, cash flow and results of operations.

(g) Real estate investments are relatively illiquid, which may affect our ability to change, dispose of or liquidate the assets of our Investment Structures.

Real estate investments are relatively illiquid, in particular due to the complex nature of real estate sale and transfer procedures, the need for due diligence in the course of such transactions and a varying market demand. Such illiquidity may affect our ability to change the composition of portfolios of our Investment Structures or to dispose of or liquidate part of their portfolios in a timely fashion and at satisfactory prices. This may lower the returns of our Investment Structures, which in turn would result in lower fee income and lower returns on our alignment capital investments and could materially and adversely affect our financial condition and results of operations.

(h) We may need to write-down real estate assets presented in our consolidated financial statements or in the financial statements of our Investment Structures which could have adverse effects on our results.

We generally attempt to transfer real estate assets held by us for warehousing purposes to Investment Structures within typically three to twelve months after the acquisition of the asset or to dispose of such asset. However, we may not be able to do so in all cases for instance, if such asset does not meet our clients' investment requirements or expectations or we may not receive the intended price. Real estate assets held by us for warehousing purposes are shown on our consolidated balance sheet until they are transferred to our Investment Structures or otherwise disposed of. It is possible that we will not be able to transfer real estate assets to our Investment Structures or otherwise dispose of them for an extended time period and that we may be required to write down the value of the real estate assets on our balance sheet. Any such write-down of real estate assets could have a material adverse effect on our business, financial condition and results of operations.

Our alignment capital investments in our Investment Structures are reflected in our consolidated financial statements as investments in associates. The fair value of investment property, as the main assets of our associates, is determined by using recognized valuation techniques. Such fair value measurement has a direct impact on our balance sheet items investment in associates, long-term loans to associates and receivables from associates. The valuation techniques comprise both the discounted cash flow method and the residual value method. 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 our business, financial condition and results of operations, but also on the financial condition and returns of the Investment Structures.

(i) Our ability to increase rents in Germany is limited by German law, which could lead to substantial losses.

The ability of landlords to increase rent in Germany under existing tenancy agreements is limited under German law. If the parties to a tenancy agreement have not agreed on a stepped rent (*Staffelmiete*) or an indexation of rents (*Indexmiete*) – which is permissible only in specific cases – and the tenant refuses to amend the tenancy agreement, a rent increase may be effected unilaterally only within strict limits.

Additionally, in municipalities in which the supply of affordable housing is determined to be threatened, rent increases for a period of five years for new leases are limited to a maximum of 10% above the higher of the locally prevailing comparative rent level or the previous tenant's rent (*Mietpreisbremse*).

If a tenancy agreement continues in duration without the possibility to increase the rent, this could potentially lead to a situation where our costs under the tenancy agreement are more than the revenue we receive and this could lead to substantial losses. Additionally, possible future changes in the German legal framework may further negatively affect our ability to increase rents. Tightened rent restrictions could impair our ability to increase rents, which in turn could lead to a reduction in the revenues we earn and affect the results from our capital alignment investments and from the assets held by us for warehousing purposes, all of which could have material adverse effects on our business, financial condition and results of operations.

(j) Tenants could attempt to prematurely terminate their lease agreements based upon strict formal requirements under German law for long-term leases which could lead to a reduction or loss of rental income.

We are regularly party to long-term commercial lease agreements. Pursuant to German law, long-term lease agreements can be terminated with statutory notice period and hence prior to their contractually agreed expiration date if the formal requirement of written-form is not complied with. In principle, such requirements are to be interpreted strictly. It cannot be ruled out that relevant lease agreements satisfy the interpretations of these requirements. Consequently, some of our tenants might attempt to invoke alleged non-compliance with these formal requirements in order to procure an early termination of their lease or favorable renegotiation of the terms of the lease, to the detriment of certain Investment Structures. Any of the aforementioned risks could have material adverse effects on our business, financial condition and results of operations.

(k) German law provides tenants with substantial protection against termination and eviction, which could lead to substantial losses. In addition, we use standardized tenancy agreements and standardized contract terms, the strict interpretation of which by German courts could lead to increased costs and legal disadvantages.

German law and German courts provide tenants with substantial protection against termination and tenant evictions. Extended leases or delayed evictions resulting from these protections can lead to substantial losses until the property is actually vacated. In addition, we use standardized tenancy agreements. Under German law, standardized contract terms are required to comply with the statutory law on general terms and conditions, which means that they are subject to rigid fairness control by the courts regarding their content and the way they are presented to the other contractual party by the person using them. As a general rule, standardized terms are invalid if they are not transparent, are not clearly worded, are unbalanced or discriminate against the other party. Due to the frequent changes in the legal framework, particularly as a result of court decisions relating to general terms and conditions, it is impossible to be fully protected against risks associated with the use of such standardized contractual terms. The various German Federal Court of Justice (*Bundesgerichtshof*) decisions regarding the invalidity of decorative repair clauses, specifically those concerning the type and schedule of the tenant's performance of decorative repairs, are examples of a change in the legal framework. The invalidity of such clauses causes the landlord to become responsible for maintenance and repair measures and the increased costs incurred in connection therewith. Even if contracts are prepared with legal advice, it is difficult for us to avoid problems of this nature from the outset or in the future, as the changes may continue to occur in the legal framework, particularly via case law. This makes it very difficult for us to avoid the ensuing legal disadvantages. Any of the aforementioned risks could have material adverse effects on our business, financial condition and results of operations.

(l) Our Investment Structures and real estate assets held by us for warehousing purposes may be exposed to substantial risk of loss from environmental claims.

Our Investment Structures and real estate assets held by us for warehousing purposes may be exposed to substantial risk of loss from environmental claims arising in respect of real estate assets that have environmental problems, and the loss may exceed the value of such assets. Real estate assets may contain undetected hazardous materials (such as asbestos) or may be contaminated or otherwise be affected by contaminated sites and harmful soul alterations. We may be liable for the cost of removal, investigation or remediation of hazardous or toxic substances. The remediation and disposal of such hazardous substances or other environmental liabilities associated with real estate assets could entail significant costs and expenses. Moreover, we may be subject to damage claims, including claims for personal damages, litigation, significant penalties or damage to our reputation. Furthermore, changes in environmental laws or in the environmental condition of assets may create liabilities that did not exist at the time of acquisition of the real estate assets and that could not have been foreseen. Generally, we perform environmental due diligence of real estate assets to be acquired for our Investment Structures or for warehousing purposes. However, such due diligence may not reveal all environmental liabilities, such as soil contamination or asbestos-related issues. In the event there are environmental liabilities, this may lower the returns of our Investment Structures. This would result in lower fee income and lower returns on our alignment capital investments and could have a material adverse effect on our business, results of operation and financial position.

(m) We may suffer material losses in excess of insurance proceeds in the event of significant damage to real estate assets.

The real estate assets held by our Investment Structures or held by us for warehousing purposes may suffer physical damage caused by fire or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, which may be uninsurable or are not economically insurable. Such losses, especially if they are not covered in full by insurance proceeds, may lower the returns of our Investment Structures, which in turn would result in lower fee income and lower returns on our alignment capital investments, and may also lead to lower warehousing margins, all of which could materially and adversely affect our financial condition and results of operations.

(n) Real estate valuations are based on assumptions and considerations that are not only subject to change but are inherently subjective and uncertain, and valuation reports may not accurately reflect the value of the real estate to which the reports relate.

Due to the illiquid nature of property, the valuation of property is inherently subjective and thus subject to uncertainty. A property's reported valuation depends on the factors considered during the valuation and on the valuation method used. In addition to considering expected rental income in relation to a particular property, the property's condition as well as its historical vacancy level, a property appraiser may consider other factors such as real estate tax rates, operating expenses, potential claims for environmental liabilities and the risks associated with certain construction materials. All such property valuations are made on the basis of assumptions which may not be correct. An adverse change in one of the assumptions used or factors considered in valuing a property can considerably decrease the assessed value of the property. Moreover, a change in the factors considered may cause valuation results to differ significantly. There is no guarantee that the valuations will reflect actual sale or market prices (even where any such sales occur shortly after the relevant valuation date) or that the estimated rental yield and annual rental income of any property will actually be attained. In particular, during times of limited transactions in the real estate market in general or in particular market segments thereof, market prices for properties may be especially difficult to assess. Our management assesses the market value of our properties through the use of external professional appraisers at least once per year. The particular assessment of the mandated external professional appraiser is, to a certain extent, discretionary and may differ from the opinion of another appraiser.

These factors could result in the values ascribed to the properties in the external or internal valuation reports to be higher than the amounts that could be obtained upon disposal of our properties, whether in the context of the sale of individual properties or a portfolio as a whole. In particular, valuation reports are based on a series of important assumptions some of which are based on information that we provide. Assumptions based on such information may turn out not to be correct. An adverse change in important assumptions made or in factors considered in an appraisal could considerably decrease the assessed value of the properties. Property values may decline over time and assumptions may change. Any revaluation of properties may lead to gains or losses with respect to the book value of the properties and influence our profit or loss, as reflected in our consolidated income statement and consolidated balance sheet. Such profit or loss would be realized in the event that the relevant property is sold. The materialization of any of these factors could have material adverse effects on our business, financial conditions and results of operations.

3.A.5. Risks Relating to Our Mezzanine Financing Business

(a) Poor performance by the mezzanine funds we advise may adversely affect our brand and reputation, the Coupon-participation fee received by us, and our ability to raise capital.

The business of our Group subsidiary HFS Helvetic Financial Services AG, Wollerau, Switzerland ("**HFS**"), is to structure and provide mezzanine financing (*i.e.* financing that ranks below senior loans and above ordinary shareholders' equity) on the German residential and commercial real estate market and to act as advisor to numerous mezzanine funds.

Historically, such funds have delivered attractive, consistent investment returns for the investors in such funds. In the event that mezzanine funds were to perform poorly, particularly if this was the case for a larger fund, this would lead to a corresponding reduction of the performance fee received by us, which is based on the amount by which the annual performance of a particular fund at the year-end (including distributions and tax payments) exceeds a specified hurdle rate on the average bound capital in the calculation period (the "**Coupon-participation Fee**"), or even result in us receiving no performance fee at all. Moreover, investors in the funds may decline to invest in future mezzanine funds we raise or investors may withdraw their investment as a result of poor performance of the mezzanine fund in which they are invested.

The performance of the mezzanine funds could be adversely affected by a number of factors, for instance, if competition for real estate investment opportunities, on which a particular mezzanine fund is focused, increases. Moreover, there is a risk that current and future mezzanine funds will not benefit from investment opportunities and general market conditions from past periods. The performance of the mezzanine funds could further be affected by difficult market conditions, please see risk factor "*3.A.5 (b) Our mezzanine financing business is subject to significant risks attributed to the underlying* *mezzanine funds, the materialization of which could have a material adverse effect on our business, financial conditions and results of operations.*" below. The mezzanine funds could also generate lower annual returns on their investments and experience increased risks of investment losses if the funds offer pricing terms for potential investment opportunities, structures and terms in excess of those offered by competitors.

If the mezzanine funds we advise perform unsatisfactory, this could affect our Coupon-participation Fee. Moreover, poor performance could affect our growth and ability to raise capital for future mezzanine funds, thereby reducing the fees we generate with the structuring of mezzanine funds. The materialization of any of the aforementioned risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

(b) Our mezzanine financing business is subject to significant risks attributed to the underlying mezzanine funds, the materialization of which could have a material adverse effect on our business, financial conditions and results of operations.

Our mezzanine financing business is subject to significant risks associated with the current and future mezzanine funds set up by us, including, amongst others, the following:

- The success of the mezzanine funds and the market value of the funds' investments is affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relation to taxation of the funds' investments), trade barriers, currency exchange controls, disease outbreaks, pandemics (including the COVID-19 pandemic), and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations).

  Current and historic market turmoil has illustrated that market environments may, at any time, be characterized by uncertainty, volatility and instability. For example, the COVID-19 pandemic is causing materially reduced consumer demand and economic output, disrupting supply chains, resulting in market closures, travel restrictions and quarantines, and adversely impacting local and global economies. As with other serious economic disruptions, governmental authorities and regulators are responding to this crisis with significant fiscal and monetary policy changes, including by providing direct capital infusions into companies, introducing new monetary programs and considerably lowering interest rates, which, in some cases resulted in negative interest rates. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. The extent and nature of the impact on supply chains or economies and markets from these events is unknown, particularly if a health emergency or other similar event, such as the recent COVID-19 pandemic, persists for an extended period of time.

  The value of the funds' investment may decrease as a result of such events. Many of the issuers in which the funds will make investments may be susceptible to economic slowdowns or recessions and may be unable to repay the loans made to them during these periods. Therefore, non-performing assets may increase and the value of the funds' portfolio may decrease during these periods. Economic slowdowns or recessions could lead to financial losses in the funds' portfolio and a decrease in revenues, net income and assets.

- The mezzanine funds invest a substantial portion of assets in debt securities, typically for the early stages of a real estate development, typically as equity-replacing bridge financing until certain milestones (*e.g.* the building permit or construction progress) have been achieved and the follow-on financing for the entire project has been secured. Their issuers may become insolvent, which would cause these investments to lose all or part of their value. In addition, the market interest rate level prevailing at the time of the acquisition of a security may change. If market interest rates rise relative to the interest rates on the security at the time of purchase, the prices of the securities may fall, which may adversely affect the return on investments.

- The funds are exposed to the risk that third parties that may owe the funds money, securities or other assets will not perform their obligations. These parties may include issuers, trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other intermediaries. These parties may default on their obligations to a fund, due to bankruptcy, lack of liquidity, operational failure or other reasons, all of which could have a material impact on the performance of such fund.

- Mezzanine loans are generally callable at any time, and certain loans may be callable at any time at no premium to par, subject to the expiration of a specific minimum period of time. Whether a loan is called will depend both on the continued positive performance of the issuer and the existence of favorable financing market conditions that allow such issuer the ability to replace existing financing with less expensive capital. As market conditions change frequently, it is often not possible to predict when, and if, this may be possible for each of the funds' issuers. In case of some of the funds' loans, an early call may even have the effect of reducing the funds' actual investment income below its expected investment income if the capital returned cannot be invested in transactions with equal or greater yields.

- A significant portion of the fund investments (and the income, redemption and proceeds received by a fund in respect of such investments) may be denominated in currencies other than currency of the respective fund. Accordingly, changes in foreign currency exchange rates and exchange controls may materially adversely affect the value of the investments. For example, any significant depreciation in the exchange rate of the Euro, or any other currency in which the fund makes investments, against the currency applicable to the fund, could adversely affect proceeds on investments denominated in the Euro or such other currencies.

- The performance of a fund will depend in particular on the success, value preservation and possible value increases and losses of the real estate companies issuing the subordinated debt securities in which investments are made for the account of the fund. Therefore, the funds' investments are exposed indirectly to the risks of owning real estate (for a description of these risks, please see "*3.A.4* Risks *Relating to Our Alignment Capital Investments in Our Investment Structures and to Our Assets Held for Warehousing Purposes*" above.

- There is a risk that a particular investment may not be sold, liquidated or closed within a sufficiently short period of time at limited cost, which could lead to the fund being temporarily or permanently being unable to meet its payment obligations or the investors' redemption request. Moreover, the net asset value of a fund and the fund's investments may decline, for instance, if the manager of the fund were to sell assets for the fund below their market value.

The materialization of any of the aforementioned risks may adversely affect the performance of the underlying funds and, in turn, reduce the Coupon-participation Fee received by us. Furthermore, our ability to raise new funds may be affected, thereby reducing the fees we receive for the structuring of mezzanine funds. The materialization of any of the aforementioned risks may therefore have material adverse effects on our business, financial conditions and results of operations.

(c) Our mezzanine financing business is dependent on our ability to access and execute a sufficient number of attractive investment opportunities in the German residential and commercial real estate sector. Our future growth and profitability could be harmed if we fail to identify, source and execute a sufficient number of suitable investment opportunities on attractive terms.

Our economic success depends on our ability in our role as fund advisor to continuously identify, have access to, and execute attractive investment opportunities in the German residential and commercial real estate sector, on attractive terms.

We compete in the market for mezzanine investments in the residential and commercial real estate sector in Germany with other investment funds, as well as traditional financial services companies such as commercial banks and other sources of funding. Other competitors may have higher risk tolerances or different risk assessments, which could allow them to compete more aggressively. We in our role as fund advisor and the fund manager of the respective fund may lose investment opportunities if we do not match our competitors' pricing. If we were forced to match our competitors' pricing, the funds may not achieve acceptable returns on investments or may bear substantial risk of capital loss, which would lead to a corresponding decrease of our Coupon-participation Fee. Failure of the funds to meet the investment return expectations could also considerably reduce the willingness of fund investors to invest in future funds with a corresponding effect on our fee income. Additionally, new funds and investor vehicles with investment objectives similar to ours may be established in the future. The competitive nature of the market has led to, and is likely to continue to exert, significant pressure on finding and placing attractive investment opportunities.

Competitive pressure could adversely affect our ability to place successful investments and limit our ability to raise future funds, either of which could have a significant effect on our fee income and have a corresponding negative impact on the Company's business, financial condition and result of operations.

(d) Investors in the mezzanine funds have the right to withdraw their funds, which could lead to a corresponding decrease of our income from mezzanine loans.

The agreements governing the mezzanine funds, which we advise within our mezzanine financing business provide for the investors' right to terminate their investment and withdraw their funds without cause following the expiration of a specific period of time in which capital may not be withdrawn typically with a termination period of one year, with a consequential reduction of our Coupon-participation Fee. In a declining market, the pace of redemptions and consequent reduction of our Coupon-participation Fee could even accelerate. The decrease in our income from mezzanine loans could have a material adverse effect on our business, financial condition and results of operations.

(e) The level of repayments on our loan portfolio within our mezzanine financing business and consequently on the timing of the realization of rolled up interest could a have a negative impact on our mezzanine financing business.

The mezzanine investments (*i.e.* the provision of mezzanine financing) are often structured in a way that interest is "rolled-up" and paid in full at the maturity date of the respective loan, rather than being paid in periodic instalments during the life of the loan. Owing to the illiquid market for the sale of mezzanine investments, realizations of interest and repayments of loans typically occur upon the event of a refinancing of the capital structure or a sale of the investment. We cannot predict when, or if, any repayments of the loan principal and realizations of the rolled-up interest on the investment will occur. Delays in the repayment of principal and the realization of rolled-up interest could have a negative impact on our investment capacity as we would be lacking liquidity to enter into new investments, which could delay or reduce the up-front fees for such new investments.

3.A.6. Risks Relating to Our Financial Profile

(a) Our substantial debt obligations may adversely affect our business, and our ability to generate the cash needed to service our debt depends in certain factors beyond our control.

We currently have and will continue to have a substantial amount of outstanding debt with significant debt service requirements. As of 31 December 2020, our net financial debt amounted to EUR 517.0 million. Our existing and future indebtedness exposes us to risks associated with the use of leverage such as refinancing risk, liquidity risk, interest rate risk and foreign currency risk, and may have important consequences for our business and operations, including:

- making it more difficult for us to satisfy our obligations under our financing arrangements;
- increasing our vulnerability to a downturn in our business or general economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt and reducing the availability of our cash flow to fund internal growth through capital expenditures;
- placing us at a competitive disadvantage compared to our competitors that have lower leverage or greater access to capital resources than we have;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from exploiting certain business opportunities;
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future.

Our exposure to the risk of changes in market interest rates relates primarily to our short-term and long-term debt obligations with floating interest rates. Our Investment Structures are likewise exposed to the risk of changing interest rates under debt obligations with floating interest rates.

This risk may be heightened in the future if we finance our business through additional borrowings. As a result of our indebtedness, our ability to pay dividends may be materially and adversely affected.

Moreover, we may not have sufficient funds to repay our outstanding debt or other liabilities, when due. This could also be a result of late repayments or defaults from our own debtors or exits from co-investments that may take place later than expected or with earnings below our expectations. If our cash flows and capital resources are insufficient to make these payments, we may be required to seek additional financing, reduce or delay capital expenditures, sell assets or operations, or refinance our indebtedness. Our ability to refinance our indebtedness will depend on, among other things, the conditions of the capital markets and our financial condition at such time. The refinancing of our debt might be dependent on our ability to successfully place certain of our balance sheet assets in the short- to medium-term. We might fail to place such balance sheet assets in a timely manner, on favorable conditions or at all. There can be no assurance that we will be able to refinance any of our indebtedness in terms economically favorable as our current financing arrangements or at all.

The materialization of any of these factors could have material adverse effects on our business, financial conditions and results of operations.

(b) If our credit rating is not in line with market expectation or downgraded further this could limit our financing options.

On 24 August 2020 Standard & Poor's Rating Services downgraded our long-term corporate credit rating to "BB" with negative outlook ("**Credit Rating**"). In general, credit ratings are important to determine financing costs and access to both debt and equity capital markets. If our Credit Rating is downgraded further, this could adversely affect our ability to obtain funding in the capital and loan markets on economically acceptable terms. In addition, any downgrade or threat of a potential downgrade of our Credit Rating could, *inter alia*:

- adversely affect our liquidity and competitive position;
- undermine investor confidence in us;
- increase our financing costs;
- require us to provide additional security and/or guarantees for existing and future financings;
- restrict our access to the capital markets; and/or
- adversely affect the price of the Shares and other securities.

Our Credit Rating could be subject to change and could be downgraded as a result of many factors, including the failure of the Group to successfully implement its strategies. The materialization of any of these risks could have material adverse effects on our business, financial conditions and results of operations.

If we are unable to obtain debt financing for the acquisition and refinancing of real estate assets, this may materially and adversely affect our business. Our ability to acquire real estate assets for our Investment Structures or for warehousing purposes depends on our ability to obtain sufficient debt financing for an acquisition. If we are unable to obtain the necessary debt financing, a planned acquisition of a real estate asset may be affected and may no longer be feasible. This may have a material adverse effect on our business, financial condition, results of operations and prospects.

(c) We are subject to restrictive covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

Subject to certain exceptions, the terms and conditions governing our financing arrangements contain covenants which may impose significant restrictions on the way we can operate, including restrictions that limit the ability of the Company and its subsidiaries to incur additional indebtedness, pay dividends, redeem capital stock and make other distributions, prepay or redeem subordinated debt or equity, create or permit to exist certain liens, and transfer or sell certain assets.

These covenants could affect our fee income and the results of our alignment capital investments and could have a material adverse effect on our business, financial condition and results of operations.

(d) Our future results of operations could differ materially from our profit forecast.

The Management Board estimates that adjusted earnings before interest, taxes, depreciation and amortization (as EBITDA adjusted for specific exceptional items) ("**Adjusted EBITDA**") and adjusted net profit (defined as net profit/(loss) for the period attributable to shareholders of the parent company adjusted for certain exceptional items ("**Adjusted Net Profit**")) will range between EUR 90 million and EUR 115 million and between EUR 50 million and EUR 75 million, respectively, in the financial year ending 31 December 2021 (collectively, and together with the respective explanatory notes, the "**2021 Forecast**").

The Management Board based the 2021 Forecast on a number of assumptions which are inherently subject to significant business, operational, economic, and other risks, many of which are outside of our control. Accordingly, such assumptions may change or may not materialize at all. Should one or more of the assumptions underlying the 2021 Forecast prove to be incorrect, our actual results of operations for the current financial year 2021 could differ materially from the 2021 Forecast. As a result, investors should not place undue reliance on the 2021 Forecast.

(e) Covenants and restrictions in the financing arrangements for our Investment Structures could limit our ability to undertake certain types of transactions and adversely affect our business.

The financing arrangements for our Investment Structures contain a number of covenants and other restrictions that impose significant operating and financial limitations with respect to our Investment Structures. A breach of the covenants or restrictions under these financing arrangements could result in an event of default under the applicable financing arrangements. An event of default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. These restrictions may affect our ability to manage the respective Investment Structures in accordance with our strategy, which could in turn have an adverse effect on the future performance of the respective Investment Structures. This could affect our fee income and the results of our alignment capital investments and could have a material adverse effect on our business, financial condition and results of operations.

3.A.7. Legal and Regulatory Risks

(a) Compliance breaches could result in investigations by relevant authorities, fines, damage claims, payment claims, the termination of relationships with clients and reputational damage.

To protect us against legal risks and other potential harm, we have implemented a Group-wide code of conduct and various other policies and internal control systems and procedures in order to ensure compliance with all applicable laws. Such binding policies and internal control systems and procedures address conduct, corruption prevention, conflicts of interest, information and data protection, accounting failure, discrimination, environmental protection and protection of company property and applies to all employees and the members of the Management Board. Legal and compliance risks are addressed by our risk management procedures. Additional compliance arrangements and control systems and procedures are implemented for our licensed activities and accounting procedures. There can be no assurance, however, that these compliance arrangements and internal control systems and procedures will be sufficient to completely prevent unauthorized practices, legal infringements, corruption or other legal, financial or accounting risks, whether caused by negligence or willful intent or other adverse consequences of non-compliance within our organization or by or on behalf of our employees. Any failure in compliance could harm our reputation and have a material adverse effect on our business, financial condition and results of operations. We are a large, diversified Group comprising of 123 subsidiaries in 9 countries as of 31 December 2020. Due to our size and geographical reach it is difficult to ensure that our Group-wide standards will always be fully and consistently applied throughout the organization. The failure by any Group company to follow our Group-wide standards may adversely affect our operating performance. Moreover, compliance breaches could result in investigations by relevant authorities, fines, damage claims, payment claims, the termination of client relationships and reputational damage. Further, the risk exists that a competent regulatory authority requires amendments and/or modifications to our compliance structure which may result in increased costs. Any failure of our compliance structure or regulatory changes affecting our compliance structure could have material adverse effects on our business, financial condition, results of operations and reputation.

(b) We are exposed to risks from litigation and other legal actions and could incur significant liabilities and substantial legal fees.

We are and may become the subject of legal disputes, administrative proceedings or government investigations. Such legal disputes, proceedings and investigations may, in particular, arise from our relationships with clients, tenants, employees, third-party facility managers, building contractors and other contractual counterparties, neighbors and public authorities alleging breaches of contract, tort or the failure to comply with applicable laws and regulations. We may be required to pay damages or fines or to take, or to refrain from taking, certain actions. The investment activities of our Investment Structures, the management activities of our Group subsidiaries which act as AIFM as well as the Group's fund investment advisory activities, including mezzanine financing and financcial investment structuring and advisory activities, subject us to the risk of third-party litigation arising from client dissatisfaction with the performance of investments and a variety of other litigation claims. There may also be investigations by governmental authorities or criminal proceedings into circumstances of which we are currently not aware or which will arise in the future. Moreover, we may be affected by future legal disputes regarding, among other things, negligence, contract disputes, governmental authorities, investigations, audits and other legal claims that may involve potential damages and defense costs. If we were to be found liable under any such claims or even if complaints, lawsuits or investigations brought against us are unsuccessful, this could result in significant liabilities, further costs and substantial legal fees and have a material adverse effect on our business, financial condition and results of operations.

(c) Our intellectual property rights may be infringed or challenged by third parties and we may infringe third parties' intellectual property rights or be faced with claims regarding infringement with regard to the use of intellectual property.

Group-wide we own about 30 trademarks as of 31 December 2020 in various countries or areas of protection. Furthermore, our domain portfolio consists of more than 500 internet domain names as of 31 December 2020. We cannot exclude that third parties may infringe our intellectual property rights. Such infringement may lead to a loss of goodwill associated with the "CORESTATE", "HFS" and "Hannover Leasing" brands which might, in turn, damage our market reputation and have a material adverse effect on our business.

We cannot exclude the possibility that we may infringe intellectual property rights of third parties. This may result in the prohibition of certain business actions or us being forced to purchase licenses, or pay compensation. Restrictions or obligation due to the infringement of intellectual property rights of third parties may have a material adverse effect on our business.

(d) Our insurance coverage may not be sufficient.

We carry insurance that we consider adequate in regard to the nature of the covered risks and the costs of coverage. However, we are not fully insured against all possible risks, nor are all such risks insurable. We may experience claims in excess of or not covered by our current insurance policies. For example, given the size of certain funds, including mezzanine funds, and their investments, Group companies acting as AIFM or advisor of such fund, could be subject to material legal or regulatory actions, including from dissatisfied clients, regulators or other third parties, which may not be covered by our current insurance coverage. Moreover, damage caused to the Group, even if covered by our insurance coverage, may result in increased insurance premiums or the loss of the insurance coverage. We could also not be able to obtain or maintain liability insurance in the future on acceptable terms, or at all. As a result, losses that are not covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

(e) We may not be able to obtain and maintain requisite regulatory approvals and authorizations, including licenses for our fund management activities.

We are required to maintain a significant number of regulatory approvals and authorizations, including licenses such as those described under risk factor "*3.A.7 (g) We may be subject to investigations or administrative proceedings for violations of our licenses or license/authorizations requirements.*" below. There is a risk we will not have the ability to obtain and retain requisite approvals and authorizations from relevant governmental authorities and other organizations, including due to changes in laws or regulations governing such approvals and authorizations (please also see risk factor "*3.A.7 (f) We are subject to numerous laws and regulations in many jurisdictions and may be adversely affected by changes in laws and regulations.*" below), and to comply with applicable laws and regulations, or be able to do so without incurring undue costs and delays, which may result in a financial loss for the Group.

For example, our fund management activities constitute licensable activities under the AIFM Rules, which regulate AIFM, and are subject to other regulatory requirements in various jurisdictions. The AIFM Rules impose requirements regarding, but not limited to, approvals, disclosure, reporting, valuation procedures, certain organizational and capital requirements for the Group. Failure to comply with the AIFM Rules may lead to licenses being withdrawn or not being granted in the future, or may subject us to significant penalties or claims, and significantly affect our ability to conduct our business.

(f) We are subject to numerous laws and regulations in many jurisdictions and may be adversely affected by changes in laws and regulations.

We are subject to extensive regulation and present or future regulations affect numerous aspects of the Group's operations. We must comply with, and are affected by, governmental and self-regulatory organizations' laws and regulations at a national, regional and local level. Such governmental and self-regulatory organizations include, among others, the BaFin, the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), the French *Autorité des marchés financiers* (the "**AMF**") and the British *Financial Conduct Authority* (the "**FCA**"). Further, we must comply with, and will be affected by, laws and regulations of jurisdictions in which the Group will expand in the future, and are subject to risks relating to the complexities involved in being subject to such new regulations. Many of the regulators that the we currently interact with, or may in the future interact with, are empowered to conduct investigations and administrative proceedings that can result in sanction charges, suspensions of persons or other sanctions, including the suspension or expulsion of applicable approvals (please also see risk factor "*3.A.7 (g) We may be subject to investigations or administrative proceedings for violations of our licenses or license/authorizations requirements.*" below).

Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Furthermore, the ability to comply with applicable laws and regulations depends in some instances on the determinations of facts and interpretations of complex provisions for which no clear precedent or authority may be available, or where only limited guidance may be available. In such cases, it may not be possible for us to correctly assess the implication of such laws and regulations. Additionally, divergent interpretations of applicable laws and regulations by authorities or courts may be possible. Non-compliance with applicable laws or regulations could result in fines, the temporary or permanent prohibition of certain activities, reputational harm and related client losses, suspensions of employees or revocation of licenses or the licenses, or other sanctions.

Furthermore, legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business. Additionally, increasing regulatory requirements, could lead to us being no longer allowed to offer certain products of our business in specific countries or to certain investor groups.

For instance, on 25 December 2019, Regulation (EU) 2019/2033 on the prudential requirements for investment firms ("**IFR**") and Directive (EU) 2019/2034 on the prudential supervision of investment firms ("**IFD**") entered into force. The requirements included in the IFR and the German Act on Investment Firms (*Wertpapierinstitutsgesetz*) implementing the IFD will apply as of 26 June 2021. Together, the IFR and the IFD will introduce a new prudential regime for investment firms as defined in the recast Markets in Financial Instruments Directive (2014/65/EU) ("**MiFID II**"). AFS is an investment firm within the meaning of MiFID II and within the scope of IFR and IFD. Under the new prudential regime introduced by IFR and IFD, a number of new requirements will apply to investment firms such as AFS, including, but not limited to, new general capital requirements, liquidity requirements, remuneration requirements, requirements to conduct internal capital adequacy assessments and additional requirements on disclosures and public reporting. There are considerable uncertainties about the application of the IFR and IFD. As a result of the AFS Acquisition, we are exposed to such uncertainties in relation to such application of the IFR and IFD, and, ultimately, there can be no assurance that we will be in a position to or able to comply with or obtain all licenses necessary pursuant to the requirements under the new regulatory regime, which could materially adversely affect our business, financial condition and results of operation.

(g) We may be subject to investigations or administrative proceedings for violations of our licenses or license/authorizations requirements.

Our business is subject to a number of regulatory licenses and authorizations, including those issued by BaFin, the CSSF, the AMF, the FCA and in relation to the rules applying to AIFM, in particular the AIFM Rules. Competent regulatory authorities are empowered to conduct investigations and administrative proceedings that could result in fines, suspensions of personnel, temporary suspensions or definitive withdrawals of any license or authorization granted and other sanctions in case irregularities were to be detected. For example, in January 2018, Corestate Capital Fund Management S.à r.l., Luxembourg ("**Corestate Capital Fund Management**"), fully owned by the Company, was authorized by the CSSF on 21 January 2015 as an AIFM (the "**Corestate AIFM**") was subject to an on-site visit routinely conducted by the CSSF in relation to Luxembourg alternative investment fund managers focusing on the corporate management and organizational structure. Following discussions between Corestate AIFM and the CSSF, the CSSF with letter dated 19 October 2020 pointed out that Corestate AIFM did not fully comply with certain regulatory requirements. As regards three aspects (each linked to warehousing margins) and referring to Articles 11 (1) (b), 13 (1) and 21 (1)(i) of the AIFM Act, the CSSF imposed a fine of in total EUR 26,700. Corestate AIFM, Hannover Leasing Investment GmbH, Pullach, Germany, a subsidiary of Hannover Leasing GmbH & Co. KG, Pullach, Germany (the "**Hannover Leasing AIFM**"), and STAM France Investment Managers S.A.S, Paris, France, a subsidiary of STAM Europe S.A.S., Paris, France (the "**STAM AIFM**"), may be subject to comparable (routine) administrative procedures in the future. Any adverse publicity relating to any such investigation and proceeding may harm our reputation and cause us to lose existing clients or fail to attract new clients.

Certain Investment Structures within the Group may be qualified as alternative investment fund ("**AIF**") pursuant to the AIFM Rules, defined as collective investment undertaking, which raises capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors and/or AIFM by competent regulatory authorities, but may either (i) not yet have been identified as AIF and/or AIFM by us or (ii) are in the process of being brought in full compliance with the AIFM Rules. In that case that an Investment Structure has not obtained, failed to upgrade its current registration to a proper authorization or does not have a sufficient registration or authorization, the competent regulatory authority may sanction the Investment Structure and/or its management by issuing fines, requesting the winding-up of the relevant entity or otherwise limiting or restricting the business of such Investment Structure and or potentially its members of management. Were such a competent regulatory authority to sanction an Investment Structure, it may have repercussions for the management of other Investment Structures, entities, or the Corestate AIFM (as defined below), or the STAM AIFM (as defined below), or the Hannover Leasing AIFM (as defined below) to the extent the management of these entities is identical to or overlaps with the management of the Investment Structure to the sanctions. While the Corestate AIFM was licensed by the CSSF under the Luxembourg law of 12 July 2013 on alternative investment fund managers, as amended (the "**AIFM Act**"), implementing the AIFMD in Luxembourg, as well as chapter 16 of the Luxembourg law of 17 December 2010, as amended, STAM AIFM obtained a license as an AIFM from the AMF on 25

February 2008 and Hannover Leasing AIFM, obtained a license as an external AIF management company (*externe AIF-Kapitalverwaltungsgesellschaft*) in accordance with the German Capital Investment Act (*Kapitalanlagegesetzbuch*; "**KAGB**") on 14 March 2014 from the BaFin and each of them will be in a position to be appointed as AIFM of such AIFs and replace other Group entities that have or may have been considered AIFM in fact, there can be no assurance that this will not become subject of any regulatory inquiry with potentially adverse consequences. Any violations of our licenses or license/authorization requirements or regulatory sanctions may lead to significant operational, reputational and business risks for the Group resulting in higher costs and/or otherwise a reduction in the Group's cash flow and results of operation.

With regard to managed accounts serviced by us, a competent regulatory authority may take the view that the management of such managed accounts qualifies as licensable activity. In case the relevant entity within the Group managing such managed accounts has not already obtained the required licenses, the relevant entity must either refrain from the management of the managed account or must apply for a sufficient license. It cannot be excluded that the competent regulatory authority will not grant the required license. In that case the management of the managed account must either be allocated to a properly licensed entity with the consent of the holder of the managed account or the relevant entity within the Group must terminate the management agreement. This may result in a reduction of cash flows and results of operation and a liability *vis-à-vis* the account holder. The lack of the required license by the relevant entity within the group may result in fines, suspensions of personnel, temporary suspensions or definitive withdrawals of any license or authorization granted and other sanctions. Any adverse publicity relating to any such investigation and proceeding may harm our reputation and cause us to lose existing clients or fail to attract new clients.

The abovementioned factors may materially adversely affect our business, financial condition and results of operation.

(h) Competent authorities may deem that we have in the past conducted our business as an alternative investment fund manager within the meaning of the AIFMD.

We do not believe that either we or the Investment Structures that we manage, and which were not or are not managed by an AIFM, qualify or qualified as (internally-managed) AIF or AIFM within the meaning of the AIFM Rules or should have been qualified as AIF, with either the need to register the Investment Structure as an internally-managed (*de minimis*) AIF or the need for an Investment Structure to appoint an external AIFM. Our believe is based on (i) either us being exempted (most likely as a holding company within the meaning of the AIFM Rules, (ii) – in relation to our Investment Structures – the use of grandfathering provisions, or (iii) because the criteria to qualify as an AIF and/or AIFM were not met before the AIFM Rules entered into force. Since the AIFM Rules entered into force, we continuously endeavored to undertake a self-assessment of any Investment Structure that forms part of our Group or that we manage with regard to any Investment Structures' potential to qualify as an AIF, in order to identify whether any Investment Structure needs to be registered as an internally-managed (*de minimis*) AIF or needs to appoint an external AIFM, such as the Corestate AIFM, the Hannover Leasing AIFM or the STAM AIFM. There is a risk that we may (i) either not have properly identified an Investment Structure as an AIF or (ii) that given the scope of interpretation of the rules and stipulations of the AIFM Act in relation to the AIF qualification, a third party or a competent regulatory authority may take or may have taken a different view as to the factual circumstances, and assess that an Investment Structure (or Investment Structures) within the Group qualifies as an internally-managed (*de minimis*) AIF that is required to register as an AIF or as an AIF that is required to appoint an external AIFM. In case an Investment Structure that we manage were to be considered by competent regulatory authorities to have conducted business falling within the scope of the AIFM Rules before 22 July 2013, or if after 22 July 2013, without having either registered as internally-managed (*de minimis*) AIF or appointed an authorized external AIFM such as the Corestate AIFM, the Hannover Leasing AIFM or the STAM AIFM, this could expose the management of such Investment Structure and us to administrative sanctions such as fines, judicial penalties for non-compliance for the management of the Investment Structure that failed to comply or other sanctions imposed by competent regulatory authorities. In addition, any finding that an Investment Structure is an internally-managed (*de minimis*) AIF may lead to reputational damage and may restrict the further distribution of shares/units of the relevant Investment Structure. Any such determinations and resulting regulatory sanctions may have material adverse effects on our business, financial condition and results of operations.

(i) Competent authorities may require the replacement or termination of portfolio/risk management and/or advisory agreements with other entities within or outside the Group.

In some cases, it could be possible that the Corestate AIFM, the Hannover Leasing AIFM or the STAM AIFM will choose to outsource the portfolio management or risk management activities it performs on its own behalf or on behalf of other AIFs, to portfolio/risk managers that are other legal entities either within (preferred) or outside the Group to the extent permitted under the AIFM Rules. In such cases, it could be possible that Corestate AIFM's, the Hannover Leasing AIFM's or the STAM AIFM's outsourcing control procedures may not detect or may detect too late a failure by a portfolio/risk manager. In such cases, a competent regulatory authority may request an amendment to or the termination of the relevant portfolio/risk management agreement in the interest of the investors of the relevant AIF, in particular, if the respective portfolio/risk manager had its authorization or license withdrawn by the competent regulatory authority as a result of such failure.

In some cases, the Corestate AIFM, the Hannover Leasing AIFM or the STAM AIFM may obtain advisory services from entities within or outside the Group. It is possible that competent regulatory authorities may request an amendment to or the termination of an advisory agreement, in particular, if the relevant advisor was required to be licensed or authorized but failed to obtain or had its authorization or license withdrawn by the competent regulatory authority. The Corestate AIFM, the Hannover Leasing AIFM or the STAM AIFM may not be in a position to or may choose not to find an appropriate substitution for the relevant advisor. These risks also apply in case of the use of other service providers.

The aforementioned circumstances may potentially lead to significant operational, reputational and business risks for the Group resulting in higher costs and/or otherwise a reduction in the Group's cash flow and results of operation. This may have material adverse effects on our business, financial condition and results of operations.

(j) We may be exposed to risks from the use of distributors for our Investment Structures, including the loss of distribution channels and higher costs.

We may use other entities as distributors for the shares or units of the Investment Structures to be distributed, placed or sold. Where shares or units of AIFs shall be distributed, placed or sold, these relevant distributors may in principle be affected by MiFID II and will request particular data (*e.g.* target market data) from the Corestate AIFM, the Hannover Leasing AIFM or the STAM AIFM for the relevant AIFs. If we are not able or willing to provide this data (*e.g.* target market data), the distribution partner may not be in a position to further distribute, place or sell shares/units of the relevant AIF in the respective jurisdiction. In addition, the Corestate AIFM, the Hannover Leasing AIFM or the STAM AIFM may need to amend its internal procedures and measures to identify, gather and manage the requested data. These circumstances may lead to higher costs for us and may affect the distribution, placement or sale of shares/units of relevant AIFs. This may have material adverse effects on our business, financial condition and results of operations. Similar risks may arise where shares or units of Investment Structures, that do not qualify as AIF or AIFM, are distributed, placed or sold outside the European Economic Area and certain information duties apply, but where we are not able or not willing to provide such information.

(k) We may be liable to pay fines or damages for inadequate processing or storage of personal data.

We collect, store and use a variety of data, including personal data. When we process and store such data, it is critical that such processing and storage of data is conducted in accordance with data protection law, including EU General Data Protection Regulation ("**GDPR**"), together with corresponding amendments to national regulations such as the Federal Data Protection Act (*Bundesdatenschutzgesetz*). The GDPR imposes strict rules on the processing or storage of personal data. For instance, strict requirements apply for informing persons whose personal data are processed by us and that such processing takes place in a manner compatible with the purpose for collecting the personal data when it was collected. If we fail short of processing personal data or become subject to system hacking or violate personal data protection law in any other way, we may have to pay sanctions due to such violations and/or our reputation may be materially adversely harmed. For example, under the GDPR unlawful processing of personal data may be fined with up to EUR 20 million or 4% of the total group revenues of a company in the financial year preceding the violation, whichever is higher. Therefore, an inadequate processing or storage of data could have a material adverse effect on our reputation, business, financial condition, cash flows and results of operations. We may be adversely affected by corporate criminal law applicable to us and/or our Group companies and incur liability and reputational harm.

(l) We may be adversely affected by corporate criminal law applicable to us and/or our Group companies and incur liability and reputational harm.

We and some of our Group companies are incorporated and active in jurisdictions (*e.g.* United Kingdom or France) where, in the event a crime or offence is committed on behalf of, and in the interest of, a legal entity by one of its legal bodies or by one or several of its legal or de facto managers, the legal entity itself may be held criminally liable if the respective preconditions are fulfilled, next to the individual person (so-called Corporate Criminal Law). The potential sanctions which may be incurred by legal entities held liable are fines, special confiscation, withdrawal of participation in a public procurement contract and dissolution. If one of our or our Group entities' employees or management board members or other individuals were found guilty for crimes or offences and simultaneously, the respective entity were also found responsible and subjected to one or several of the aforementioned sanctions, this could have a material adverse effect on our reputation, business, financial condition, cash flows and results of operations.

3.A.8. Tax Risks Relating to Our Investment Structures and to Us and Our affiliates

(a) Our Investment Structures may be required to pay additional taxes following tax audits or tax assessments.

Our Investment Structures could be subject to tax audits or tax assessments in the jurisdictions of their incorporation and in the location where the respective property is situated. So far, our Investment Structures have only been partly subject to any tax field audit in the past. All tax assessment notices issued for the audited periods and for tax periods not yet audited are not yet final and are subject to full review and therefore can be changed by the tax authorities at any time without restrictions.

As a consequence of current or future tax audits or as a result of possibly divergent tax law interpretations by the tax authorities or tax courts, we could be obliged to pay additional taxes, *e.g.* resulting from the non-deductibility of intragroup payments for services, adjustment of applied transfer prices, or other adjustments of the taxable income or value added tax ("**VAT**")-basis or denial of input-VAT deduction. Tax authorities may also challenge the tax residency or assumption of a permanent establishment of a group company (in particular as we operate in various jurisdictions, the tax authorities might assume a permanent establishment of Corestate Capital Holding S.A., Luxembourg, Corestate Capital AG, Baar, Switzerland ("**CCAG**"), or other Group companies in these jurisdictions or the tax authorities might assume a permanent establishment of Group companies in the jurisdiction where that Group company owns and manages its real estate even if that group company does not have any other connection to that jurisdiction). Such additional taxes (including VAT) could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations to the extent we participate in the Investment Structures as co-investor.

(b) If our Investment Structures are not tax efficient, this may have a material adverse effect on our business.

The tax efficiency of our Investment Structures is an integral part of the Investment Structures' realized return profiles. This includes the usage of structures designed to avoid German real estate transfer tax (so-called "**RETT Blocker**") and off-shore financing companies. If any Investment Structure turns out not to be tax efficient for whatever reason, for example, due to a change in tax legislation or case law or due to an administrative decision, this may result in a reduction of the net returns from such investment and thus negatively influence the performance of the investment. The same applies if the tax authorities consider the substance of the respective parent entity of an Investment Structure (which are mainly tax resident in Luxembourg) and/or the reasons for its interposition as insufficient to receive dividends from its subsidiaries free of withholding tax under the EU parent-subsidiary directive or an applicable tax treaty. This would make our Investment Structures less attractive for clients and ourselves as co-investor and could reduce the fee income we earn and the proceeds we receive as co-investor whereby in respect of the fee income we are in general treated as normal contractual party to the Investment Structure and our risk in respect of proceeds as co-investor is limited to the pro-rata amount we participate in the Investment Structure in relation to our client. Such potential reduction of fee income and/or proceeds as co-investors may have a material adverse effect on our business, financial condition, results of operations and prospects.

(c) Our Investment Structures are subject to the general tax environment in jurisdictions where they invest and to possible future changes in the taxation of enterprises in these jurisdictions, which may change to our detriment.

Our Investment Structures are subject to the general tax environment in various jurisdictions that are linked to our investment activities. Changes in tax legislation, administrative practice or case law could have adverse tax consequences for us. For example, there are currently several initiatives being considered at local and the European Union level which could have an effect on the taxation of enterprises in the respective jurisdictions. The initiatives relate, *inter alia*, to changes to the limitation of interest deductions, the taxation of portfolio dividends, withholding tax on dividends, general anti-avoidance rules (GAAR), the group taxation (fiscal unity) provisions, the use of real estate transfer tax blocker schemes, the non-recognition of business expenses in hybrid mismatch cases, the establishment of a common consolidated corporate tax base (CCCTB) and the establishment of anti-abuse and other rules to avoid base erosion and profit shifting (BEPS). A number of initiatives are still under discussion so that it is presently uncertain whether and to what extent the suggested changes will eventually be implemented and whether and to what extent they may have an adverse effect on our business, financial conditions and results of operations.

In addition, despite the existence of a general principle prohibiting retroactive changes, amendments to applicable laws, orders and regulations may be issued or altered with retroactive effect within certain limits. Additionally, divergent interpretations of tax laws by the tax authorities or the tax courts are possible. These interpretations may change at any time with adverse effects on our taxation burden. Furthermore, court decisions are often overruled by the tax authorities or tax courts might lead to a higher burden as well as increased legal and tax advisory costs for the Investment Structures. Additionally, if adverse changes in the tax framework should occur, individually or together, this could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations to the extent we participate as co-investor in the Investment Structures.

If these risks were to materialize, they could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations as the returns after taxes of the Investment structures would decrease so that they may become less attractive for clients and also our proceeds as co-investor would decrease.

(d) The tax authorities might not accept tax residency and/or substance of certain companies of our Investment Structures.

Our Investment Structures partially rely on certain companies having a taxable presence and, in particular, a tax residency in a certain jurisdiction. This can be relevant for identifying the applicable domestic taxation regime and the application and interpretation of double taxation treaties. These classifications require that we are able to demonstrate that sufficient substance and people functions in respect of a specific company are actually provided for in the relevant jurisdiction. Should we fail to prove sufficient substance for a company in a specific jurisdiction the applicable tax regime will likely deviate from the expected one which can result in additional taxes being payable.

Within some Investment Structures Guernsey resident corporations are used which receive interest income from affiliates and which are tax exempt in Guernsey. The tax authorities might challenge the effective place of management of these Guernsey limited liability companies in Guernsey and try to argue that the effective place of management would be in another jurisdiction where the interest income would be ordinarily subject to taxation which can result in additional taxes being payable.

Any additional taxes resulting from the aforementioned scenarios could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations to the extent we participate in the Investment Structures as co-investor.

(e) The tax authorities might not accept all tax deductions for interest payments in our Investment Structures.

Our Investment Structures are partly debt-financed and, hence, incur interest expenses. Furthermore, in some Investment Structures shareholder loans are either provided by our clients or by Guernsey limited liability companies, which also generate interest expenses. There are several rules under German tax law restricting the tax deductibility of interest expenses for corporate income and trade tax purposes. Comparable rules exist in Luxembourg and in the most relevant other jurisdictions in which we have made co-investments. Such rules have been changed considerably on several occasions in the recent past. As a result, major uncertainties exist as to the interpretation and application of such rules, which have not yet been clarified.

The tax deductibility of interest expenses depends on local tax rules. For instance, in Germany the tax deductibility mainly depends on the amount of net interest expenses and the tax EBITDA. In non-German jurisdictions, similar rules have been implemented in the recent past or the tax deductibility depends on the debt-equity-ratio of the company. Frequently also an interest benchmark analysis is required to support the arm's length character of the interest rate applied. Germany or other jurisdictions might challenge the arm's length character of the interest rate or the debt-to-equity ratio applied in case the loans are provided by related parties. If the tax deductibility of interest expenses for corporate income tax and trade tax purposes were restricted, this would result in a higher tax burden and consequently, this could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations to the extent we participate in the Investment Structures as co-investor.

(f) A transfer of 90% or more of shares in one of our real estate-holding entities within a ten-year period may trigger German real estate transfer tax in our Investment Structures and, thus, increase our tax burden.

Our main Investment Structures have the legal form of corporations and hold the legal or beneficial title to most parts of the real estate portfolio. As of 1 July 2021, German real estate transfer tax

(*Grunderwerbsteuer*) ("**RETT**") is triggered if within any period of ten years, 90% or more of the shares or of the interest in a real estate owning corporation or partnership are directly or indirectly transferred from the current shareholders or partners to new shareholders or new partners or to other entities. According to the interpretation of the German tax authorities the ten years limitation does not apply in case of indirect transfers. In the event of such transfers, corporations owning real estate or partnerships would have to pay RETT at a rate of currently up to 6.5%, or such higher tax rate as may be applicable at the relevant time, of the respective properties' value as determined in accordance with applicable tax laws, which would increase our tax burden. RETT is potentially also triggered if, directly or indirectly, 90% or more of the shares or of the interest in a real estate holding corporation or partnership, respectively, are legally or economically transferred to or unified in the hand of one acquirer whereby the acquirer would be liable for such RETT. Both could have a material adverse effect on our business, net assets, financial condition, cash flows and results of operations.

(g) The recent reform of the German RETT law may have a significant negative impact on future exit scenarios.

The legislative changes to the RETT system which will be effective as of 1 July 2021 have among others (i) broadened the scope of application by including changes in the shareholder structure of a corporation as tax triggering event (similar to a change in the shareholder structure of a partnership) so that share transfers of at least 90% within ten years - irrespective of the number of acquirers - are subject to RETT, (ii) reduced the shareholding threshold from 95% to 90%, (iii) extended the look-back period from five to ten years, (iv) eliminated the applicable cap for fines for omitted notifications with competent authorities and (v) prolongued holding periods for certain RETT exempt restructuring measures from five to fifteen years. Therefore, we will only be able to (directly or indirectly) sell 89.9% of the shares in a property holding company to not trigger RETT. In addition, RETT will also more often be payable by the real estate holding entity and might be factored in by any potential purchaser when calculating the purchase price. In addition, the RETT rules generally applicable until 30 June 2021 may remain applicable to certain of our Investment Structures in parallel to the new rules, partially for a certain period, partially unlimited. This makes investments in and disposals out of our Investment Structures more complex and less efficient. This could have material adverse effects on our business, net assets, financial condition, cash flows and results of operation.

(h) Our Investment Structures may lose the tax benefits from non-application of German trade tax or the extended trade tax deduction.

Currently, the majority of our Investment Structures holding German real estate are structured either as a Luxembourg entity with no German trade or business or as German corporation which makes use of the extended trade tax deduction pursuant to which the German trade tax (*Gewerbesteuer*) basis is reduced by income exclusively derived from a mere letting and leasing of real property. If the Luxembourg entities are considered as conducting an active trade or business in Germany by the tax authorities (*e.g.* in the course of an tax audit) or if the requirements for the use of the extended trade tax deduction were not fulfilled or fall away (*e.g.* due to the application of the embracement case law (*Verklammerungsrechtsprechung*)), this could result in a higher trade tax burden, which could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations to the extent we participate in the Investment Structures as co-investor.

(i) German resident clients in our Investment Structures may be subject to an income attribution under the German Controlled Foreign Companies rules. Furthermore, these rules may require German resident clients in our Investment Structures to disclose certain information.

Since the income generated by our Investment Structures (based on the application of the German income determination rules) may become subject to income tax at a rate below 25%, the German Controlled Foreign Companies rules ("**German CFC rules**") may result in an attribution of such income to German resident clients for German tax purposes. For the current German CFC rules to apply certain participation thresholds must be reached or exceeded (generally either at least 1% for a single German resident shareholder or more than 50% for all German resident shareholders collectively). Under the German CFC rules, passive income (*Zwischeneinkünfte*) and/or passive investment capital income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) will be deemed to be realized by German resident clients directly (irrespective of a factual distribution to such clients) for German tax purposes and, hence, will be taxed at the level of the German resident clients. In particular, some of Corestate's Investment Structures may generate such passive and low-taxed investment capital income. Such CFC-tax may adversely affect the tax position of German resident clients. The participation thresholds and the catalogue of passive income will likely be changed in the near future.

In addition, the German Foreign Tax Act (*Außensteuergesetz*) requires German resident clients to make specific tax filings. To the extent that the required information exceeds the data publicly disclosed by Corestate, German resident clients may face adverse tax consequences. The German Foreign Tax Act shall be amended to align the respective provision with the Anti-Tax-Avoidance-Directive. It is currently being discussed to lower the applicable tax rate that identifies other jurisdictions as tax heavens which is currently determined at 25%. However, it is yet unclear whether and when that tax rate might be reduced. The concept for identifying significant influence in foreign controlled companies shall also be amended. Under the new rules, as currently being discussed, the shareholdings of related persons (*nahe stehende Personen*) are also taken into account when that related party is not subject to German taxation; further, the definition of related parties shall significantly be broadened. However, it is yet unclear when and how exactly the new rules will come into force. Comparable rules may also exist in other jurisdictions. If the tax position of German resident clients of our Investment Structures will be adversely affected by the aforementioned regulations or German resident clients may face adverse tax consequences pursuant to the German Foreign Tax Act, our ability to maintain current German resident clients or find new German resident clients for our Investment Structures may be hampered, which could lead to us being unable to earn sufficient fees and finance our Investment Structures, which could have a material adverse effect on our financial condition and results of operations.

(j) A failure to comply with the Mandatory Disclosure Regime may result in administrative fines.

Based on Council Directive 2011/16/EU on administrative cooperation in the field of taxation the "Mandatory Disclosure Regime" ("**MDR**") came into effect on 25 June 2018. The MDR requires so-called "intermediaries" which meet certain EU nexus criteria to disclose to the relevant tax authority certain cross-border arrangements which contain one or more of a prescribed list of hallmarks. The MDR applies to all types of direct taxes. The reports are shared between the tax authorities of the involved EU member states. One of the hallmarks is met if the relevant taxpayer or a participant in the arrangement undertakes to comply with a condition of confidentiality which may require them not to disclose how the arrangement could secure a tax advantage vis-a-vis other intermediaries or the tax authorities. Another hallmark is fulfilled if a cross-border payment is deductible in one jurisdiction but not taxes or taxed at a rate near nil in the jurisdiction of the recipient if this tax saving element is the main benefit or one of the main benefits of the structure.

Where a particular intermediary is outside the EU or not required to disclose cross-border arrangements due to legal professional privilege, the obligation to disclose passes on to another intermediary or the relevant taxpayer(s). The disclosure must include details of relevant taxpayer(s), their associated parties and the cross-border arrangement in question. In general, the reporting has to be made within 30 days as from certain triggering events for the reporting obligation. The failure to (timely) disclose reportable transaction may result in administrative fines. If a cross-border arrangement falling under the MDR is not disclosed, incorrectly disclosed, incompletely disclosed or disclosed too late, *e.g.* fines of up to EUR 250,000 may be imposed for each single breach by the Luxembourg tax authorities. It is not yet clear whether we may have any reporting obligations pursuant to the MDR, and if so, how extensive these would be. Considering this given unpredictability of the reporting obligations, the still evolving practice of the tax authorities and the current partial lack of guidance, continuous monitoring of our compliance with the MDR and the reporting itself, if any, could incur external tax advisory costs and therefore may have a material adverse effect on our business, financial condition and results of operations.

(k) We could be required to pay additional taxes following tax audits or tax assessments.

We and our affiliates can be subject to tax audits in the jurisdictions in which we are currently subject to tax (*e.g.* in the jurisdiction of incorporation, of a permanent establishment or where the respective property is situated. So far, not all of our Group companies have been subject to any tax field audit in the past. All tax assessment notices which are not yet final and are subject to review could be changed by the tax authorities at any time, often without restrictions.

As a consequence of current or future tax audits or as a result of possibly divergent tax law interpretations by the tax authorities or tax courts, we could be obliged to pay additional taxes in the jurisdictions where we operate. Such additional taxes could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations.

(l) Our business is subject to the general tax environment in jurisdictions where we invest and to possible future changes in the taxation of enterprises in these jurisdictions, which may change to our detriment.

Our business is subject to the general tax environment in various jurisdictions that are linked to our investment activities. Changes in tax legislation, administrative practice or case law could have adverse tax consequences for us. For example, there are currently several initiatives being considered at local and the European Union level which could have an effect on the taxation of enterprises in the respective jurisdictions. The initiatives relate, *inter alia,* to changes to the limitation of interest deductions, the taxation of portfolio dividends, the group taxation (fiscal unity) provisions, the use of real estate transfer tax blocker schemes, the non-recognition of business expenses in hybrid mismatch cases, the establishment of a common consolidated corporate tax base (CCCTB) and the establishment of anti-abuse and other rules to avoid base erosion and profit shifting (BEPS). As the initiatives are still at an early stage of the consideration process, it is presently uncertain whether and to what extent the suggested changes will eventually be implemented and whether and to what extent they may have a negative effect on our financial conditions and results of operations.

In addition, despite the existence of a general principle prohibiting retroactive changes, amendments to applicable tax laws, orders and regulations may be issued or altered with retroactive effect within certain limits. Additionally, divergent interpretations of tax laws by the tax authorities or the tax courts are possible. These interpretations may change at any time with adverse effects on our taxation burden. Furthermore, court decisions are often overruled by the tax authorities or tax courts might lead to a higher burden as well as increased legal and tax advisory costs for us. Additionally, if adverse changes in the tax framework should occur, individually or together, this could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations.

(m) Tax authorities might disallow participation exemption on our promote income.

A substantial part of our profits realized by the Group is earned as dividend income from Investment Structures reflecting (i) our share in such structures and (ii) our remuneration for the success of the structures upon the sale of underlying investments ("**Promote**" or "**Promote Fee**"). The Promote is structured such that the Group is granted a disproportionate dividend right by the investment vehicles to be paid from the profits of the investment vehicle. While dividend income from certain qualifying participations in Switzerland and Luxembourg basically enjoys a participation exemption leading to economically full or substantial relief from income taxation, the Swiss or Luxembourg authorities may question the qualification of the Promote as dividend income arguing that such income should be treated as regular business income subject to ordinary taxation disregarding the legal nature of the Promote as a (disproportionate) dividend payment. Such additional taxes could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations.

(n) Tax authorities might reclassify our warehousing margin.

A further part of our profits realized by different the Group entities is earned as capital gain income when setting up our Investment Structures. In certain cases Corestate acquires real estate objects via fully owned subsidiaries and then transfers the shares in such subsidiaries into the Investment Structures. The capital gain resulting from such share transfer reflects our chances and risks in connection with holding of such real estate object on our balance sheet and forms part of the warehousing margin. Given that the warehousing margin is structured such that Corestate is generating a capital gain, the profits realized hereunder are generally tax exempt. The tax authorities may question the qualification of the warehousing margin as capital gain and argue that such income should be treated as regular business income subject to ordinary taxation disregarding the legal nature of the warehousing margin as capital gain. Such additional taxes could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations.

(o) Tax authorities might disallow VAT exemptions on our services or deny input-VAT deductions.

In recent years, a substantial part of our services provided to our regulated investment vehicles (funds) has been considered to be VAT exempt according to Article 135 (1) (g) of the EU VAT Directive. The services have been considered as outsourced fund administration services which generally are VAT exempt under EU law. The VAT treatment of fund administration services is quite complex and it is controversially discussed in tax literature. In addition, the VAT treatment of such services has been the subject of recent court decisions (*e.g.* EU court decision dated 9 December 2015, C-595/13, *Fiscale Eenheid X* and decision dated 2 July 2020, C-231/19, *BlackRock Investment Management (UK) Ltd*). As a consequence, the tax authorities may question the VAT exemption of these services. Furthermore, input VAT deductions may be denied if, for instance, the tax authorities reallocate input VAT to such VAT exempt services. Such additional taxes could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations.

(p) Tax authorities may challenge the tax residency of a Group company in the past or assume a permanent establishment in Germany.

Given that a predominant part of our income is generated with German real estate and members of our senior management are resident in Germany, the German tax authorities may take the view that the effective place of management of the Company was in Germany or the Company has had a permanent establishment in Germany. In this case, the respective income could become subject to German income tax and the services provided by the Company or services provided to CCHSA by other Group companies or third party service providers could become subject to VAT in Germany. In addition, wage payments to German resident managers could become subject to German wage taxes. Such risk applies equally to all Group companies in which management and staff provide services from a location other than the tax domicile. Additional taxes and potential tax advisory costs resulting from this could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations.

(q) RETT might be triggered within our Group structure, which may result in additional tax payment obligations.

We are exposed to the risk that RETT might be triggered in connection with the past acquisition of an indirect 94.9% stake in Hannover Leasing Investment GmbH, Pullach, Germany, ("**HLI**") which was consummated on 7 July 2017. The acquisition contract provides for the right of a third party we do not control to dispose of its shares or interest in an entity (directly or indirectly) holding German real estate (the "**HLI Put Option**"). Following the recent reform of the German RETT law the direct or indirect unification of 95% or more of the shares in a corporation holding real estate remains a RETT triggering event if the relevant shareholder has held 90% or more but less than 95% of the shares in such corporation as of 30 June 2021. Due to the RETT reform the subsequent unification of 95% or more of the shares will only be partially RETT exempt if the new mimimum holding period of fifteen years has lapsed. So far, our agreements regularly provided for a minimum holding period of slightly above five years. If we are not able to restructure this investment in an efficient manner RETT will likely be triggered if such option is exercised. The Group entity unifying the quota would then be liable to pay the RETT. For further information on the new RETT rules please also see risk factor "*3.A.8 (g) The recent reform of the German RETT law may have a significant negative impact on future exit scenarios*" above. In order to address the risk that RETT might be triggered in connection with the HLI Put Option, we are evaluating various options to restructure this investment, which could, *inter alia* lead to a sale of a minority stake in HLI to a third party in order to address the risk that RETT might be triggered if the HLI Put Option is exercised. These negotiations have not yet led to the conclusion of a contractual documentation for any potential transaction. As of the date of this Prospectus, it is expected that a contractual documentation will be signed on 28 June 2021. However, there is a risk that the implementation of such measures will not be successful and as such we would not be able to avoid RETT being triggered in case the HLI Put Option is exercised. Additional tax payment obligations resulting from the execution of the aforementioned Put Option, our failure to restructure the investment without RETT being triggered or other recent changes to the RETT law could also have material adverse effects on our business, net assets, financial condition, cash flows and results of operations.

(r) German tax authorities may challenge the applied transfer pricing model.

We use transfer pricing models to assess the consideration payable for intra-Group services. The tax authorities competent for the Group companies involved in these intra-Group services might challenge the respective transfer pricing model and either request a higher or lower margin or another transfer pricing methodology to be applied which might, in each case, result in a higher taxable income at the level of the relevant Group company. Additional taxes and potential tax advisory costs (*e.g.* for the negotiations with the tax authorities) resulting from this could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations.

(s) We might not be able to evidence sufficient substance of our Group companies in their relevant jurisdiction of incorporation, which could subject to additional tax payment obligations.

We rely on the application of certain double taxation treaties and treat certain of our Group companies as (solely) resident for tax purposes in their respective jurisdiction of incorporation. Both classifications require that we are able to demonstrate that sufficient substance and people functions are actually with the jurisdiction of incorporation of the relevant company. This requires, *inter alia*, that the day-to-day management is carried out in the relevant jurisdiction of incorporation. Should we not be able to prove sufficient substance for a Group company in its jurisdiction of incorporation that company might be considered as resident for tax purposes in another jurisdiction, *e.g.* Germany, and would then be subject to unlimited taxation in such jurisdiction. The additional taxes resulting from the above in certain jurisdictions could have material adverse effects on our business, net assets, financial condition, cash flows and results of operations.

B. RISKS RELATED TO THE SHARES AND OUR SHAREHOLDER STRUCTURE

3.B.1. Risks relating to the Shares

(a) The trading volume and price of the Shares could fluctuate significantly.

We cannot predict whether there will be changes in the trading volume or volatility in the price of the Shares, as happened in the past where the price of the Shares fluctuated significantly. Some of the factors that could negatively affect the share price or result in fluctuations in the trading volume of the Shares include, for example, changes in our actual or projected results of operations, changes in earnings projections or the failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the strategies described in this prospectus, as well as the evaluation of the related risks, changes in general economic conditions, changes in shareholders, changes in accounting principles or other developments affecting us, our clients or our competitors, the operating and stock price performance of other companies and other factors including the potential memberships or loss of such membership in an index, many of which are beyond our control. For example, as of 21 June 2021 the Shares were be removed from the Small-Cap-DAX index of the Frankfurt Stock Exchange ("**SDAX**") which may lead or may have led to index based fonds reallocating their investments and disposing their holdings of the Shares which may have a negative effect on the price of the Shares. In addition, the removal from the SDAX may have a negative effect on the trading volume of the Shares. Consequently, the goodwill of the Company might be negatively affected due to the removal of the Shares from the SDAX. Volatility in the price of the Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations.

(b) The Shares may not be a suitable investment for all investors.

Each potential investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Shares, the Company, the merits and risks of investing in the Shares and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the impact the Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the currency of the Shares is different from the potential investor's currency; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

(c) Our ability to pay dividends depends, among other things, on our financial condition and financial results.

Our general ability to pay dividends will depend upon, among other things, our financial results, financing and investment requirements and the availability of distributable profit. Certain reserves must be established by law and have to be deducted when calculating the distributable profit. In addition, our existing debt financing arrangements contain covenants which impose restrictions on our ability to pay dividends under certain circumstances. In addition to any limitations on payment to the Company contained in such agreements, any failure to comply with the covenants and restrictions contained in such agreements could trigger defaults under those agreements which could delay or preclude the distribution of dividend payments by the Company. Accordingly, there is no guarantee that we will be able to pay dividends in the future.

(d) Additional funds raised through issuance of new shares for our future growth may dilute shareholders' equity interests.

We may, in the future, expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with parties that we believe can add value to our business. We may also require additional equity funding. We may issue additional shares in the future within the unissued portion of our authorized share capital, generally without shareholder vote unless the subscription or sale price is significantly lower than the market price. If we choose to issue new shares in order to finance future expansions, acquisitions, joint ventures and strategic partnerships, our shareholders may face dilution of their shareholdings.

(e) As a result of our listing on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), we face stringent legal and regulatory requirements, including an obligation to issue half-yearly financial reports and quarterly group statements and other disclosure obligations.

The Shares are listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). As a result, the Company is subject to stringent legal and regulatory requirements, including an obligation to issue half-yearly financial reports and quarterly group statements for the first and third quarter of each financial year and other public disclosures of information. In addition, the Company is subject to, amongst others, the disclosure duties under the Luxembourg Transparency Law, the Luxembourg Takeover Law and the Luxembourg Mandatory Squeeze-Out and Sell-Out Law. The Company's accounting, controlling, legal or other corporate administrative functions may not be capable of responding to these requirements without difficulties and inefficiencies that may cause the Company to incur significant expenditures and/or expose it to legal, regulatory or civil costs or penalties. Any inability to manage the demands placed on the Company as a result of the listing, as well as any costs resulting therefrom, could have a material adverse effect on business, net assets, financial condition, cash flows and results of operations.

(f) We are incorporated under and subject to Luxembourg law and the laws of Luxembourg may not be as favorable to the investors' interests as the laws of Germany or other jurisdictions with which the investors may be familiar.

We are a public limited liability company (*société anonyme*), incorporated under the laws of Luxembourg. The rights of holders of the Shares and our responsibilities to the holders of the Shares under Luxembourg law may be materially different from those with regard to equivalent instruments under the laws of other jurisdictions.

We are a holding company incorporated under the laws of Luxembourg, whose principal assets are the shares of its subsidiaries. If we become unable to pay our debts as they become due and obtain further credit, we may be in a state of cessation of payments (*cessation de paiements*) and lose our commercial creditworthiness (*ébranlement de crédit*), which could result in the commencement of insolvency proceedings. Such proceedings would have a material adverse effect on our business and prospects, and the value of the Shares.

Insolvency proceedings may be brought against us and such proceedings may proceed under, and be governed by, Luxembourg insolvency laws. The insolvency laws of Luxembourg may not be as favorable to our interests and the interests of our shareholders as the laws of Germany or other jurisdictions.

Under Luxembourg insolvency laws, the following types of proceedings may be opened against us to the extent that we have our registered office or our center of main interests (*centre des intérêts principaux*) (within the meaning given to such term in Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast), as amended) in Luxembourg at the time of the commencement of these proceedings:

- bankruptcy (*faillite*) proceedings, the opening of which may be requested by the company or by any of its creditors; following such a request, a competent Luxembourg court may open bankruptcy proceedings if the company (i) is unable to pay its debts as they fall due (*cessation des paiements*), and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*); if a court finds that these conditions are met without any request, it may also open bankruptcy proceedings on its own motion;

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors. The Commercial District Court (*Tribunal d'arrondissement siégeant en matière commerciale*) may (i) approve the proposed reorganization plan if a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the company's liabilities have agreed thereto or (ii) disagree with the reorganization plan proposed by the administrators even though a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the company's liabilities have agreed to such plan, in which case the application for controlled management will be dismissed or (iii) ask the administrators to propose an amended plan (such amended plan will have to be submitted again to the creditors). The judgment approving the plan will be binding upon the company and its creditors, joint debtors and guarantors.

- Voluntary composition with creditors (*concordat préventif de la faillite*), upon request only by the company. The composition may only be adopted if a majority of the creditors representing, by their unchallenged claims, three-quarters of the company's debt, has adhered to the proposal and if the composition has been homologated by the Commercial District Court. Creditors benefiting from mortgages (*hypothèques*), privileges (*privilèges*) or pledges (*gages*) only have a deliberating voice in the operations of the concordat, if they renounce the benefit of their mortgages, privileges or pledges. The vote in favor of the concordat entails renunciation. The renunciation may be limited by the secured creditors to only a portion (but representing at least 50% in value) of their claims with corresponding voting rights. While the composition is being negotiated, creditors may not take action against the company to recover their claims. Secured creditors who do not participate in the composition proceedings may take action against the company to recover their claims and to enforce their security. Fraudulent transactions which took place before the date on which the Commercial District Court commenced composition proceedings may be set aside.

In addition to these proceedings, we may be affected by a decision of the Commercial District Court granting suspension of payments (*sursis de paiements*) or putting the Company into judicial liquidation (*liquidation judiciaire*).

Luxembourg insolvency laws (and in particular the Luxembourg Commercial Code) may also affect transactions entered into or payments made by the Company during the hardening period (*periode suspecte*) (which is a maximum of 6 (six) months and 10 (ten) days preceding the judgment declaring bankruptcy, except that in certain specific situations the Commercial District Court may set the start of the suspect period at an earlier date).

The aforementioned is a very high-level summary and summarizes only a part of these complex aspects under Luxembourg law.

Further, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, "the courts of the member state within the territory of which the center of a debtor's main interests is situated" have jurisdiction to open insolvency proceedings. The "center of main interests" is defined as "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties." Pursuant to Article 3(1) of the EU Insolvency Regulation, the center of main interests of a company or legal person is presumed to be located in the Member State of the registered office in the absence of proof to the contrary. At the moment, the factual requirements of this presumption are fulfilled by the Company, however, it is not certain that this will continue to be the case.

3.B.2. Risks relating to our Shareholder Structure

(a) Future sales of the Shares by our largest shareholders may adversely affect the market price of the Shares, and our largest shareholders' interests may deviate from, or conflict with, our interests or the interests of our other shareholders.

As of the date of the Prospectus, our largest shareholders, Günther Walcher (through Passiva Participations S.à r.l., Luxembourg ("**Passiva Participations**") and Aggregate Holdings 2 S.A., Luxembourg ("**Aggregate Holdings**")) and Natig Ganiyev (through Vestigo Immobilien Investments Limited Partnership, Guernsey ("**Vestigo**")) hold 19.73% and 7.44% of our outstanding Shares, respectively. Due to their relatively large shareholdings, Günther Walcher and Natig Ganiyev are each, and, if they decide to coordinate their voting rights, together in a position to exert substantial influence at our general shareholders' meeting and, consequently, on matters decided by our general shareholders' meeting. As a consequence, our largest shareholders, should they decide to coordinate their votes, may jointly adopt shareholders' resolutions on ordinary matters (*i.e.* all matters not requiring an amendment to the Company's articles of association (the "**Articles of Association**")), which do not require an attendance quorum at a general shareholders' meeting and may be adopted by a simple majority in accordance with applicable law, in the event of a low meeting attendance rate. With respect to extraordinary matters (*i.e.* all matters requiring an amendment to the Articles of Association), which require an attendance quorum of 50% of the share capital and a vote by a two thirds majority at a first meeting, our largest shareholders would not have the required majority to jointly adopt resolutions. However, if the attendance quorum is not reached at a first general shareholders' meeting, a second general shareholders' meeting may be convened, at which the attendance quorum no longer applies. In such situations, our largest shareholders might be in a position to achieve the required two thirds majority and thereby jointly adopt resolutions in the event of a low meeting attendance rate. However, as of the date of this Prospectus, to the knowledge of the Company there are no agreements or arrangements between our largest shareholders Günther Walcher and Natig Ganiyev with regard to any coordination of their voting rights.

The interests of our largest shareholders may substantially deviate from, or conflict with, our interests or the interests of other shareholders. There can be no assurance that any matter brought to a shareholder vote will be resolved in a manner that other shareholders would consider to be in their best interests. Moreover, there may be a significant adverse effect on the market price of the Shares if any of our largest shareholders were to sell a substantial number of the Shares. Sales of a substantial number of the Shares in the public market, or the perception that these sales may occur, may also impair our ability to raise additional capital through the sale of our equity securities in the future.

4. GENERAL INFORMATION

4.1 Responsibility Statement

Corestate Capital Holding S.A. is a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg with the LEI 529900GNB86RB7HRX793, having its registered office at 4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg, and being registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*, Luxembourg) under number B 199780. The Company assumes responsibility for the contents of this Prospectus pursuant to Article 11 para. 1 sentence 2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"), and hereby declares that, to the best of the Company's knowledge, the information contained in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Neither the Company nor Hauck & Aufhäuser Privatbankiers Aktiengesellschaft (LEI: 529900OOZP78CYPYF471), with its registered seat at Kaiserstraße 24, 60311 Frankfurt am Main, Germany ("**Hauck & Aufhäuser**"), is required by law to update the Prospectus subsequent to the date hereof, except in accordance with Article 23 of the Prospectus Regulation, which stipulates that every significant new factor, material mistake, or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and time when trading on a regulated market begins, shall be mentioned in a supplement to the prospectus without undue delay. This Prospectus is valid for a period of twelve months from its date of approval. In any event, the obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

The Prospectus constitutes a prospectus for the purposes of Article 3 of the Prospectus Regulation and has been approved by the CSSF in its capacity as competent authority under the Prospectus Regulation. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or its Shares. Investors should make their own assessment as to the suitability of investing in the Shares. The CSSF can be contacted at 283, route d'Arlon, L-1150 Luxembourg (telephone: +352 26 25 1 - 1 (switchboard); fax: +352 26 25 1 - 2601; e-mail: direction@cssf.lu; website: www.cssf.lu). This Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the respective national legislation of the relevant member state of the European Economic Area ("**EEA**"), bear the costs of translating the Prospectus before the legal proceedings are initiated.

4.2 Subject Matter of this Prospectus

The subject matter of this Prospectus is the admission of 8,500,000 ordinary bearer shares in dematerialized form each with no par value (*valeur nominale*) and full dividend rights as from 1 January 2020 to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Admission**").

4.3 Forward-Looking Statements

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

The forward-looking statements in this Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company's actual results, including the financial condition and profitability of the Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in this Prospectus, particularly in the sections entitled "*3. Risk Factors*", "*8. Profit Forecast*", "*9. Business*" and "*20. Recent Developments and Outlook*", and wherever information is contained in this Prospectus regarding our intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which we are subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus might not occur. Actual results, performance or events may differ materially from those in such statements.

Moreover, it should be noted that we do not assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments. In addition, the Company does not assume any obligation and does not intend, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments. Nevertheless, the Company has the obligation to disclose any significant new factor or material mistake or inaccuracy relating to the information contained in this Prospectus that may affect an assessment of the securities and occurs or comes to light following the approval of this Prospectus, but before the time when trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) occurs. These updates must be disclosed in a prospectus supplement in accordance with Article 23 of the Prospectus Regulation.

See "*3. Risk Factors*" for a further description of some of the factors that could influence the Company's forward-looking statements.

4.4 Documents Available for Inspection

For the period during which this Prospectus is valid, the following documents, as well as the Company's future financial statements, will be available for inspection at the Company's website (www.corestate-capital.com) under the section "Shareholders":

- the Company's articles of association (the "**Articles of Association**");
- the Company's unaudited consolidated quarterly statement as of and for the three months ended 31 March 2021 (the "**Unaudited Consolidated Quarterly Statement**");
- the Company's audited consolidated financial statements prepared in accordance with IFRS as of and for the financial year ended 31 December 2020 (the "**Audited Consolidated Financial Statements 2020**"); and

- the Company's audited consolidated financial statements prepared in accordance with IFRS as of and for the financial year ended 31 December 2019 (the "**Audited Consolidated Financial Statements 2019**", together with the Audited Consolidated Financial Statements 2020, the "**Audited Consolidated Financial Statements**" or the "**Financial Statements**").

In accordance with Luxembourg law dated 19 December 2002 on the trade and companies register, as amended, the annual financial reports will also be filed with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*, the "**Companies Register**") under number B 199780 and an extract will be published in the *Recueil Électronique des Sociétés et Associations* (RESA).

The Company's website is www.corestate-capital.com. Information on the Company's website and information accessible via this website is neither part, nor incorporated by reference into, the Prospectus and has not been scrutinised or approved by the CSSF. This applies also to any other website mentioned in the Prospectus.

4.5 Note Regarding the Presentation of Financial Information

The Company's financial years ended 31 December 2020 and 31 December 2019 are also referred to in the Prospectus as "**financial year 2020**" and "**financial year 2019**, respectively. The Company's current financial year, which will end on 31 December 2021, is also referred to as "**financial year 2021**".

The consolidated financial information of the Group for the financial years 2020 and 2019 presented in the text and in tables in this Prospectus has been taken or derived from the Audited Consolidated Financial Statements 2020 and the Audited Consolidated Financial Statements 2019 as well as the Company's accounting records or its management reporting, in each case, except as otherwise noted.

Where financial information in tables in this Prospectus is labelled "audited", this means that it has been taken from the Audited Consolidated Financial Statements. The label "unaudited" is used to indicate financial information that has not been taken from the Audited Consolidated Financial Statements but rather was taken from the Company's accounting records or its management reporting, or has been calculated based on figures from the sources mentioned before.

The Audited Consolidated Financial Statements were prepared in accordance with IFRS and have been audited by Ernst & Young S.A., 35E avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg ("**E&Y**"), who issued unqualified independent auditor's reports thereon as included in section "*19. Financial Information*" of the Prospectus beginning on page F-1.

The Unaudited Consolidated Quarterly Statement has not been audited or reviewed.

4.6 Note on Currency

The amounts set forth in this Prospectus in "**EUR**" or "**Euro**" refer to the single currency of the participating member states in the third stage of the European Monetary Union pursuant to the Treaty on the Functioning of the European Union. Fluctuations in the exchange rate between the EUR and the other currencies will affect the amounts received by owners of the Shares in such other currencies upon conversion of dividends, if any, paid in Euro on the Shares.

Our principal functional currency is the Euro, and our Financial Statements have been prepared in Euro.

4.7 Note regarding Figures and Technical Terms

Financial information presented in the text and the tables in this Prospectus are in millions of EUR (in EUR million) except as otherwise stated. Certain financial information (including percentages) in this

Prospectus have been rounded according to established commercial standards, whereby aggregate amounts (sum totals, sub-totals, differences or amounts put in relation) are calculated based on the underlying unrounded amounts. As a result, the aggregate amounts may not correspond in all cases to the corresponding aggregated amounts of the underlying (rounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available, but has been rounded to or equals zero.

A glossary of certain technical and financial terms and abbreviations used in this Prospectus is provided at the end of this Prospectus under the heading "*21. Glossary*".

4.8 Alternative Performance Measures

In accordance with the European Securities and Markets Authority ("**ESMA**") Guidelines on alternative performance measures of 5 October 2015 (the "**ESMA Guidelines**"), the following section sets out information related to certain financial measures of the Group that are not defined by IFRS and which the Group regards as alternative performance measures ("**APMs**") within the meaning of the ESMA Guidelines.

We present these APMs and operating metrics as (i) supplemental information because they are used by our management to measure operating performance or as an auxiliary control profitability parameter, including in presentations to our management, and as a basis for strategic planning and forecasting, and (ii) they represent measures that we believe are widely used by certain investors, securities analysts, and other parties as supplemental measures of operating and financial performance. These APMs are not defined by IFRS or any other internationally accepted accounting principles, and such items should not be considered as an alternative to the historical financial results or other indicators of our results of operations and financial position based on IFRS measures. In particular, they should not be considered as alternatives to the Group's income as an indicator of the Group's performance and profitability, or as alternatives to cash flow from operating activities as an indicator of its financial strength. The APMs, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our APMs are calculated. Even though the APMs are used by management to assess ongoing operating performance and indebtedness, and though these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results, cash flows or assets and liabilities as reported under IFRS.

Our APMs are defined by us as follows:

- Aggregate revenues and gains/(losses) represent the sum of total revenue from real estate investment management, share of profit or loss from associates and joint ventures, dividends from other alignment capital, gains or losses from fair value measurement of financial instruments related to real estate and total income from real estate operations/warehousing.

- Adjusted EBITDA is defined as EBITDA adjusted for certain exceptional items.

- Adjusted net profit is defined as net profit/(loss) for the period attributable to shareholders of the parent company adjusted for certain exceptional items.

- EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

- EBITDA margin represents EBITDA as a percentage of aggregate revenues and gains/(losses).

- Net financial debt represents the sum of long-term financial liabilities to banks, other long-term financial liabilities, short-term financial liabilities to banks, other short-term financial liabilities, less cash, cash equivalents and restricted cash.

- Net financial debt adjusted for IFRS 16 financial liabilities represents the net financial debt as defined above including liabilities recognized with the first-time application of the accounting standard IFRS 16 as of 1 January 2019.

- Assets under Management are all investments, products and projects, which are actively managed by one of the Company's subsidiaries and which are generating recurring revenues. Recurring revenues are defined as contracted, regularly (monthly/quarterly/yearly) fees over the time of the management of the investments, products and projects. The following fee types are usual recurring revenues: asset management fees, investment management fees, development fees, performance fees, property management fees, etc. Management determines different kind of contracted services like investment-/fund management, asset management, development and property management. In general, the management of a real estate asset is understood to mean the active planning, management, implementation, monitoring and control of all value-influencing measures of a property, a real estate portfolio or a fund during the management phase. Development contains services for to be developed real estate assets from the initial purchase of land, the application of the building permits, the application, monitoring and steering of all construction services, the commercial management until the completion and operations hand-over. Property management is the oversight of a real estate and generally contains services of day-to-day operations of the real estate, from screening tenants to arranging for repairs and maintenance.

The following table shows the calculation of our aggregate revenues and gains/(losses) for the periods indicated:

	Financial year ended 31 December	
	2020	**2019**
(in EUR million)	**(audited, except as otherwise noted)**	
Total Revenue from Real Estate Investment Management	193.3	236.2
Share of Profit or Loss from Associates and Joint Ventures[(1)] .	(9.3)	11.9
Dividends from other Alignment Capital	8.8	10.3
Gains or Losses from fair value measurement of financial instruments related to real estate	(6.8)	11.6
Total Income from Real Estate Operations/Warehousing	5.5	33.4
Aggregate Revenues and Gains/(Losses)[(2)]	**191.4**	**303.4**

(1) Share of profit or loss from associates and joint ventures may include fair value gains or losses or other non-cash items.
(2) Unaudited.

The following table shows the reconciliation of net profit/(loss) for the period attributable to shareholders of the parent company to adjusted net profit for the periods indicated:

	Financial year ended 31 December	
	2020	**2019**
(in EUR million)	**(unaudited, except as otherwise noted)**	
Net Profit/(Loss) for the Period attributable to equity holders of the Parent Company[(1)]	**(69.1)**	**108.5**
Net Profit Adjustments:...	22.3	20.9
Thereof:		

(in EUR million)	Financial year ended 31 December 2020	2019
	(unaudited, except as otherwise noted)	
Amortization of Asset Management Contracts	*24.8*	*24.3*
Deferred Tax Effects	*(2.7)*	*(3.7)*
Net profit/(loss) for the period attributable to non-controlling Interests	*0.2*	*0.3*
Adjusted Net Profit[(2)]	**(46.8)**	**129.4**

(1) Audited.

(2) Adjusted Net Profit for the financial years ending 31 December 2019 and 31 December 2020 has been amended compared to the Adjusted Net Profit included in the annual reports of the Company by taking into account non-significant differences in the adjustments for the Amortization of Asset Management Contracts and Deferred Tax Effects resulting in a decrease in Adjusted Net Profit for the financial year ending 31 December 2019 by EUR 0.9 million and an increase in Adjusted Net Profit for the financial year ending 31 December 2020 by EUR 0.7 million.

The table below shows the calculation of net financial debt and net financial debt adjusted for IFRS 16 financial liabilities:

(in EUR million)	As of 31 December 2020	2019
	(audited, except as otherwise noted)	
Net Financial Debt[(1)]	544.4	490.2
Thereof:		
Long-term financial liabilities to banks	*4.6[(2)]*	*7.0*
Other long-term financial liabilities	*520.3[(3)]*	*538.1*
Short-term financial liabilities to banks	*68.7[(4)]*	*47.7*
Other short-term financial liabilities	*42.0[(5)]*	*3.2*
Minus:		
Cash and cash equivalents	*68.2*	*103.2*
Restricted cash	*23.0*	*2.6*
Net Financial Debt[(6)]	**544.4**	**490.2**
Minus:		
Lease liabilities[(7)]	*27.4*	*21.0*
Net Financial Debt adjusted for IFRS 16 Financial Liabilities[(6)]	**517.0**	**469.2**

(1) Unaudited. Net financial debt represents the sum of long-term financial liabilities to banks, other long-term financial liabilities, short-term financial liabilities to banks, other short-term financial liabilities, less cash and cash equivalents and restricted cash.

(2) Shown as non-current financial liabilities to banks in the audited consolidated financial statements as of and for the financial year ended 31 December 2020.

(3) Unaudited. Sum of non-current financial liabilities to bonds and other non-current financial liabilities, each as shown as non-current financial liabilities to banks in the audited consolidated financial statements as of and for the financial year ended 31 December 2020.

(4) Shown as other financial liabilities to banks in the audited consolidated financial statements as of and for the financial year ended 31 December 2020.

(5) Shown as other current financial liabilities in the audited consolidated financial statements as of and for the financial year ended 31 December 2020.

(6) Unaudited. Net financial debt adjusted for IFRS 16 financial liabilities represents the net financial debt as defined in footnote (1) above excluding lease liabilities recognized in accordance with IFRS 16 "Leases" as of the respective reporting date.with the first-time application of the accounting standard IFRS 16 as of 1 January 2019.

(7) Unaudited.

The table below shows the calculation of EBITDA and the EBITDA margin for the periods indicated:

	For the financial year ended 31 December	
	2020	**2019**
(in EUR million, except as otherwise noted)	**(audited, except as otherwise noted)**	
Net Profit/(Loss) for the Period	**(68.9)**	**108.8**
Income Tax Expense	*(7.0)*	*(11.6)*
Financial Expenses	*(29.1)*	*(33.6)*
Financial Income	*5.3*	*10.1*
Depcreciation and Amortization	*(54.7)*	*(31.1)*
Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")	**16.6**	**175.0**
EBITDA Margin, in %[(1)]	8.7	57.6

(1) Unaudited. EBITDA margin represents EBITDA as a percentage of aggregate revenues and gains/(losses).

5. THE ADMISSION

5.1 Subject Matter of the Admission

This Prospectus relates to the admission to trading on the regulated market (*regulierter Markt*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) of 8,500,000 ordinary bearer shares in dematerialized form each with no par value (*valeur nominale*) and full dividend rights as from 1 January 2020 (the "**Admission**") stemming from a capital increase against contribution in kind from EUR 1,924,952.15 to EUR 2,562,452.24 by utilizing a corresponding portion of the Company's authorized capital (the "**New Shares**") as resolved by the Management Board on 25 May 2021, with the consent of the supervisory board of the Company (the "**Supervisory Board**") from the same day (the "**AFS Capital Increase**"). The AFS Capital Increase is implemented in connection with the business combination agreement between the Company and the shareholders of Aggregate Financial Services GmbH, Frankfurt am Main, Germany, whose legal name was changed to CORESTATE Bank GmbH on 17 June 2021 ("**AFS**"), dated 14 January 2021 to acquire all shares in AFS (the "**AFS BCA**"). In accordance with the AFS BCA, the shares of AFS were contributed to the Company by way of the AFS Capital Increase, while the completion of the transactions contemplated under the AFS BCA occurred on the same day (the "**AFS Acquisition**"). For more information on the AFS Acquisition, please see section "*9.5 AFS Acquisition*".

5.2 Scheduled Timetable

The scheduled timetable, which remains subject to change, for the Admission is as follows:

25 May 2021................................	Issuance of the New Shares
17 June 2021................................	Application for Admission
28 June 2021................................	Approval of this Prospectus by the CSSF
	Publication of the approved Prospectus on the Company's website (www.corestate-capital.com) under the section "Shareholders"
29 June 2021................................	Decision on the Admission to be issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
30 June 2021................................	Commencement of trading in the New Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard)

5.3 Information on the New Shares

(a) Form of the New Shares

All New Shares are dematerialized shares with no par value (*valeur nominale*).

The New Shares are registered with the single securities issuance account (*compte d'émission*) with the securities settlement system LuxCSD S.A., 42 Avenue J.F. Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg ("**LuxCSD**"), acting as liquidation body within the meaning of the Luxembourg law dated 6 April 2013 on dematerialized securities (the "**Dematerialization Law**"). In accordance with the Dematerialization Law, dematerialized shares are only represented by a record in a securities account (*inscription en compte-titres*). Likewise, ownership of the New Shares is established by such record in a securities account.

LuxCSD may, however, issue or request the Company to issue certificates relating to the dematerialized New Shares for the purpose of international circulation thereof.

(b) Voting Rights

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

(c) Dividend and Liquidation Rights

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

(d) ISIN, WKN, Common Code, Ticker Symbol

International Securities Identification Number (ISIN) until the Admission........	LU2346513588
International Securities Identification Number (ISIN) following the Admission	LU1296758029
German Securities Code (*Wertpapierkennnummer*, WKN).................................	A141J3
Common Code	129675802
Trading Symbol	CCAP

(e) Stock Exchange Admission, Commencement of Trading

As of the date of this Prospectus, 25,666,025 ordinary bearer shares in dematerialized form, each with no par value (*valeur nominale*) and with full dividend rights as from 1 January 2020, are admitted to trading on the regulated market (*regulierter Markt*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard).

The Company, together with Hauck & Aufhäuser, who is acting as listing agent, applied for the Admission on 17 June 2021.

A decision on the Admission is expected to be announced on or about 29 June 2021. The decision on the Admission of the New Shares to trading will be made solely by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) at its discretion. The New Shares are expected to be included in the existing quotation for the Company's listed Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on or about 30 June 2021.

(f) Transferability of the New Shares

The New Shares are freely transferable in accordance with the legal requirements for shares in dematerialized form, that is, through book-entry transfers (*virement de compte à compte*). Except as described under section "*—5.5 Lock-up Agreements" below*, there are no prohibitions on disposals or restrictions with respect to the transferability of the New Shares.

(g) Designated Sponsors

Pareto Securities AS, Oslo, Norway, was mandated as designated sponsor of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

5.4 Dilution

The net book value of the shareholders' equity of the Company as of 31 December 2020 recorded in the consolidated statement of changes in equity in the Audited Consolidated Financial Statements 2020, under the line item "total equity" was EUR 688.5 million, or EUR 26.82 per Share, calculated on the basis of 25,666,025 issued shares of the Company as of 31 December 2020.

Based on the foregoing, following implementation of the AFS Capital Increase from EUR 1,924,952.15 by EUR 637,500.09 to EUR 2,562,452.24 by issuing 8,500,000 New Shares against contributions in kind, and following the deduction of the estimated costs for the Admission in the amount of approximately EUR 10,000, the net book value of the shareholders' equity of the Company recorded in the consolidated statement of changes in equity in the Audited Consolidated Financial Statements 2020, under the line item "total equity" would have been EUR 818.1 million or EUR 23.94 per share as of 31 December 2020 (calculated on the basis of the number of 34,166,025 Shares of the Company issued after the implementation of the AFS Capital Increase).

This corresponds to an accretion in the net book value of the shareholders' equity of the Company by EUR 129.6 million, or EUR 5.04 per Share (18.8%), for existing shareholders prior to the implementation of the AFS Capital Increase, as the adjusted net book value of the shareholders' equity of the Company per share exceeds the prior net book value of the shareholders' equity by this amount or percentage.

5.5 Lock-up Agreements

The New Shares are subject to individual lock-up provisions for, subject to certain exemptions, a period of twelve months (in relation to Passiva Participations) and of up to five years (in relation to 50% of the New Shares initially granted to Feldmannhof Capital GmbH, Waakirchen, Germany ("**Feldmannhof Capital**"), and Leonis Capital Management GmbH, Bad Homburg v.d. Höhe, Germany ("**Leonis Capital Management**"), respectively) following the completion of the AFS Acquisition.

5.6 Total Cost of the Admission

The costs for the application for the admission of the New Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) are expected to total approximately EUR 8,000.00.

5.7 Interest of Parties participating in the Admission

Hauck & Aufhäuser is acting for the Company in connection with the Admission and is coordinating the listing process. Hauck & Aufhäuser will receive a customary fixed commission for such services. As a result of this contractual relationship, Hauck & Aufhäuser has a financial interest in the success of the Admission. Hauck & Aufhäuser or its affiliates may from time to time in the future have business relations or perform services for the Company and/or other companies of the Group in the ordinary course of business.

Other than the interests described above, there are no material interests with respect to the Admission. None of the aforementioned interests constitutes a conflict of interest or a potential conflict of interest.

6. DIVIDEND POLICY

6.1 General Provisions Relating to Profit Allocation and Dividend Payments

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

The annual general meeting of shareholders decides on the allocation of the annual profit, if any. In accordance with the Articles of Association, every year at least 5% of the net profit of the Company will be set aside in order to build up the legal reserve. This allocation ceases to be compulsory when the legal reserve amounts to one-tenth of the issued share capital but shall again be compulsory if the reserve falls below such threshold of one-tenth of the issued share capital. The remaining balance of the net profit will be at the disposal of the general meeting of shareholders. The general meeting of shareholders may also allocate net profits to reserves other than the legal reserve, and, subject to compliance with all legal requirements, such reserves are available for distribution by a decision of the general meeting of shareholders.

The annual general meeting of shareholders shall determine how the remainder of the annual net profits shall be disposed of and it may decide to declare and pay dividends from time to time, in its discretion and as it believes best suits the corporate purpose and policy, within the limits of the Luxembourg law dated 10 August 1915 on commercial companies, as amended (the "**1915 Companies Act**"). Dividends, when payable, will be paid in Euro or any other currency selected by the Management Board and will be paid at the time and place fixed by the Management Board within the limits of the decision of the annual general meeting of shareholders.

Furthermore, interim dividends may be declared by the Management Board and paid by the Company within the conditions provided for by article 461-3 of the 1915 Companies Act.

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

Dividend distributions are made to the shareholders *pro rata* to the aggregate amount of Shares held by each shareholder.

Dividend distributions that have not been claimed within ten years from the date that they have become available shall lapse in favor of the Company.

Generally, withholding tax is withheld from the dividends paid.

6.2 Earnings and Dividend Per Share, Dividend Policy and Dividend Payments

Since the admission of its Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Company has not paid dividends from its net profits. It has however made distributions out of the freely distributable reserves of the Company to its shareholders.

In this regard, the general meeting of shareholders of the Company approved (i) the distribution of a total amount of EUR 42,588,246 (corresponding to EUR 2.00 per issued Share entitled to a distribution at that time) out of the freely distributable reserves of the Company to the existing shareholders for the financial year 2017 during the annual general meeting of shareholders of the Company held on 27 April 2018, and (ii) the distribution of a total amount of EUR 52,936,042.50 (corresponding to EUR 2.50 per issued Share entitled to a distribution at that time) out of the freely distributable reserves of the Company to the existing shareholders for the financial year ended 31 December 2018. In order to strengthen the liquidity position of the Company in context of the uncertainty associated with the COVID-19 pandemic, the annual general meeting of shareholders of the Company resolved to cancel the dividend distribution for the financial year 2019 and to carry forward the profit made during the financial year 2019 to the next financial year during the annual general meeting held on 5 June 2020.

Our general dividend policy is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. In line with this general dividend policy, our dividend policy as adopted in April 2020 is to distribute at least 30% of our consolidated net profit to shareholders. As the Company reported a net loss for the financial year 2020, and given the uncertainty surrounding the further development of the COVID-19 pandemic, further strengthening of the liquidity position is currently a priority. Therefore, no dividend was paid for the financial year 2020.

The Company is unable to predict the amount of future net profit or distributable profits or forecast whether net profit or distributable profits will be generated at all in the future.

Our dividend policy will be reviewed from time to time and declaration and payment of any future dividends will be at the discretion of the Management Board and the annual general meeting of shareholders after taking into account various factors, including our business prospects, future earnings, cash requirements, financial condition, expansion plans and the requirements of Luxembourg law (as described above) and/or the laws of the jurisdiction where our subsidiaries are organized.

The following overview summarizes the total dividend potential as well as the total amount of dividends resolved, the dividend per share distributed and the earnings per share (IFRS) as of and for the financial years 2020 and 2019 as reported by the Company in its respective legal form.

	As of and for the financial Year ended 31 December	
	2020	**2019**
(in EUR millions, except as otherwise noted)	**(audited, except as otherwise noted)**	
Net Profit/(Loss) for the Period attributable to equity holders of parent company[(1)]	(69.1)	108.5
Other Reserves[(1)]	752.9	563.3
Total dividend potential[(2)] **(unaudited)**	**683.6**	**671.6**
Total amount of dividends resolved for the respective financial year[(1)] (unaudited)	—	52.9
Distribution of dividend per share for the respective financial year (in EUR)[(3)] (unaudited)	—	2.50
Earnings per share (basic, net profit/(loss) for the year attributable to ordinary equity holders of the parent) (in EUR)[(1)(4)]	(3.04)	5.11

(1) Taken or derived from the consolidated financial statements as of and for the financial years ended 31 December 2020 (including comparative financial information as of and for the year ended 31 December 2019) prepared in accordance with IFRS.

(2) Total dividend potential is defined as the sum of net profit/(loss) for the period attributable to equity holders of parent company and other reserves but excluding the legal reserve in an amount of EUR 0.2 million as of December 31, 2020 and as of December 31, 2019, respectively, which cannot be distributed.

(3) The distribution of dividends for any financial year occurs during the course of the following financial year. Distribution of dividend per share is calculated by dividing the Company's total amount of dividends resolved for the respective financial year by the weighted average number of ordinary shares outstanding during such financial year.

(4) Earnings per share are calculated by dividing the Company's net profit attributable to equity holders of parent company for the respective financial year by the undiluted weighted average number of ordinary shares outstanding for such financial year. In the financial years 2020 and 2019, the weighted average number of ordinary shares outstanding was 22,753,540 and 21,228,904, respectively.

7. CAPITALIZATION AND INDEBTEDNESS

Investors should read this section in conjunction with the Audited Consolidated Financial Statements, including the notes thereto, which are included in the section "19. Financial Information" of this Prospectus.

The following table sets forth an overview of the capitalization of the Group as of 31 March 2021, based on the accounting records or internal management reporting systems of the Company.

7.1 Capitalization

(in EUR million)	31 March 2021
	(unaudited)
Total current debt (including current portion of non-current debt)[(1)]	226.6
of which is guaranteed	–
of which is secured	–
of which is unguaranteed/unsecured	226.6
Total non-current debt (excluding current portion of non-current debt)[(2)]	549.7
of which is guaranteed	–
of which is secured	–
of which is unguaranteed/unsecured	549.7
Shareholder equity[(3)]	675.5
of which share capital	1.9
of which is legal reserve[(4)]	0.2
of which other reserves[(5)]	685.9
Total[(6)]	1,451.8

(1) Referred to as total current liabilities in the Company's consolidated statement of financial position.
(2) Referred to as total non-current liabilities in the Company's consolidated statement of financial position.
(3) Referred to as total equity in the Company's consolidated statement of financial position.
(4) Legal reserves do not include net profit/(loss) for January to March 2021 and non-controlling interests.
(5) Other reserves do not include net profit/(loss) for January to March 2021 and non-controlling interests.
(6) Sum of total current debt, total non-current debt and shareholder's equity.

7.2 Total Financial Indebtedness

The following table sets forth an overview of the total financial indebtedness of the Group as of 31 March 2021, based on the Company's accounting records or internal management reporting systems.

(in EUR million)	As of 31 March 2021
	(unaudited)
A. Cash[(1)]	63.0
B. Cash equivalents	–
C. Other current financial assets	–
D. Liquidity (A + B + C)	63.0
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[(2)]	113.8
F. Current portion of non-current financial debt	–
G. Current financial indebtedness (E + F)	113.8
H. Net current financial indebtedness (G – D)	50.8
I. Non-current financial debt (excluding current portion of non-current financial debt and debt instruments)[(3)]	33.5
J. Debt instruments[(4)]	492.1
K. Non-current trade and other payables	–
L. Non-current financial indebtedness (I + J + K)	525.6
M. Total financial indebtedness (H + L)	576.4

(1) Includes cash as well as restricted cash, each as referred to in the Company's consolidated statement of financial position. Restricted cash amounted to EUR 20.0 million as of 31 March 2021.

(2) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) includes current financial liabilities to banks and other current financial liabilities, each as referred to in the Company's consolidated statement of financial position, and the HFS Bonds issued by our Group subsidiary HFS (for a more detailed description of the HFS Bonds, please see section "*10. Material Contracts–10.1 Financing Agreements–(c) Corporate Bond issued by HFS*").

(3) Non-current financial debt (excluding current portion of non-current financial debt and debt instruments) includes non-current financial liabilities to banks and other non-current financial liabilities, each as referred to in the Company's consolidated statement of financial position, excluding the positions presented as debt instruments in footnote (4) below.

(4) Debt instruments include non-current financial liabilities to bonds as referred to in the Company's consolidated statement of financial position and includes the Convertible Bonds and the Corporate Bonds issued by the Company (for a more detailed description of the Corporate Bonds, please see section "*10. Material Contracts–10.1 Financing Agreements–(a) Corporate Bond issued by the Company*").

7.3 Indirect and Contingent Indebtedness

The Group's contingent liabilities and other obligations are mainly potential future payment obligations of the Group attributable to guarantees that have been provided. The figures shown reflect potential liabilities that the guarantees are called upon. As of 31 March 2021, the Issuer has contingent liabilities in an amount of EUR 48.8 million, which are attributed to loan commitments in amount of EUR 13.5 million, placing and takeover obligations in an amount of EUR 27.0 million and obligations under guarantees and warranty agreements in an amount of EUR 8.3 million. The Group is exposed to legal disputes or conflicts with its clients, customers, and other counterparties. The Company estimated the financial risks resulting from such possible disputes to be remote and concluded that no provisions are required for these risks as of 31 March 2021.

7.4 Working Capital Statement

In our opinion, our working capital is sufficient to meet our present requirements over at least the next twelve months from the date of this Prospectus.

7.5 No Significant Change

Between 31 December 2020 and the date of this Prospectus, there have been no significant changes in the Group's financial position. For information on current trading and management's view on full-year trends, see "*20. Recent Developments and Outlook*".

8. PROFIT FORECAST

Set out below is the Management Board's profit forecast for the Group for the financial year 2021.

8.1 Forecast of Aggregated Revenues & Gains, Adjusted EBITDA and Adjusted Net Profit for the Financial Year 2021 for the Company

The Company's financial outlook for 2021 foresees Aggregate Revenues and Gains/(Losses) of between EUR 235 million and EUR 260 million, Adjusted EBITDA of between EUR 90 million and EUR 115 million and an Adjusted Net Profit of between EUR 50 million and EUR 75 million.

The forecast set out in this section refers to aggregated revenues and gains ("**Aggregate Revenues and Gains/(Losses)**"), adjusted earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**") and adjusted net profit ("**Adjusted Net Profit**") for the current financial year 2021 (the "**2021 Forecast**"). The 2021 Forecast is not a statement about facts and should therefore not be interpreted as such by potential investors. Rather, it reflects the forward-looking expectations of the Management Board with respect to the Aggregate Revenues and Gains/(Losses), the Adjusted EBITDA and Adjusted Net Profit for the Group. Potential investors should not place unreasonable reliance on this 2021 Forecast.

For the purposes of this 2021 Forecast, the Management Board has defined Aggregate Revenues and Gains, Adjusted EBITDA and Adjusted Net Profit as follows:

- Aggregate Revenues and Gains/(Losses) is defined as the sum of Total Revenue from Real Estate Equity segment, Total Revenue from Real Estate Debt Segment and total Income from Other Segments.
- Adjusted EBITDA is defined as EBITDA adjusted for certain exceptional items, as described below under paragraph "*Factor: Adjustments to EBITDA*".
- Adjusted Net Profit is defined as net profit/(loss) for the period attributable to shareholders of the parent company adjusted for certain exceptional items, as described below under paragraph "*Factor: Adjustments to Net Profit for the Period*."

The 2021 Forecast is based on assumptions made by the Management Board. These assumptions relate to factors outside the Company's influence and factors that can be influenced by the Company only to a limited extent. Although the Management Board believes that the assumptions were reasonable on the date on which the 2021 Forecast was prepared, they may subsequently prove to be incorrect or unfounded. If one or more of these assumptions prove to be incorrect or unfounded, the Group's actual Aggregate Revenues and Gains/(Losses), Adjusted EBITDA and/or Adjusted Net Profit for the financial year 2021 may differ materially from the 2021 Forecast.

8.2 Group 2021 Forecast

The Management Board estimates that the Group's Aggregate Revenues and Gains/(Losses) will be between EUR 235 and EUR 260 million, Adjusted EBITDA will be between EUR 90 million and EUR 115 million and Adjusted Net Profit will be between EUR 50 million and EUR 75 million in the financial year 2021.

8.3 Explanatory notes to the 2021 Forecast

(a) Principles used in the Preparation

The 2021 Forecast is based on assumptions on investment, asset and property management markets including seasonality and impact scenarios from the COVID-19 pandemic, and a business plan developed using a bottom-up approach modelling projects/investment vehicles, the respective income and expense streams and a budgeting process on general and administrative expenses, depreciations and amortizations, interest income and expenses as well as taxation for the financial year 2021.

The 2021 Forecast was prepared in accordance with Section 7 of Annex 3 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, and ESMA's guidelines on disclosure requirements under the Prospectus Regulation of 15 July 2020.

The 2021 Forecast has been prepared on the basis of the accounting principles of the International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). Unless otherwise indicated, the accounting policies applied are those described in the notes to the Company's consolidated financial statements as of and for the financial year ended 31 December 2020, prepared in accordance with IFRS.

Therefore, the 2021 Forecast has been compiled and prepared on a basis which is both, comparable with the historical financial information of the Company as included in this Prospectus and consistent with the Company's accounting policies.

(b) Basis of Presentation

(i) Acquisition of AFS

The 2021 Forecast takes into account the effects of the AFS Acquisition, which was concluded on 25 May 2021 on a *pro rata* basis, *i.e.* for approximately seven months as from 25 May 2021, including the expected initial synergies resulting from the AFS Acquisition.

(ii) Factors outside the Company's influence

The 2021 Forecast is subject to factors outside the Company's influence. These factors and the Company's related assumptions are outlined below.

(A) Factor: Unforeseen events such as "force majeure"

For purposes of the 2021 Forecast, the Management Board assumes that no material unforeseen events will occur that could result in material or lasting constraints on the on-going operations of any of the entities of the Group, such as *force majeure* (*e.g.* fires, floods, hurricanes, storms, earthquakes, strikes, extraordinary macroeconomic events, terrorist attacks, or war).

(B) Factor: COVID-19 pandemic

We are exposed to global and local spreads of COVID-19. Especially, due to the COVID-19 pandemic, we assume a negative global economic impact for the financial year 2021. Based on the improvement of the vaccination program in Europe we anticipate a recovery of our market environment in the course of the second half of 2021.

(C) Factor: Legislative and other regulatory measures

When preparing the 2021 Forecast, the Management Board assumes that the current legal and regulatory framework and environment will be subject to no or only insignificant changes and that there will be no material legal and regulatory changes, *e.g.* of investment or tax law.

(D) Factor: Economic development in the real estate industry and the private debt industry

For the purpose of the 2021 Forecast, the Management Board assumes that:

- at least there will be no negative economic development in Germany;
- there will be no negative development in the real estate industry or the private debt industry, particularly in Germany; and
- there will be no negative development in the labor market and the rental market is stable;
- we can at least maintain our competitive position;
- there will be no deflationary or inflationary pressures, which could adversely affect our business.

(E) Factor: Interest rate development

When preparing the 2021 Forecast, the Management Board assumes that current low interest rate levels will remain.

(iii) Factors that can be influenced by the Company to a limited extent

Further factors that can be influenced by the Management Board to a limited extent may also affect the 2021 Forecast. The relevant assumptions and factors are listed below.

(A) General Assumptions

For the purpose of the 2021 Forecast, the Management Board assumes that:

- we are able to maintain our ability to find clients for our Investment Structures and our mezzanine financing and financial investment structuring and advisory services;
- the performance of our existing Investment Structures is indicative of their future results or the results of Investment Structures we may develop in the future;
- we are able to establish new Investment Structures and our mezzanine financing and financial investment structuring and advisory services; and
- we are able to maintain our current fee structure.

Due to the AFS Acquisition, which was concluded on 25 May 2021, the 2021 Profit Forecast considers revenues which are estimated to be generated by AFS pursuant to AFS's business plan on a *pro rata* basis, *i.e.* for approximately seven months as from 25 May 2021.

(B) Factor: Basic market assumptions with impacts on our revenue lines

For the purpose of the 2021 Forecast, the Management Board assumes that the transaction volume resulting from our real estate equity and real estate debt business with a direct impact on all our revenue lines for the financial year 2021 will amount to between EUR 3.5 and 4.5 billion (including a pro rata transaction volume relating to the AFS business).

In addition, the 2021 Forecast assumes a pick-up of investment activities after the COVID-19 pandemic, a fostered debt and mezzanine business, as well as placements of inventories from the Company's balance sheet.

Furthermore, the 2021 Forecast assumes that around 40% of the transaction fees will be attributable to our real estate equity business and around 60% will be attributable to our real estate debt business.

The company assumes a positive impact from the growing AuM base on the real estate equity asset and property management fees in the financial year 2021.

Given the policy to reduce balance sheet exposure for our clients' and own investments, the Company takes a cautious stance on warehousing and alignment capital.

(C) Factor: Expenses

General and administrative expenses, including personnel and overhead expenses are assumed to be slightly lower than in the financial year 2020.

(D) Factor: Depreciation and Amortization

Depreciation and amortization contain the amortization of intangible assets, in particular, of the asset management contracts acquired in connection with the AFS Acquisition and the acquisition of HFS, STAM and CRM, and on right-of-use assets, resulting from the application of the accounting standard IFRS 16. For the purpose of the 2021 Forecast, the Management Board assumes that depreciation and amortization will amount to approximately EUR 17 million.

(E) Factor: Financial Income and Expenses

Financial income includes income from currency translation and interest income from loans and co-investments.

For the purpose of the 2021 Forecast, the Management Board assumes that:

- the EUR 200 million convertible bond with an interest rate of 1.375% *per annum*, and the EUR 300 million notes with an interest rate of 3.50% *per annum* will be outstanding the entire fiscal year 2021;

- the bond of EUR 30 million issued by HFS with an interest rate of 3.50% *per annum* due in October 2021 will be repaid at the due date;

- the EUR 10.0 million lombard loan entered into by HFS with an interest rate of EUR-LIBOR (at least 0.00%) plus a margin of at least 3% was repaid in full in February 2021;

- warehousing loans of nearly EUR 22.5 million are reflected in the consolidated statement of financial position of the Company until the underlying asset is sold, which is expected to be completed in 2022;
- the Company will comply with the financial covenants in its financing agreements or, in the event that a financial covenant is in breach, no material additional related costs will be incurred as a result of such breach;
- the liquidity risk will remain low as the Management Board assumes that sufficient liquidity will be available and that the financing conditions for existing loan agreements can be maintained in the event of any loan extension; and
- that the Company will achieve its target leverage ratio of 2-3x in the financial year 2021.

Furthermore, the 2021 Forecast considers interest from leasing liabilities of approximately EUR 1.0 million resulting from the application of the accounting standard IFRS 16. Additionally, the Management Board assumes losses from currency translation of up to EUR 1.3 million.

The 2021 Forecast does not assume a utilization of our revolving credit facility.

(F) Factor: Income Tax Expense

Income tax expense comprises of corporate tax and deferred taxes (which also reflect a *pro rata* share of tax expenses of AFS for the approximately seven months following the AFS Acquisition). The Management Board assumes that there will be no changes in the applicable corporation tax and trade tax rates, and that there will be no further changes in the tax environment or in tax legislation in the financial year 2021.

(G) Factor: Adjustments to EBITDA

For the purpose of the 2021 Forecast, the Management Board assumes adjustments to EBITDA for acquisition related expenses of approximately EUR 5-10 million.

(H) Factor: Adjustments to Net Profit for the Period

For purpose of the 2021 Forecast, the Management Board assumes adjustments to the net profit for the period for:

- acquisition related expenses of approximately EUR 5-10 million;
- the amortization of the asset management contracts acquired in connection with the AFS Acquisition and the acquisition of HFS, CRM and STAM amounting to approximately EUR 15 million;
- deferred tax effects; and
- non-controlling interests.

(c) Other Explanatory Notes

As the 2021 Forecast relates to a period not yet completed and has been prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of these uncertainties, it is possible that the Group's actual Aggregate Revenues and Gains/(Losses), Adjusted EBITDA and/or Adjusted Net Profit for the financial year 2021 may differ materially from the 2021 Forecast.

9. BUSINESS

*The acquisition of STAM Europe, Paris, France ("**STAM**"), was completed on 15 January 2020 and is therefore included in the financial information for the financial year ended 31 December 2020, as from the date of the completion of the acquisition. The AFS Acquisition was completed on 25 May 2021 and is therefore not included in the historical financial information discussed in this section. For more information on the acquisition of STAM and the AFS Acquisition please refer to section "10.7 STAM Europe Acquisition agreement" and "9.5 AFS Acquisition", respectively.*

9.1 Overview

We believe that we are one of the leading listed investment managers for real estate equity and debt in Germany and selected other European countries. We are headquartered in Luxembourg with market focus predominantly on Germany and Europe covering the entire lifecycle of investments in real estate. In our fully integrated business model we are active as co-investor and manager for our clients applying our experience and expertise to a wide range of real estate investment product offerings. We combine proven real estate expertise, good market knowledge and the understanding of mega trends and environment, social affairs and corporate governance ("**ESG**") principles for optimal product performance and sustainable returns for our customers. Until 31 December 2020, our business generated revenues from three segments, namely (i) "**Real Estate Investment Management**", (ii) "**Alignment Capital Management**" and (iii) "**Real Estate Operations and Warehousing**".

In the Real Estate Investment Management segment our activities encompass the sourcing and acquisition of relevant real estate opportunities and investments, structuring and implementing investment products, performing management services for real estate investments held in separate vehicles established by respective clients together with Corestate, and the provision of real estate mezzanine financing (*i.e.* financing, that ranks below loans and above ordinary shareholders' equity) (together, the "**Investment Structures**" and individually the "**Investment Structure**"). Moreover, we perform real estate investment management services as well as for assets held for warehousing purposes (*i.e.* assets which we acquire on our own balance sheet and hold only for a certain short term (typically three to twelve months) in order to convert them into investment products) and – to a lesser extent – assets owned by non-client third parties, with the aim of actively value-enhancing and optimizing the assets and, ultimately, structuring the exit from such real estate investments. In our real estate private debt business, we offer mezzanine financing for real estate developments in Germany, Austria and Switzerland and seek to gain cross-selling opportunities from being involved in our client's development from a very early stage onwards. Our Alignment Capital Management segment is an integral part of our business model and serves to co-invest alongside our clients to align our interests with those of our clients. Our Real Estate Operations and Warehousing segment serves as a facilitating element for our products in which we warehouse real estate investment opportunities prior to converting or transferring them into an investment product tailor-made for clients.

Aimed at mirroring the increased significance of the real estate debt business, we have reorganized our segments as of 1 January 2021 into the following segments: (i) "**Real Estate Equity**", (ii) "**Real Estate Debt**" and (iii) "**Other Segments**".

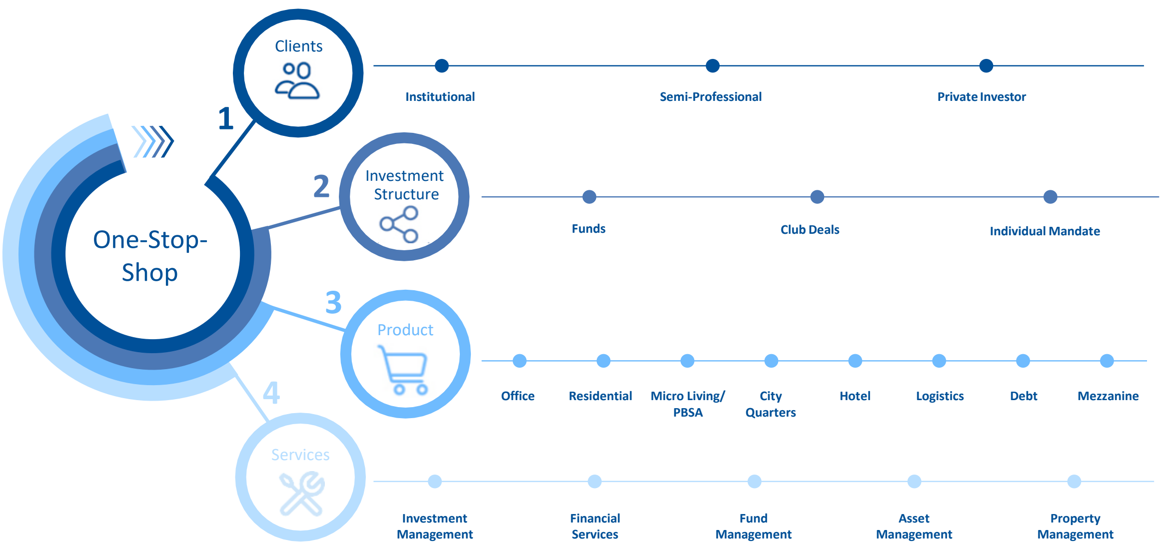
Our segment "Real Estate Equity" now encompasses revenues from acquisition fees, from asset management fees, from property management fees (in equity products) and from sales and promote fees realized.

Our segment "Real Estate Debt" now consists of revenues from underwriting and structuring fees, asset management fees (in debt products), performance fees (*i.e.* coupon participation fees) and income from bridge loans. These line items in Real Estate Equity and Real Estate Debt were previously allocated to our segment "Real Estate Investment Management" until 31 December 2020.

Our segment "Other Segments" encompasses all remaining line items which, until 31 December 2020, formed the business segments "Alignment Capital Management" and "Real Estate Operations and Warehousing".

Our fully-integrated business model enables us to cover the entire lifecycle (please see section "*9.2(a)(v) Our Real Estate Investment Management Activities*") of investments in real estate equity and debt. We are a one-stop-shop providing the full range of asset, fund and property management services and related investment products (managed accounts, closed-ended funds club deals, alternative investment fund management, open-ended funds and individual mandates), and financial advisory services, covering all major real estate asset classes and all relevant investment vehicles. Our diversified product offering covers a broad range of asset classes with different risk-return profiles (from core to value add with a particular focus on core/core+), including office, residential, micro living/purpose built student accommodation ("**PBSA**"), city quarters, retail, hotel, logistics, debt and mezzanine financing services, which enables us to target a broad range of clients, cross-sell our products and address the specific needs of different client types (institutional, semi-professional and private). The diversification offers additional business opportunities while mitigating business risks at the same time.

The following chart illustrates our fully integrated business model:



We are one of the market leaders in micro living/PBSA in Europe and mezzanine financing in Germany, Austria and Switzerland (collectively, the "**DACH**" region). Our aim is to become the leading European full-service provider of real estate investments in real estate equity and debt. Our main market is Germany. However, we are also selectively looking at other attractive real estate markets in Europe, such as Austria, Switzerland, Spain, Italy, the United Kingdom, France, Denmark, Poland and Belgium, the Netherlands and Luxembourg (collectively, the "**BeNeLux Countries**") while adding new countries to our operations from time to time. In such selected markets we envisage structured growth through efficient resource allocation and ensuring necessary market expertise, either through our own local teams or by cooperating with local partners. Our strong believe and commitment to the Netherlands and Belgium is also underlined by our newly opened office in Amsterdam.

We have undergone a deliberate transformation over the last few years, from a largely residential-focused investment management company to a diversified real estate group with a wide and committed client base of institutional, semi-institutional and private investors. We respond with smart investment opportunities to market trends where we see attractive risk return profiles within the real estate sector and, thus, have continuously expanded both the type of investment properties we manage and the cities and countries where we operate.

In the recent past we have made several important steps to enlarge our product offerings and client base:

To enter into France as new market for our operations, further expand our product range by including logistics as a new asset class and enlarge our client and institutional investor base on 8 July 2019, we purchased STAM (the "**STAM Acquisition**"), a French real estate investment manager with around EUR 2.0 billion assets under management. The STAM Acquisition was completed on 15 January 2020 following final approval by the French authority, (*autorité des marches financiers*; "**AMF**"). As a result of the STAM Acquisition, we increased our assets under management to around EUR 28.0 billion.

To further expand and diversify our real estate debt products and services, improve our access to new sources of capital, extend our client base and to capitalize on significant cross-selling potential, on 14 January 2021, we entered into the AFS BCA. The acquisition of AFS is part of our strategy to significantly expand our position in the real estate development financing market as well as the wider real estate sector by providing additional financial investment structuring and advisory services through AFS. In accordance with the AFS BCA, the shares of AFS were transferred to the Company by way of a capital increase against contribution in kind on 25 May 2021 and the completion of the transactions contemplated under the AFS BCA occurred on the same day. The consideration for the contribution of shares in AFS comprises 8,500,000 New Shares and a cash payment of EUR 5 million (for a detailed description of the AFS BCA, see "*10.9 Material —AFS BCA*"). AFS is licensed to provide a range of real estate structuring and financing advisory services, thereby allowing us to strengthen our market position as a real estate financing advisor while simultaneously expanding our mezzanine business with new products and complementary services and to ultimately create additional value for our shareholders. As a result of the AFS Acquisition, our debt fund size will increase to approximately EUR 1.8 billion.

As of 31 December 2020, our assets under management amounted to EUR 27.8 billion (EUR 26.3 billion as of 31 December 2019).

As of 31 December 2020, our Group employed employees representing 757 full time equivalents ("**FTEs**") (709 FTEs as of 31 December 2019). We operated out of 45 offices in 9 countries with direct access to local real estate markets as of 31 December 2020. Our headquarter is located in Luxembourg, where Corestate Capital Fund Management, one of our Group's AIFM, is based. Capital raising and client relationships are performed by dedicated experts out of our principal offices in Frankfurt am Main, Munich, Paris, Zurich, Luxembourg and London.

In addition, the AIFM authorization obtained by the Corestate AIFM and the Hannover Leasing AIFM enable us to reach out to a wider pool of clients, such as institutional clients (*e.g.* pension funds, private equity funds, sovereign wealth funds and insurance companies), which may prefer to use AIFM managed structures.

In the financial year 2020, we generated aggregated revenues and gains of EUR 191.5 million (financial year 2019: EUR 303.4 million).

Our adjusted net profit amounted to EUR -46.8 million for the financial year 2020 (financial year 2019: EUR 129.4 million).

In the financial year 2020, we generated an EBITDA of EUR 16.6 million (financial year 2019: EUR 175.0 million), representing an EBITDA margin of 8.7% (financial year 2019: 57.6%).

Moreover, in the financial year 2020, we recorded total earnings from Real Estate Investment Management of EUR 75.6 million (financial year 2019: EUR 141.0 million), total earnings from Alignment Capital Management of EUR -24.7 million (financial year 2019: EUR 21.6 million) and total earnings from Real Estate Operations and Warehousing of EUR -0.1 million (financial year 2019: EUR 14.2 million).

9.2 Segment Breakdown

The following section contains a description of our three business segments Real Estate Investment Management, Alignment Capital Management and Real Estate Operations and Warehousing.

(a) Real Estate Investment Management Segment

(i) Our Client Base

Our Real Estate Investment Management segment targets primarily institutional, but also semi-institutional clients as well as private clients and provides real estate investment products to each group. Our private and semi-institutional clients include family offices and ultra-high net-worth individuals. National and international institutional clients include investment funds, sovereign wealth funds, pension schemes and insurance companies.

Our institutional and semi-institutional investor base comprised more than 300 client contacts as of 31 December 2020. Furthermore, through Hannover Leasing together with its subsidiaries (the "**HL Group**") approximately 70,000 retail clients have invested with us. In particular, through the STAM Acquisition, we expanded our investor base considerably and improved our access to financing and opportunities for new business, especially with international institutional investors. Furthermore, we continuously achieve positive effects from our long-standing relationships with Bayerische Versorgungskammer, Munich, Germany ("**Bayerische Versorgungskammer**"), LVM Pensionfond-AG, Frankfurter Leben-Gruppe and the Kirchliche Zusatzversorgungskasse des Verbandes der Diözesen Deutschlands. In September 2020, we acquired the main part of the Trophy city quarter development "The Q" in Nuremberg for an institutional investment mandate from Bayerische Versorgungskammer. The property will be developed into one of the most modern urban districts in Germany by the Dusseldorf-based seller, Gerchgroup. The investment volume of this forward deal amounts to over EUR 300 million.

Currently, most of our clients are of Western European origin. We are increasingly seeking to attract clients for real estate investments, in addition to the circle of our current core European clientele. This will enable us to access new opportunities to invest in more and larger assets and to launch more investment products. Our attractive track record and focused distribution network with scalable offerings will further improve our access to institutional clients.

(ii) Our Capital Raising Capabilities

Our access to clients is generated through our capital raising teams located in our offices in Frankfurt am Main, Munich, Paris, Zurich and London, which operate under appropriate licenses. In addition, the AIFM authorization obtained by the Corestate AIFM and the Hannover Leasing AIFM enable us to reach out to a wider pool of clients, such as institutional clients (*e.g.* pension funds, private equity funds, sovereign wealth funds and insurance companies), which may prefer to use AIFM managed structures.

Each client group has a different risk profile, investment criteria and expectations. We believe that our knowledge of and experience in the real estate industry, within the markets in which we operate, and our network of contacts in the industry, enable us to provide a custom made experience for our clients by tailoring the investment structure and identifying and sourcing investment products that meet the unique criteria of our clients.

(iii) Our Real Estate Investment Markets

Our management team and our investment professionals have built a strong and reliable network including a group of approximately 1,500 agents, covering all regional sub-markets, as well as banks, servicers, insolvency receivers and advisors, allowing us strong deal access across all asset classes. This extensive network has been built up over the last 14 years giving us strong local coverage and deal access across all asset classes.

We have, historically, been concentrating our investment products on the DACH region. Germany is and will remain our main real estate investment market. However, we are also selectively looking at other attractive real estate markets in Europe, such as Spain, France, the Benelux Countries, the United Kingdom, Poland, Italy or Denmark. In such selected markets we envisage structured growth through efficient resource allocation and ensuring necessary market expertise, either through our own local teams or by cooperating with local partners.

We particularly strengthened our position in the student living segment, by expanding our micro and student living platform across Europe through the CRM Acquisition (as defined below; for a more detailed description of the CRM Acquisition please see section "*10.8 CRM Acquisition agreement*").

In December 2019, Corestate acquired PBSA properties in Gdansk and Krakow, Poland, together with a partner investor. The total investment volume for the two properties was around EUR 73 million.

Furthermore, in line with the growth strategy for micro living in Spain, in July 2019, Corestate acquired a plot of land in Salamanca to build a student apartment facility with total investment costs of EUR 25 million. Completion is scheduled for the third quarter of 2022. In October 2019, Corestate acquired a new property in Barcelona, which will be developed to one of the highest quality and best equipped student residences in the city, with around 257 student apartment units and operations to be starting in 2022. In December 2019, Corestate acquired another plot in Madrid to develop a serviced apartment facility with 27 units and a total lettable area of approximately 6,600 sqm.

(iv) Our Investment Products

Generally, we derive our investment product offering from our clients' risk/return profile and market dynamics. As a result our investment products cover the entire range of the return risk curve from core to value add with a growing focus on core / core+ properties.

Our investment products encompass managed accounts, closed-ended funds, real estate special-AIF, open-ended funds) and individual mandates, covering all major real estate asset classes and all relevant investment vehicles comprising real estate equity and real estate debt funds. Our diversified product offering covers a broad range of asset classes, including office, residential, micro living/PBSA, city quarters, retail, mixed-use, hotel, logistics debt and mezzanine, which enables us to target a broad range of clients, cross-sell our products and address the specific needs of different client types. The diversification offers additional business opportunities while mitigating business risks at the same time.

The underwriting for our investment products is typically three to five years for club deals and a conceptualized range from seven to ten years for prospective structured fund products. Such differences are also reflected by our fee structure and alignment capital engagement.

(v) Our Real Estate Investment Management Activities

Our real estate investment management services cover every stage of the lifecycle of a real estate investment which includes:

- the origination, structuring and execution of investment products tailored to the needs of our clients and in line with regulatory requirements;

- on-going and day-to-day asset, fund, development and property management as well as project monitoring over the holding period with the aim of actively enhancing value and optimizing the relevant assets; and

- management of the realization of the value of investment products through multiple eligible exit channels (*e.g.* asset-by-asset sales, portfolio sales, auctions etc.).

Along this real estate investment lifecycle, we generate fee income through various channels such as acquisition-related fees, asset and property management fees, sales fees coupon participation fees, income from mezzanine loans and success fees (promotes) (for more detailed information, please see "*9.6 —Income Structure*").

(A) Phase 1: Sourcing, structuring and execution

Our outstanding network, both with respect to the range of asset classes and equity and debt instruments provides us with a competitive advantage in investment opportunity sourcing. We have a deep understanding of our clients' preferences and offer a tailored product creation.

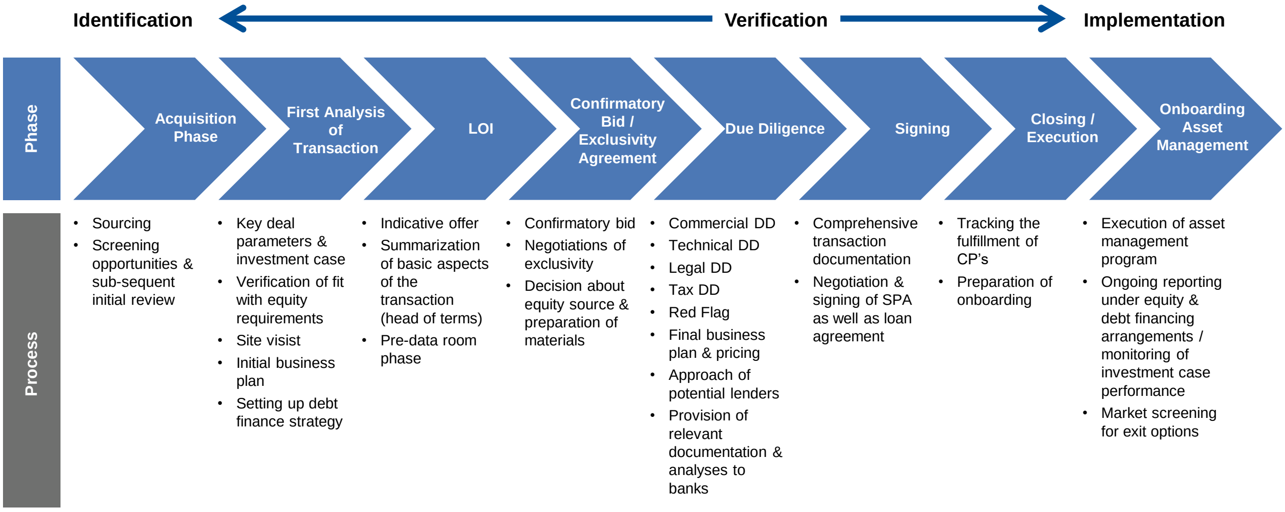
Based on our in-depth understanding of the details and dynamics of the underlying real estate assets and markets as well as our focus on value creation by way of hands-on management, we initially develop an investment strategy combined with the preparation of a value creation plan. One of the overarching principles in this phase is our understanding of and focus on our clients' investment requirements which guides our selection of suitable investment opportunities and corresponding exit strategies and ensures suitable fund and transaction structuring.

Our staggered due diligence process combined with clear investment criteria introduces and secures a deal. Constant feedback is received from our client base. Together with external experts, subject to the approval of the Management Board and/or Supervisory Board and in compliance with regulatory requirements, our Investment Committee (as defined below) takes the pre-final decision to execute an investment opportunity with related recommendations to be made to the Management Board and, as the case may be, Supervisory Board for their final approval, and, in case of AIF, Luxembourg Reserved Alternative Investment Fund ("**RAIF**"), other fund and regulated structures, where AIFM are involved, to the relevant AIFM.

A deal is executed by negotiating deal terms and structuring an investment in a tax efficient way, implementing the debt financing strategy and ensuring compliance with "Know your costumer/Anti Money Laundering" procedures.

Sourcing, structuring and execution of a deal involves our alternative investment fund management team ensuring full compliance with the requirements of the AIFM Act, if applicable.

The following chart illustrates our highly structured and monitored investment process:



Through the involvement of the Company's investment committee (the "**Investment Committee**"), which takes major buying and selling decisions insofar as no AIFM is involved, we offer additional experience, expertise and real estate market insights. The Investment Committee comprises our Chief Executive Officer, Chief Investment Officer, Chief Financial Officer, Group Head of Investment and our Group Head of Sales, who have a combined transaction experience of more than 100 years. The Investment Committee meets regularly to take decisions regarding the execution of deals or modification of deals before entering into the execution phase. The implementation of the decision taken by the Investment Committee is subject to the approval or veto, respectively, by the Management Board and/or Supervisory Board, respectively. The Investment Committee is involved in three different stages with individual (sub-)functions, namely (i) the pre-transaction phase once a potential investment opportunity has been considered by the initially involved persons to be worth considering in a due diligence exercise, (ii) the decision on all investments pursuant to a due diligence phase and asset dispositions, and (iii) post-transaction phase to review the implementation of the relevant transaction requirements. Standard conflict rules apply to the decision-making process within the Investment Committee.

To avoid conflicts of interest when recommending potential acquisitions of real estate and investments in real estate companies to clients or investment funds we have an investment allocation policy (the "**Allocation Policy**") in place. The Allocation Policy sets out minimum standards and procedures based on objective criteria for the allocation of certain assets which are to be applied when allocating transaction opportunities for recommendation which fall within the investment objectives and/or investment restrictions of more than one client and/or investment fund. The Allocation Policy is applicable for the Company and for all companies, in which the Company directly or indirectly holds more than 50% of shares or voting rights. However, individual companies may, if necessary or recommended, adopt individual local policies, particularly if they are supervised by a domestic or international financial supervisory authority.

Allocation decisions are taken by an allocation committee (the "**Allocation Committee**"). The Allocation Committee has no fixed composition and rather depends on the companies or investment funds involved. It is composed of (i) the respective managers responsible for the investment decision of the companies / investment funds affected by the allocation conflict; (ii) the relevant head of risk management for the companies / investment funds affected by the allocation conflict; (iii) the sourcing department of the Group; (iv) and the fund management of the Group. Other persons, in particular the fund managers of the relevant investment funds, the risk managers of the relevant units, the head of risk management and the head of compliance of the Group, may participate at meetings of the Allocation Committee without voting rights.

Due to the urgency usually associated with the acquisition of real estate and investments in real estate companies, the meetings of the Allocation Committee are not held regularly, but rather ad hoc at the request of a member of the Allocation Committee or at the request of the management of one of the Group companies concerned.

(B) Phase 2: Asset, fund and property management services

The asset, fund and property management services that we provide during the holding period support the investment strategy deployment from the early sourcing phase through business planning. Such early involvement allows *e.g.* for an efficient implementation of value enhancing measures such as capex investment, rent increases, vacancy reductions and operational cost optimization programs, all based on our experienced real estate management team's in-depth understanding of each deal and its underlying assets.

Our asset, fund and property management teams execute the asset, fund and property management strategies and provide commercial and technical property management services including service charge accounting and book-keeping. Our asset, fund and management services also include on-going financial and real estate reporting for clients and banks.

As of 31 December 2020, our asset management activities covered 2.81 million sqm of managed space with more than 33,000 micro living units under management, and we provided property management services with regard to 57,000 managed units. Moreover, we had more than 120 funds under management as of 31 December 2020.

(C) Phase 3: Exit strategies

After creating value and/or enhancing the existing value or, generally, after a certain holding period for the underlying assets, the last stage of the lifecycle of a real estate investment is the sale of the portfolio as a whole or on an asset-by-asset basis. It is part of our real estate management services to continuously observe the market and to seek out and, once required approvals have been granted, execute exit opportunities as far as they are in line with our clients' investment requirements. Our sales team is responsible for monitoring favorable sale and exit opportunities and makes recommendations to top management and the Investment Committee as well as to fund management.

The overall investment process includes a system of defined checkpoints where the senior management decides whether a deal should be further pursued or rather aborted. This process safeguards efficient and cost-saving decision-making, which promotes trust of our external network in our reliable and efficient investment processes and hence allows our external network to cooperate more effectively with us in, *e.g.* sourcing deals. In essence, our highly structured and monitored investment process includes the aforementioned process phases as well as constant feedback from our client base and close interaction between the Company's senior management, the Investment Committee and the fund management.

(vi) Cooperation with local partners or own local teams

Even though Germany is and is expected to remain our main real estate investment market, we also selectively operate in other attractive markets in Europe, currently in Austria, the United Kingdom, France, Denmark, Poland, Switzerland, Spain, Italy and the Benelux Countries sourcing a multinational deal and client base. We envisage structured growth in foreign markets through efficient resource allocation and ensuring the necessary market expertise is obtained typically by cooperating with local joint venture partners or by our own representative offices with experienced local teams that have deep insight and knowledge of the respective market. Cooperation with local partners safeguards the fulfilment of our investment principle that we only invest with the benefit of the pre-requisite in-depth understanding of the markets and assets we are interested in. This cooperation may take the form of a one-off project in relation to a specific venture or an exclusive joint venture in relation to opportunities which exist in the real estate market in a particular country.

Following the STAM Acquisition, we operate an own local team in France, allowing us to effectively exploit the real estate investment opportunities, in the French market. Moreover, we operate an own local team in Spain as one of our core markets, which together with selected local partners is seeking attractive investment opportunities for our clients in the field of micro living. Most recently we opened offices in Amsterdam and Milan to support our activities in the BeNeLux Countries and Italy.

(vii) Assets under Management

As of 31 December 2020, our assets under management ("**AuM**") amounted to EUR 27.8 billion (EUR 26.3 billion as of 31 December 2019).

(viii) Transaction Track Record and Transaction Pipeline

We are an active market participant addressing off-market acquisition and trading opportunities for various asset types.

Since 2006 and up until 31 December 2020, we have implemented transactions with a total transaction turnover of around EUR 34.0 billion which is generally measured by an all-in cost approach or the underlying assets under management.

We believe that our investment products have yielded very attractive returns for our clients. In addition, we have successfully implemented debt (re-)financings in an aggregate amount of EUR 2.57 billion in 44 deals in the last two years as of 31 December 2020.

Our current diversified transaction pipeline of approximately EUR 3.9 billion as of the date of this Prospectus addresses various asset types and feeds both our existing private and semi-institutional client base as well as our targeted institutional clients.

(b) Alignment Capital Management Segment

An integral part of our business model is to co-invest alongside our clients through our alignment capital investments. Accordingly, we make investments with our own funds into the same products that our clients invest in and under the same terms and conditions applicable to all clients of that product, underpinning the alignment of our interests with those of our clients. As of 31 December 2020, we have invested EUR 145.0 million (equity and loans) through our alignment capital investments. Typically, alignment capital investments range between approximately 5% and 10% (with certain exceptions for particular transactions) of the total equity capital invested into an investment product, depending on our clients' requirements and product structuring.

As a result, in addition to the fee-based income generated through our Real Estate Investment Management services, we also participate in the performance of the investment products through dividend payments and we realize capital gains upon successful exit from alignment capital investments. Through our Alignment Capital Management business we "buy into" the risk and rewards of the underlying transaction and assume responsibility far beyond the role of just an investment manager. This substantially builds trust and related long-term relationships with the respective client group. At the same time, such alignment capital investments are a very convincing argument when it comes to the continued acceptance of the attractive fee structures related to such investment products.

(c) Real Estate Operations and Warehousing Segment

Our Real Estate Operations and Warehousing segment facilitates as a complementary element to our Real Estate Investment Management and Alignment Capital Management businesses. It is based on the concept of acquiring assets for warehousing purposes with a clear exit path into a client's fund. The rationale behind such "Warehousing" concept is to (i) capitalize on attractive investment opportunities and to identify and secure short-term real estate investment opportunities as well as (ii) build up sizeable seed portfolios for clients who seek to invest in already existing assets.

By acquiring such assets for our own account and balance sheet for a period of typically three to twelve months, we are able to secure asset supply while still setting up and structuring an investment product for our clients. Before assets are bought into warehousing we need to determine a confirmed client demand to secure placement of the asset out of our balance sheet. Other required criteria for warehousing assets are positive cash flow contribution. Alternatively, we acquire plots and secure respective building rights and provide further project planning (without accepting typical project development risks on our own balance sheet) before converting them into investment products for clients and further developing them for our co-investors and in our capacity as real estate investment manager (including usual aligned investments).

After conversion, our project development entails the planning, coordination, development and the construction of student housing properties and/or serviced apartments or the planning and coordination of the issuance of relevant permissions for already improved land, the demolition or refurbishment of the present buildings, the construction of the new commercial, residential or micro living buildings, the implementation of certain capex and tenant improvement measures, and the sale and renting of these buildings. The development projects are divided into two phases, the development phase and the operational phase commencing upon the (physical) move in of the first tenant.

Over the holding period and upon transfer or conversion into an investment structure or product we manage the assets, implement value enhancement measures and receive/consolidate the income from the underlying real estate operations. With the final transfer into an investment structure or product, we typically realize capital gains comprising the compensation for planning costs, due diligence costs, transaction and structuring costs, as well as pre-financing and active management during the warehousing period.

In respect of the properties held for warehousing purposes, we currently hold a high street asset in Giessen (Germany) and four smaller assets respectively land plots for PBSA in Bremen (Germany), Valencia and Pamplona (both Spain) and Copenhagen (Denmark).

9.3 Our Services

The following chart provides a simplified overview of the services rendered within our fully integrated business model:

Acquisition		Value Optimisation & Sustainability			Disposition
Investment Management	**Financial Services**	**Fund Management**	**Asset Management**	**Property Management**	**Investment Management**
• Deal sourcing & structuring • Due diligence • Off-market deals & bidding procedures • Contract negotiation • Conclusion	• Review of financing structures • Bank selection, tendering, benchmarking • Contract negotiation & conclusion • Administration & reporting	• Fund Structuring • Risk & Compliance • Portfolio Management • Investor Reporting • Performance Analysis	• Building strategies • Business plans • ESG asset management • Representation of owner interests • Increase in rental income • Optimisation of running costs • Refurbishments • Control of property management	• Condition control of the property • Inspections of technical installations • Repairs • Building accounting & service charge settlement	• Contract negotiation • Conclusion • ESG review

→ **From investment to exit, a client receives the full service offering from a single source**

9.4 Mezzanine Business

The Company's fully owned subsidiary HFS is a provider of mezzanine financing (*i.e.* financing, that ranks below loans and above ordinary shareholders' equity) in the German residential and commercial real estate market. HFS offers commercial and residential real estate mezzanine financing and advises numerous funds primarily to clients located in Germany.

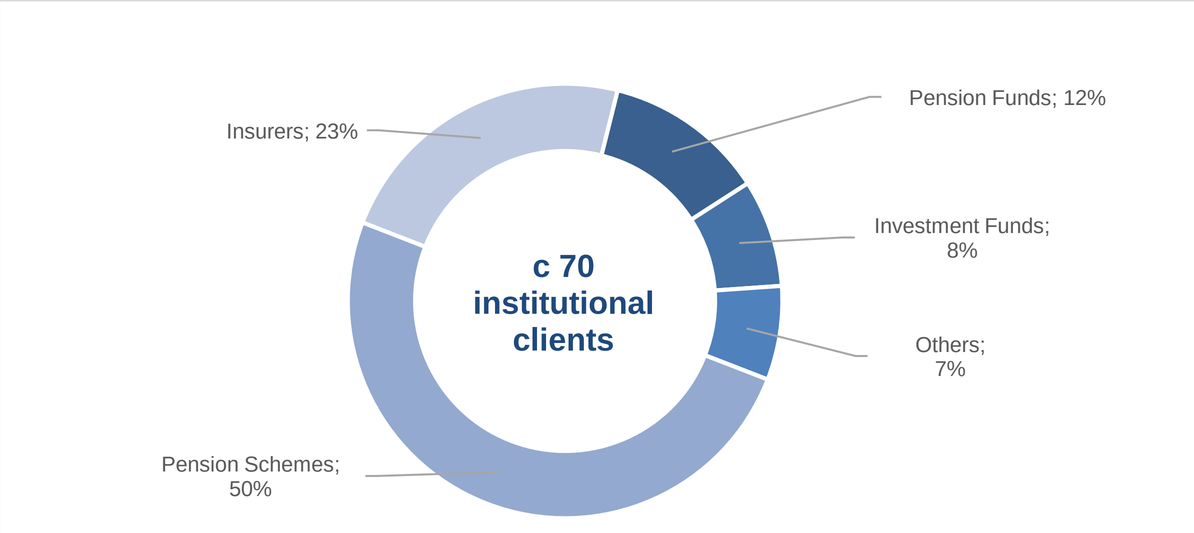
As of 31 December 2020, the total committed fund volume of HFS amounted to approximately EUR 1.2 billion, covering 54 financed projects with an average size of mezzanine financing of approximately EUR 23.0 million.

The main business and source of revenues of HFS is to act as initiator with a focus of investments in residential and commercial real estate in the DACH region via debt securities. The fund capital is used to acquire bonds which are issued by the bond issuer, typically a real estate development company, for the early stages of a real estate development, typically as equity-replacing bridge financing until certain milestones (*e.g.* the building permit or construction progress) have been achieved and the follow-on financing for the entire project has been secured.

The funds typically generate four types of fees. As an initial step, HFS concludes a term sheet financing with the entity which issues the bond and the project company which is responsible for the real estate project. Under the term sheet, HFS receives a handling fee with regard to the capital provided to the bond issuer. The handling fee is to be paid by the bond issuer to HFS. Furthermore, HFS concludes a trust agreement with the bond issuer and the project company. Pursuant to the trust agreement, HFS shall be secured by way of land charges regarding the securities to be provided by the bond issuer. In the internal relationship, HFS holds the land charges for the benefit of the purchasers of the bond, a service for which HFS receives a fixed trustee fee and expenses for the administration, arranging and deletion of land charges. In addition, HFS receives a non-performance related management fee regarding the monthly end value of the fund property (*Sondervermögen*), which is to be paid out monthly. Lastly, HFS receives a performance fee based on the amount by which the annual performance of the fund at the year-end (including distributions and tax payments) exceeds a specified hurdle rate on the average bound capital in the calculation period (*i.e.* coupon-participation fee).

The investor base of HFS included approximately 70 institutional investors, such as pension funds, investment funds, insurers and pension schemes as of 31 December 2020.

The below chart provides an overview of the client base of HFS as of 31 December 2020:



9.5 AFS Acquisition

(a) Overview of the AFS business

AFS is a securities trading bank and investment firm based in Frankfurt am Main, Germany, and regulated by the BaFin. Its expertise is focused on real estate financing, with a particular focus on residential real estate, to clients who are primarily active in the DACH region. Founded in July 2018, AFS has a track record of more than 40 transactions with a cumulative real estate financing volume of more than EUR 3.0 billion as of 31 December 2020. AFS' co-founders and managing partners have extensive experience in the international capital markets business and held various management positions in the investment banking division of Deutsche Bank AG. Their combined experience comprises the global distribution and structuring of capital markets products, international credit trading and banking books, international issuing and syndication business as well as management, control and organization of business processes. As of the date of this Prospectus, the AFS team consists of 23 FTEs with 270 years of combined experience.

AFS is licensed under section 32 of the KWG to provide a range of real estate structuring and financing advisory services, including principal brokerage services, placement business, underwriting business, contract brokerage, investment brokerage, proprietary trading and investment advice. AFS is authorized to acquire ownership or possession of funds or securities of clients in the course of providing the above-mentioned financial services and banking transactions. Therefore, AFS is able to accompany and advise its clients through all project phases and sector-specific aspects along the entire real estate value chain. In addition, AFS may purchase or sell financial instruments for its own account without meeting the requirements for proprietary trading.

(b) Effects of the AFS Acquisition

We believe that AFS complements our business in terms of our strategy and significantly enhances our capabilities and access to clients and capital, in particular due to the following reasons:

- As a result of the AFS Acquisition, we will be able to considerably strengthen our origination and execution capabilities around real estate debt asset management, while at the same time accelerating access to additional capital and a larger roster of investment clients. Following the integration of AFS, our refined complementary product offering and customer base will drive important cross-selling and further increase our value chain offerings. Additionally, new business lines will arise from extended licenses to support additional income. We believe that acquiring AFS may have significant synergy potential that could ultimately drive earnings per share accretion for our shareholders. Furthermore, the AFS Acquisition grants us exclusive access to AFS' highly regarded management platform, which has significant experience and a track record in debt / credit trading and structuring with long-term retention contracts.

- The AFS Acquisition also strengthens and diversifies our real estate debt products and services. We believe that debt in real estate is strategic to the sector and there are very few real estate asset managers with large debt exposure. Ultimately, debt products and services will remain one of our most important business segments going forward. We believe that the AFS Acquisition could accelerate the development and diversification of our successful real estate debt and mezzanine business as it unlocks new product opportunities, complementary services and drives regional expansion.

- As a result of the business rationale and strong synergies unlocked through the AFS Acquisition, we create additional value for our shareholders. We believe that AFS adds scale and diversification to our business profile through the implementation of a new real estate debt advisory and structuring business line. Consequently, we expect to be in a position to accelerate the fund-raising for our HFS mezzanine funds and whole loan business with a new target fund size of more than EUR 2 billion. Our joint fund platform will significantly diversify the current debt value chain from HFS' mezzanine business. The AFS Acquisition also gives access to additional counterparties and investors to cross-sell all our products, including to additional corporate and real estate clients. We estimate that more than 80% of AFS' clients are new to us, which could drive additional asset management opportunities. Finally, having identified annual run-rate synergies of EUR 10 million potentially realizable in connection with the AFS Acquisition, we may achieve significant operational cost savings to underpin our cost rationalization strategy.

- As a result of the AFS Acquisition and as of the date of this Prospectus, Passiva Participations holds 17.41% of the Shares and is our largest individual shareholder. We believe that Passiva Participations supports our bespoke business strategy and views its participation in the Company as part of a long-term investment commitment.

9.6 Income Structure

Our income is generated from three main sources:

- fee income from our Real Estate Investment Management business;

- returns on our Alignment Capital Investments (both dividends and capital gains); and

- gains generated from transfers and conversions of warehoused assets into real estate investment products (Warehousing Margin) and net operating income generated from such real estate operations (income during the warehousing phase).

The following table gives a non-exhaustive overview of our typical or targeted fees and capital returns associated with our three business segments and underlines the highly diversified income structure we are able to generate throughout the real estate investment lifecycle. Such fees and capital returns depend on the individual investment structure and have historically varied and will vary from the figures indicated in the below table. Historically, we were able to agree such fees with our semi-institutional and private clients. As regards our targeted institutional clients, we may be required to agree to a lower level of fees which, however, would still have a positive effect on our earnings since the absolute amount of fees generated from institutional clients is expected to be based on larger transaction volumes.

Types of fees	Recognition of fee income	Duration
Acquisition	▪ Fee income recognised as percentage of AuM	0–6 months
Warehousing	▪ Profit distribution upon successful transfer of asset into main fund or sale	
Asset management	▪ Fee income recognised as percentage of AuM	3–15+ years
Coupon-participation fee	▪ Return participation by HFS above pre-defined return hurdle rate	
Property management	▪ Fee income recognised as percentage of AuM	
Exit fees	▪ Profit distribution upon successful sale of fund assets	0–6 months
Capital gain and Promote	▪ Income recognised upon successful exit of CORESTATE's alignment investments	

The aforementioned table in particular includes the following fees:

Acquisition Related Fees relate to fees earned in relation to the acquisition or the brokerage of real estate assets by our Investment Structures or the setting-up of respective financing structures. Acquisition related fees include a one-time-onboarding fee and typical acquisition and structuring fees amounting between 0.8% 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 portfolio and are typically received and paid at the conclusion of the transaction documentation.

Warehousing Margins: Over the holding period and upon transfer or conversion into an investment structure or product we manage the assets, implement value enhancement measures and receive/consolidate the income from the underlying real estate operations. With the final transfer into an investment structure or product, we typically realize capital gains which are comprising the compensation for planning costs, due diligence costs, transaction and structuring costs, as well as pre-financing and active management during the warehousing period.

Sales Fees are payable when the asset is sold and amount typically to 1% of the asset value.

Asset Management Fees are determined based on a range of 0.35% and 0.6% p.a. of the value of the real estate assets of the Investment Structures which differ between investment products offered to private clients and those offered to institutional clients.

Coupon Participation Fees are generated through sustainable and significant excess returns of HFS's products above a certain pre-agreed hurdle rate.

Property Management Fees are derived from the provision of property management services for our Investment Structures.

Income from Mezzanine Loans comprises the interest income from short-term bridging activities of mezzanine loans to real estate development companies in the DACH region.

Promotes are fees agreed in the underlying documentation of the Investment Structure with the clients when this is appropriate. These fees depend on the net project returns (cash profit for our clients) of the underlying investment. Typically, these fees are between 15% and 20% of the net project returns of the Investment Structure. Economically these fees are a performance-related component of the asset management fee. The claim for the promote is only recognized when the relevant transaction documentation resulting in a net project return has been validly entered into, and becomes payable after all client commitments have been fully repaid to the clients. The promote is basically paid out as a disproportional profit allocation and becomes payable after all client commitments have been fully repaid.

9.7 Licenses and Certificates

We have obtained all relevant material business permits, licenses, certificates and approvals for our business operations. Some of the Company's subsidiaries are regulated by local authorities:

Corestate Capital Fund Management has obtained an AIFM license for the asset class Real Estate granted by the CSSF on 21 January 2015. In accordance with its status as AIFM, it is allowed to provide services in relation to real estate AIFs such as (i) the management of investments (*i.e*. portfolio management and risk management), (ii) administration, (iii) marketing, and (iv) activities related to the assets of AIFs it manages.

HL Group offers closed-ended public mutual AIFs as well as open-ended and closed-ended special AIFs. The parent company of HL Group is Hannover Leasing which is incorporated under the laws of Germany and conducts leasing business and administrates property leasing companies The organization, the distribution and the management of AIFs established in accordance with the KAGB take place Hannover Leasing Investment GmbH, Pullach, Germany (the "**Hannover Leasing AIFM**"), a subsidiary of Hannover Leasing. Hannover Leasing AIFM which is incorporated under the laws of Germany obtained a license as an AIFM in accordance with the KAGB (*externe AIF-Kapitalverwaltungsgesellschaft*) on 14 March 2014 by BaFin for the asset classes Aviation, Renewables, Infrastructure and Real Estate. Its license is limited to the management of certain German funds. Hannover Leasing holds a license as a financial services institution pursuant to section 32 KWG, granted by BaFin as well. The scope of its license is limited to financial leasing transactions (*Finanzierungsleasing*).

Further, the subsidiaries Corestate Capital Advisors, Corestate Capital Debt Advisory GmbH, Frankfurt am Main, Germany, Capera Immobilien Service GmbH, Neu-Isenburg, Germany ("**Capera**"), ATOS Property Management GmbH, Hamburg, Germany and UPARMTENTS Real Estate GmbH, Leipzig, Germany hold business licenses according to section 34c of the German Industrial Code (*Gewerbeordnung*, "**GewO**") for the placement of land, real estate or loan agreements around values of third parties as well as, in parts, the management of residential real estate. To place financial investments and provide advice on financial investments within the scope of the exemption under section 2 paragraph 6 sentence 1 no. 8 of the KWG, the subsidiaries Corestate Capital Investors (Europe) GmbH, Frankfurt am Main, Germany and ACCONTIS GmbH Finanzanlagen und Beteiligungen, Frankfurt am Main, Germany have obtained business licenses according to section 34f GewO.

Our subsidiary STAM France Investment Managers SAS, Paris/France, is authorized by the AMF (the "**STAM AMF**") for the management of AIFs above the thresholds of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the "**AIFM Directive**"). Thereby the STAM AMF is authorized to manage AIFs implementing investment strategies covering the following instruments: (i) instruments negotiated on regulated or organized markets (listed shares); (ii) European undertakings for the collective investment in transferable securities ("**UCITS**") and AIFs opened for subscription to retail clients; (iii) real estate assets, defined under Article L. 214-36 of the French Monetary and Financial Code (*Code monétaire et financier*), *i.e.* properties and shares or units of real estate companies; and (iv) financial contracts and securities including a financial contract when they are simple. The STAM AMF is also authorized to provide investment advisory services within the meaning of the Directive 2014/65/EU on markets in financial instruments. In addition, the STAM AFM' license is subject to the following restrictions: (i) limitation to professional clients; and (ii) derivative contract limiting to hedging purposes.

Moreover, our subsidiary CRM Students Limited, United Kingdom ("**CRM**"), holds the following permissions granted by the FCA in respect of commercial customers, which may only be exercised in relation to non-investment insurance: (i) advising on investment, (ii) arranging deals in investments, (iii) assisting in the administration and performance of a contract of insurance, (iv) dealing in investments as agent; and (v) making arrangements with a view to transactions in investments. CRM Students Limited has also been granted by the FCA a permission to advise on peer-to-peer agreements, and can undertake the non-regulated activity of insurance distribution.

Furthermore, Corestate Capital Partners (UK) Ltd., London, United Kingdom ("**CCP (UK)**") is an appointed representative (tied agent) of Sapia Partners LLP, London, United Kingdom, an affiliate of Lawson Conner Group. As an appointed representative, CCP UK can act on behalf of another firm (its principal) that is authorized for certain activities in the UK. The principal is responsible for the appointed representative's activities. The scope of permitted activities of the appointed representative depends on the scope of authorization of the principal. CCP UK makes use of that license to market single assets and portfolios.

AFS holds the following licenses: (i) principal brokerage business and (ii) underwriting business as well as (iii) investment brokerage, (iv) investment advice, (v) placement business, (vi) contract brokerage, (vii) proprietary trading, and (viii) proprietary business. BaFin granted such licenses with administrative acts dated 7 May 2019 and 24 August 2020 subject to customary conditions such as the requirement to comply with a 12% total capital ratio after receipt of the licenses and more frequent financial and solvency reporting requirements.

9.8 Sustainability

Our ability to grant access to profitable assets, and our clear stance on sustainability is crucial for our business activities. Therefore, we published our first ESG report in June 2019, which has been updated in September 2020, and have introduced a roadmap to clearly define, control and reduce the ecological footprint of every single clients' investment, as we believe a reliable and specific ESG-strategy will be a prerequisite for all investments.

As a provider of fully integrated real estate solutions, we apply and ensure compliance with ESG criteria across large parts of the entire value chain. During the acquisition phase, we carry out environmental and social due diligence for new assets and use the findings to develop object-related ESG measures. New project developments are also carried out under defined ESG criteria and in compliance with ESG action plans. Moreover, since 2020, we equip each new fund with object-related ESG action plans and a holistic ESG strategy. During the holding period of a property, the asset management team implements the individual ESG action plan. Thereby, we take into account perspectives of all involved stakeholders, such as investors, tenants and service providers. We aim to enhance engagement of these stakeholders and to implement a direct feedback loop via a digital platform. We intend to perform an open dialogue with our tenants to create attractive living spaces, new forms of work environments, and modern family and living models. We strive to develop at least five ESG tenant partnerships by 2025. Starting in 2020, we incorporated environmental efficiency and social qualities of our managed buildings in our investment cycle for all new investment vehicles. Before the disposal of an asset, we carry out a final assessment to determine, which ESG targets we have achieved. In order to transparently communicate

ESG risks and developments to our clients, we also have introduced ESG services such as GRESB (*Global Real Estate Sustainability Benchmark*) reporting, which validates, scores and benchmarks the ESG performance data of our managed assets, to enable investors to monitor ESG opportunities, risks and impacts.

ESG criteria have been integrated in our core business functions in multiple ways: We have implemented an ESG investment policy and defined quantitative environmental targets for our managed assets, we have set up a comprehensive IT-platform to track and manage building performance and emissions, and we use a decarbonization value calculator tool to anticipate stranded asset risk across our portfolio. We aim to reduce CO2 emissions per square meter in our currently managed assets by 2% annually and by at least 20% by 2025. The same applies to water and waste consumption. During the same period, we aim to increase energy efficiency by 5% annually and by 30% by 2025. As of 31 December 2019, we already achieved a higher reduction than planned.

We are in the process of digitizing our real estate and the consumption of electricity, energy and water as well as the amount of waste generated by the properties we manage. As from mid-2020, the general electricity meters in all properties managed by us in Germany are gradually replaced by intelligent measuring systems (so-called smart meters). In order to further reduce CO2 emissions, we strive for a holistic energy consideration by not only taking into account the energy requirements during operation but also including the so-called "grey energy", *i.e.* the energy required for the manufacture, maintenance and end of life of the building structure. In addition, we seek dialogue with tenants and discuss measures for reducing consumption and waste with them. In 2019, our sustainable micro apartments project "Woodie" received the MIPIM (*Le Marché International des Professionnels de L'immobilier*) award in the category best residential development. For this project, 373 ready-built micro apartment units were constructed using 3,800 m^3 of European softwood. The modules were then transported to the site where they were assembled.

Since 2019 we are focusing, with a particular focus within our overall ESG-Strategy, on the development of women in leadership positions. We strive to increase the percentage of women in leadership positions by 5% annually for the next five years, and to have at least 30% of women in leadership positions by 2025. Thus, a new management structure with a senior leadership team (SLT) and an advanced leadership team ("**ALT**") was created at the end of 2019. In July 2020, the proportion of women in the ALT was 50%. To further enhance corporate diversity we have established a women's network, a working parents network and a LGBTQ network. Furthermore, our women's network is a supporting member of the *Fondsfrauen*, a German diversity initiative in the financial sector.

Furthermore, in 2019 we established and launched a Group-wide set of company values, integrity, respect, team spirit, sustainability and professionalism, combined with a training of all managers and employees in live-sessions, and with a Group-wide training program on our new performance management approach (so-called success management).

We also support social projects. Therefore, we have established a foundation in November 2019, which supports local projects, associations and organizations that work for children and young people.

We also comply with all occupational health and safety laws. All German activities are analyzed and recorded through risk assessments and inspections. For other countries, a management system for occupational safety and health protection is being developed.

Annual mandatory compliance and governance training for all employees and management representatives have been established in 2019. Furthermore, all employees and all members of the management have to sign an ethic declaration annually since 2020.

We also have implemented the function of a Group sustainability officer ("**GSO**"), who drives the ESG integration across all business areas, and is supported by the Management Board and an ESG committee which consists of our Management Board, the GSO and various managers in sales, investment, asset management and human resources. ESG analysts continuously provide the Management Board with technical knowledge and information about changing environmental regulations. Moreover, our bonus scheme contains an ESG target component.

We are a signatory of the United Nations Principles for Responsible Investments ("**PRI**") and its EU Taxonomy Practitioners Group, a member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), and a member of the ESG Circle of Real Estate (ECORE), which aim is to establish a common understanding of "sustainability" in the German real estate industry. Furthermore, we are member of the BAMBI (German Circle of Real Estate) ESG initiative, which aims to establish a common understanding on and of the PRI's EU Taxonomy Practitioners Group.

9.9 Properties

All of the offices used by the Group are leased from third parties, which comprises office space of approximately 8,500 sqm.

In respect of the properties held for warehousing purposes, we currently hold a high street asset in Giessen, Germany, and four smaller assets respectively land plots for PBSA in Bremen, Valencia and Pamplona (both Spain) and Copenhagen (Denmark).

9.10 Intellectual Property

Group-wide we own about 30 trademarks as of 31 December 2020 in various countries or areas of protection. Our domain portfolio consists of more than 500 internet domain names. They are used for our corporate website as well as for our subsidiaries, brands and business activities, thus safeguarding the value of our brands and to accelerate our sales activities.

The Group is party to several information technology agreements, such as software license and maintenance agreements.

The business of the Group does not depend on any patents.

9.11 Insurance

We have obtained customary building insurance that insures against fire, water main breaks, storm and hail and certain other losses or damages, including loss of rent for a period of 36 months. In addition, we have third-party liability insurance, which provides insurance coverage for personal injury and damage to property. For selected assets we have also obtained insurance coverage against losses or damages from acts of terrorism, including loss of rent for a period of 36 months resulting therefrom. Those insurance policies contain market-standard exclusions and deductibles.

Moreover, we have obtained an Errors & Omissions (E&O) coverage, as well as a Directors and Officers (D&O) coverage, where we believe that terms and insured sums reflect the business type and the business volume in a proper manner. We have also coverage for cyber incidents, along with other usual business insurances like content and electronic coverage.

Our management regularly reviews the adequacy of the insurance coverage. We believe that the insurance coverage is in line with market standards. However, there is no guarantee that the Group will not suffer any losses for which no insurance coverage is available or where premiums are not economically reasonable, or that exceed the amount of insurance coverage under existing insurance policies. This may also apply to insurance coverages that are currently in place, but where coverages cannot be obtained any more in the future.

9.12 Legal Disputes

(a) General

Except as described below, the Group is not and, during the twelve month period preceding the date of this Prospectus, has not been, party to any governmental, legal or arbitration proceeding (including any proceeding which is pending or threatened of which the Company is aware) which may have, or may have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

However, we are party to claims, investigations and other legal proceedings that arise in the ordinary course of our business (including litigation with current or former employees). The Group is involved in numerous contractual relationships with brokers, valuation companies, technical surveyors, tenants, with contractors and subcontractors and other parties. These relationships expose it to a variety of claims. These claims may for instance include claims for broker fees, claims for proper maintenance of premises that have been leased by the Group or for timely delivery of parts or equipment, construction claims or warranty claims.

(b) Alleged breaches of strategic partnership agreement; completed arbitration procedure

A strategic partnership agreement has been executed on 20 October 2015 and amended on 31 December 2015 by the Company and SCP Group S.à r.l., a limited liability company (*société à responsabilité limitée*) organized and existing under the laws of the Grand Duchy Luxembourg (formerly Sistema Capital Partners S.à r.l., Luxembourg, "**SCP**"), as well as SCORE S.à r.l., Luxembourg ("**SCORE**"), as joint venture vehicle (the "**JVA**"). SCP is ultimately controlled by the joint stock corporation AFK Sistema PAO, Moscow, Russia, which is an investment company belonging to a conglomerate seated in Russia and listed on the Moscow Stock Exchange, which is active in various sectors of economy, including in particular telecommunications and which also operates in the real estate sector of the Russian economy. The purpose of the partnership is to set out the terms under which the Company and SCP will (i) launch a co-investment program to directly deploy equity investing in real estate projects in Europe and (ii) create a joint venture entity in the form of a Luxembourg law governed private limited liability company (*société à responsabilité limitée*) named SCORE.

In 2018, SCP accused the Company of having materially breached several of the provisions of and requirements under the JVA and brought an arbitration proceeding before a tribunal under the LCIA Arbitration Rules (2014). In its request for arbitration dated 18 May 2018, SCP sought damages, interest, costs and such other relief from the Company as the tribunal deems just and proper as relief. Subsequently, SCP in particular specified their alleged claim for damages in its statement of case dated 7 November 2018 and its statement of reply dated 28 May 2019 to approximately EUR 57.5 million. The claims initially also raised against SCORE were withdrawn by letter from SCP to the tribunal dated 21 August 2018.

In its final award dated 19 June 2020, the tribunal ruled that SCP's claims are dismissed in their entirety, the costs of arbitration (other than legal or other costs incurred by the parties themselves) are born by SCP and SCP is to bear its own party costs and is ordered to pay Corestate's party costs.

(c) Breaches of fiduciary duties and unsettled information requests; disputes with certain Investors

During the first half year of 2020 and more intense since the third quarter of 2020 certain clients of Corestate being either itself invested in Investment Structures or claiming to act for other clients being invested confronted Corestate with several critical questions as regards the performance and management of such Investment Structures together with far reaching allegations of Corestate as asset and investment manager having breached contractual obligations and fiduciary duties.

In this relation, W5 Group GmbH, Zug, Switzerland ("**W5 Group**"), and CORECAM Capital Partners Pte. Ltd., Singapore ("**CORECAM**"), requested to be provided with various information and documents concerning six Investment Structures. To the extent, Corestate was of the view that the claimed right for disclosure exists, the information and documents were provided. As far as, no applicable legal basis for provision of the extensive documentation as requested was available, Corestate rejected the remaining requests. W5 Group and CORECAM engaged legal advisors to restate its claims for the above Investment Structures except project King.

Furthermore, W5 Group and CORECAM raised several complaints concerning the Investment Structures Across, Olympic, Poseidon, Rose and Turicum and proposed a settlement of the alleged shortcomings by a variety of different measures (*e.g.* sale of Corestate's alignment investments, repayment, cancellation and waiver of fees, amendment of agreements pertaining certain Investment Structures etc.). A specific claim for damages was neither asserted nor quantified. Again, W5 Group and CORECAM engaged legal advisors to restate its allegations. Corestate and its legal advisors, rejected the allegations and potential damage claims.

The discussions in these relations between Corestate, W5 Group and CORECAM are on-going.

(d) Litigation related to Project Court

In 2019 Corestate Capital Transactions AG, Baar, Switzerland ("**CCTAG**"), intended to acquire and develop a building in the center of The Hague. Therefore, CCTAG entered into negotiations with FRED Developers BV, Amsterdam, the Netherlands ("**FRED**"), a Dutch real estate developer. In April 2020, the negotiations between CCTAG and FRED ended, as it was not possible to find an agreement on certain outstanding open issues in relation to the development as well as the underlying financing. In September 2020, FRED filed a lawsuit before the Amsterdam district court against CCTAG, claiming damages for loss of prospective profits and reimbursement of already incurred expenses in the high single-digit million range. CCTAG expects to settle the lawsuit successfully, as it believes there was no trust created in a conclusion of a contract with FRED. Furthermore, CCTAG did not cause FRED to incur any expenses with regard to the potential conclusion of a contract. In December 2020, CCTAG submitted its statement of defense with the Amsterdam district court. In June 2021, the court has announced that an oral hearing will take place in the second half of the year 2021.

(e) Media funds legal disputes

Before the civil courts, there are numerous pending proceedings by investors in Hannover Leasing media funds against *inter alia* Hannover Leasing and Hannover-Leasing Treuhand-Vermögensverwaltung GmbH, Pullach, Germany, in relation to the tax assessment of these funds. The total amount in dispute (*Streitwert*) is in the mid double-digit million euro range. Many of these lawsuits were able to be settled successfully. A settlement of all civil lawsuits is not to be expected before a final decision of the tax authorities or the fiscal courts over the tax issues regarding these funds.

(f) Alleged breaches of CRM SPA

On 4 October 2018, the Company as buyer and several natural persons as sellers entered into a share purchase agreement (the "**CRM SPA**"), as (partially) amended, supplemented and/or modified from time to time, as the case may be, with the purpose of acquiring the entire issued share capital of CRM Students Limited, a UK limited liability company, whose registered office is at Hanborough House Wallbrook Court, North Hinksey Lane, Botley, Oxfordshire, OX2 0QS London, and registered with the Companies House under number 04886412 ("**CRM**" and all shares in CRM (comprising its entire share capital) the "**CRM Shares**") (the "**CRM Acquisition**"). The CRM Acquisition was completed on 4 October 2018. Pursuant to the CRM SPA, two of the sellers under certain conditions may be entitled to individual and variable earn-out amounts. Furthermore, the purchase price consists of a share component. In May 2021, we were informed that one of the sellers has retained a law firm to exercise his rights and is alleging breaches of the CRM SPA, in particular (i) an alleged delay of the issuance of shares of the Company to the respective seller as well as (ii) various alleged breaches in connection with the earn-out payments. However, no court proceedings have been initiated in this regard. The Company aims to resolve the aforementioned dispute out-of-court.

9.13 Investments

Except for the cash component paid in a cumulative amount of EUR 5 million in connection with the AFS Acquisition and EUR 2 million invested by HL (Weitblick 1.7), there were no material investments for the period from January 1, 2021 up to the date of this Prospectus. For a more detailed explanation of the AFS Acquisition, please refer to section "*9.5 AFS Acquisition*" and "*10.9 AFS BCA*" below.

In the period from 1 January 2021 until the date of this Prospectus material investments that are in progress amount to EUR 6 million, primarily relating to to the acquisition of an asset held for warehousing purposes.

As of the date of this Prospectus, there are no planned investments for which firm commitments have already been made.

We are financing these investments by reinvesting part of the proceeds from disposals of previous investments and by raising equity in the capital markets. To the extent these financing options should not be available, credit lines may be used temporarily to cover the requirements.

10. MATERIAL CONTRACTS

10.1 Financing Agreements

(a) Convertible Bonds issued by the Company

On 28 November 2017, the Company issued EUR 200 million in aggregate principal amount of its 1.375% Convertible Bonds due 2022 (the "**Convertible Bonds**") in a private placement to institutional investors. The Convertible Bonds pay a coupon of 1.375% *per annum* and will mature on 28 November 2022. The Convertible Bonds constitute unsubordinated and unsecured obligations of the Company, ranking *pari passu* among themselves and *pari passu* with all other present and future unsubordinated and unsecured obligations of the Company, unless such obligations are preferred by applicable law. The Convertible Bonds are included in trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) under ISIN DE000A19SPK4 and WKN A19SPK. The Paying Agent for payments under the Convertible Bonds is BNP Paribas Securities Services S.C.A., Zweigniederlassung Frankfurt am Main, Germany.

Pursuant to the terms and conditions of the Convertible Bonds, the Company has granted each holder the right to convert the Convertible Bonds into Shares at an initial conversion price of EUR 61.9580 per Share. The conversion price is subject to adjustment as provided in the terms and conditions of the Convertible Bonds. Subject to certain excluded periods, the conversion right can be exercised by a holder of the Convertible Bonds at any time from 8 January 2018 until the 35th business day prior to the maturity date of the Convertible Bonds, or in the event of an early redemption, until the 10th business day prior to the date fixed for redemption.

The terms and conditions of the Convertible Bonds include a negative pledge in relation to the Company and its subsidiaries in respect of capital markets indebtedness, subject to certain limitations and exceptions set forth in the terms and conditions of the Convertible Bonds. Noteholders have the right to terminate the Convertible Bonds upon the occurrence of certain events of default set forth in the terms and conditions of the Convertible Bonds, including a cross-default if the Company or any material subsidiary of the Company fails to fulfil any present or future payment obligation when due with respect to financial indebtedness, subject to a threshold of EUR 25 million. Upon the occurrence of an acquisition of control or a transferring merger where the shares of the acquiring entity are not listed on a regulated market of the EEA, each holder of the Convertible Bonds may require the Company to redeem the Convertible Bonds at par plus accrued interest.

The Company may redeem the Convertible Bonds at par plus accrued interest beginning 19 December 2020 if the price of the Shares on each of not less than 20 trading days during an observation period of 30 consecutive trading days is equal to or exceeds 130% of the conversion price in effect on each such trading day. The Company may also redeem the Convertible Bonds at par plus accrued interest if at any time the aggregate principal amount of Convertible Bonds outstanding and held by persons other than the Company and its subsidiaries falls to or below 15% of the aggregate principal amount of the Convertible Bonds originally issued.

(b) Corporate Bonds issued by the Company

On 29 March 2018, the Company issued EUR 300 million in aggregate principal amount of its 3.50% Notes due 2023 (the "**Corporate Bonds**"). The Corporate Bonds pay a coupon of 3.50% *per annum* and will mature on 15 April 2023. The Corporate Bonds constitute unsubordinated and unsecured obligations of the Company, ranking *pari passu* among themselves and *pari passu* with all other present and future unsubordinated and unsecured obligations of the Company, unless such obligations are preferred by applicable law. The Corporate Bonds are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange under ISIN DE000A19YDA9 and WKN A19YDA. The Paying Agent for payments under the

Corporate Bonds is BNP Paribas Securities Services S.C.A., Zweigniederlassung Frankfurt am Main, Germany.

The terms and conditions of the Corporate Bonds include certain covenants that, subject to certain exceptions and qualifications, limit the ability of the Company and its subsidiaries to:

- incur additional indebtedness;
- pay dividends, redeem capital stock and make other distributions;
- prepay or redeem subordinated debt or equity;
- effect a merger or consolidation of the Company or a transfer or sale of all or substantially all of the assets of the Company and its subsidiaries;
- create or permit to exist certain liens; and
- transfer or sell certain assets.

Certain of the covenants will be suspended if and for as long as the Company achieves investment grade ratings.

Each holder of the Corporate Bonds will be entitled to declare its Corporate Bonds due and demand immediate redemption at par plus accrued interest upon the occurrence of certain events of default set forth in the terms and conditions of the Corporate Bonds, including a cross-default if the Company or any material subsidiary of the Company fails to fulfil any present or future payment obligation when due with respect to financial indebtedness, subject to a threshold of EUR 25 million.

If an acquisition of control (as defined in the terms and conditions of the Corporate Bonds) with respect to the Company occurs, each holder of the Corporate Bonds will have the right to require the Company to redeem all or some of its Corporate Bonds at a redemption price equal to 101% of their principal amount plus accrued interest.

The Company may redeem the Corporate Bonds at any time in whole, but not in part, at a redemption price equal to the make-whole redemption amount defined in the terms and conditions of the Corporate Bonds plus accrued interest.

Subject to certain exceptions and limitations, if the Company is required to withhold or deduct amounts for taxes imposed by the Company's country of domicile for tax purposes from payments of principal or interest, the Company will pay such additional amounts to the holders of the Corporate Bonds as the holders would have received if no such withholding or deduction had been required. If such a gross-up event occurs, the Company may redeem the Corporate Bonds in whole, but not in part, at any time, at par plus accrued interest.

The Company may also redeem the Corporate Bonds at par plus accrued interest if at any time the aggregate principal amount of Corporate Bonds outstanding and held by persons other than the Company and its subsidiaries falls to or below 15% of the aggregate principal amount of the Corporate Bonds originally issued.

(c) Corporate Bond issued by HFS

The corporate bond of HFS was issued in accordance with the terms and conditions on 4 October 2016 with an aggregate principal amount of up to EUR 100 million, divided into up to 100,000 bearer bonds in the principal amount of EUR 1,000 each, ranking *pari passu* among themselves and governed by

German law. The bonds are included in trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) under ISIN DE000A186WC7 and WKN A186WC.

The bonds have a fixed coupon of 3.5% *per annum*, the interest payment date being 15 December of each year (the first interest payment date being 15 December 2017). The term of the bonds ends on 4 October 2021. As of 31 December 2017, the aggregate principal amount outstanding under the bond was approximately EUR 30.5 million. The funds raised under the bonds may only be used for investment purposes within HFS, with investments being limited to real estate funds and own real-estate holdings. Pursuant to the terms and conditions HFS is also required during the term of the bonds to maintain an equity ratio of at least 35% (and at least EUR 30 million). In addition, the bonds provide for the right of their holders to terminate the bonds in certain circumstances and to demand immediate redemption of the bonds at the principal amount. Redemption may be demanded in the event of a delay in payment of more than 30 days, a breach of other obligations under the terms and conditions of the bonds (in particular the requirement to maintain the above-mentioned equity ratio), cessation of payments, insolvency or liquidation as well as the discontinuation of operations by HFS. HFS is entitled at any time, under certain conditions, to use any of its affiliates within the meaning of section 15 of the German Stock Corporation Act (*Aktiengesetz*; AktG) in its stead as the principal debtor of all obligations under and in connection with the bonds. The issuing and paying agent is Quirin Privatbank AG, Berlin, Germany.

(d) HL Group Financing Arrangements

Hannover Leasing and its subsidiaries have entered into a number of financing arrangements relating to real estate and other assets. Some of these financing arrangements are secured by land charges and share pledges and benefit from assignments of rental receivables and dividend claims. As of 31 December 2020, indebtedness in an aggregate amount of EUR 5.4 million was outstanding under these financing arrangements.

10.2 HFS Acquisition agreements

In July 2017, to affect the acquisition of HFS on 1 July 2017 (the "**HFS Acquisition**"), the Company entered into a share exchange and purchase agreement (the "**HFS SPA**") with Norbert Ketterer, the former majority shareholder of HFS, and into share exchange agreements with the HFS shareholders, Christoph Meyer, Marcellino Graf von und zu Hoensbroech and Sandra Ketterer, for the purpose of acquiring 100% of the shares in HFS. The HFS Acquisition was completed on 5 July 2017. The HFS Acquisition purchase price consisted of a cash component of EUR 239.0 million, a share component created through a capital increase in kind on the Company's level as well as debt capital and own funds.

Under the terms of the HFS SPA, the Company is prohibited, during a period of five years as from the completion of the HFS SPA, *inter alia*, from taking certain measures, that are qualified by the competent tax authorities as detrimental to Norbert Ketterer, such as withdrawing harmful dividends (*Substanzdividende*) from HFS, merging the Company with HFS or such similar measures which can lead to a respective tax qualification.

10.3 Master Agreement concerning Investment Advice

Following the disposal of five German high street asset portfolios to Universal-Investment funds of Bayerische Versorgungskammer, Corestate AIFM as investment advisor and Universal-Investment-Luxembourg S.A., Luxembourg ("**Universal**") as AIFM on 24/25 May 2017 entered into a master agreement concerning investment advice, as amended by the supplemental agreement no. 1 dated 24/26 November 2020 (the "**Highstreet Master Agreement**"). Furthermore, following the disposal of four developed student homes in Germany and a developed student home in Vienna (Project Turbo VIE), to a fund of Bayerische Versorgungskammer, Corestate AIFM as investment advisor and Universal as AIFM on 3 July 2017 entered into a further master agreement concerning investment advice, as amended by the supplemental agreement no. 1 dated 15/19 December 2017 (the "**Residential Master Agreement**"). According to both, the Highstreet Master Agreement and the Residential Master Agreement (the "**Master Agreements**"), Corestate AIFM is appointed by Universal to provide certain investment advisory services on behalf of Universal and for the account and to the benefit of several (reserved) alternative investment sub-funds (the "**Funds**") managed by Universal.

In particular, the following services have been assigned to Corestate AIFM and/or Corestate AIFM shall assist and/or advise Universal with regard to the provision of such services: making recommendations to Universal with respect to real estate investments, implementation of the investment strategy of the Funds, monitoring and remedy of breaches of investment restrictions, organization and execution of the investment committee meetings as well as the support of the investors in the context of real estate-specific questions in regard to joint assignments, transaction management with regard to sale and purchase of real properties, value determination of the properties, development, implementation, monitoring and control of loans and financing structures, commercial asset management, rental management, insurance management, dunnings, technical asset management, corporate investment management, liquidity planning and liquidity management, accounting and preparation of financial statements, risk management, reporting, equity control, document filing, management of tax facts of the assets, etc. Detailed lists of the services to be provided by Corestate AIFM to the Funds and/or Universal, respectively, are specified in separate service level agreements attached to the Master Agreements as annexes.

The Master Agreements provide for the following fees payable to Corestate AIFM under the Master Agreements:

- an annual advisory fee for the on-going real estate advisory services concerning the real estate assets of the respective Fund equaling to a specified percentage of the sum of all net purchase prices (each an "**NPP**") of the real estate investments);

- an acquisition fee for the acquisition of a real property equaling to a specified percentage of (i) – in case of an asset deal – the NPP of the respective real estate asset or (ii) – in case of a share deal – the value of the property as referenced in the respective sale and purchase agreement;

- a disposition fee for the disposition of a real property equaling to a specified percentage of (i) – in case of an asset deal – the sales price of the respective real estate asset or (ii) – in case of a share deal – the value of the property as referenced in the respective sale and purchase agreement;

- a project management fee for the project management and control in case of project developments and (re-)constructions equaling to a specified percentage of the net construction costs if such costs exceed a specific amount;

- an annual performance fee that is calculated for each year (starting 2017 in case of the Residential Master Agreement and January 2019 in case of the Highstreet Master Agreement) as a specified percentage of the excess above the calculated unlevered (*i.e.* debt free) annual return hurdle on cash returns.

The Master Agreements are concluded for an indefinite term and may be terminated by either party with a three month notice to the end of a calendar quarter. In case of a termination of each of the Master Agreement without cause by Universal during the period up to three years from date of the respective mandate closing, Corestate AIFM shall be entitled to a fee compensation for the remaining period between the notice of termination to three years after the start, but at least for a full year, with regard to the agreed base management fee.

The Master Agreements also contain provisions on, *inter alia*, indemnification, liability and the possibility to delegate the performance of the services. The Master Agreements are governed by Luxembourg law.

10.4 Acquisition of remaining shares in Capera

Following the acquisition of 80% of the shares in Capera in July 2013 and September/October 2017, Corestate Capital Advisors GmbH ("**Corestate Capital Advisors**"), a wholly owned subsidiary of the Company acquired the remaining 20% stake in Capera in October 2018. The registered share capital of Capera amounts to EUR 100,000 in total, divided into 100,000 shares with a par value of EUR 1.00 each. On 18 October 2018, Corestate Capital Advisors as purchaser, the Company as guarantor as well as Jörg Heberlein and Walter Leitner as sellers entered into a share purchase and transfer agreement regarding the sale and transfer of 20,000 shares in Capera for a basic consideration in the amount of in total EUR 740,000 which, subject to earn-out provisions, may considerably increase in the future. Furthermore, in case of a (re-)sale of at least 20% of shares in Capera until 31 December 2021, the sellers may be entitled to 10% of the respective excess proceeds. The acquisition was completed on 26 October 2018. In December 2018, Corestate Capital Advisors acquired all shares in Capera held by CCAG in the course of an internal reorganization. Therefore, Corestate Capital Advisors holds 100.0% of the shares in Capera.

10.5 Loan Agreement with Prime Partners GmbH

The Company as lender is party to a German law loan agreement, originally entered into on 18 July 2018 with WGS Private Equity Beteiligungs GmbH, Königstein i. Taunus, Germany and WGS Management GmbH, Schmallenberg, Germany and WGS Verwaltungs GmbH, Königstein i. Taunus, Germany as original borrowers (together "**WGS**"), providing for an aggregate principal amount of EUR 14,000,000 (the "**Prime Loan Agreement**"). By assumption and amendment agreement (*Vertragsübernahme- und Änderungsvereinbarung*) dated 21 July 2020, (i) WGS transferred by way of assumption of contract (*Vertragsübernahme*) their contractual position under the Prime Loan Agreement including all of their rights, obligations and liabilities as borrowers, except for any obligation and liability regarding any interest accrued until (but excluding) the date of transfer, and Prime Partners GmbH, Frankfurt am Main, Germany assumed such contractual position and the relating rights, obligations and liabilities as new borrower (the "**Borrower**"), (ii) the Prime Loan Agreement has been amended and restated (such restated Prime Loan Agreement the "**Restated Prime Loan Agreement**") and (iii) Prime Capital AG, Frankfurt am Main, Germany ("**Prime Capital**") – as further party to the Restated Prime Loan Agreement, *i.e.* an obligor – guarantees thereunder by way of an independent payment obligation to the Company (as lender) to pay any unpaid amount under or in connection with the Restated Prime Loan Agreement. The commencement of the Restated Prime Loan Agreement was subject to certain conditions precedent, which have been fulfilled by 2 November 2020 (the "**Loan Transfer Date**"). The guarantee was subject to certain enforcement limitations which do not apply as long as the Borrower and Prime Capital have entered into a domination agreement (*Beherrschungsvertrag*) and/or a profit and loss transfer agreement (*Gewinnabführungsvertrag*); the latter has occurred on 23 December 2020. The Restated Prime Loan Agreement has a term until 31 December 2026 and bears interest at a rate of 3.4% *p.a.* accrued interest (except for the interest still owed by WGS) is payable by the Borrower semi-annually (commencing on the later of 31 January 2021 and three months after the Loan Transfer Date) and on the final maturity date. The Borrower shall repay the loan in semi-annually scheduled instalments and on the final maturity date in amounts ranging from EUR 750,000 up to 1,500,000 per instalment. The Restated Prime Loan Agreement provides for market standard prepayment provisions. Furthermore, if the Borrower makes any dividend or other payments to its shareholders, it must partially prepay the loan (together with accrued interest but without break costs) in an amount of 50% or 80% of the amount distributed (depending on the amount of the distribution payment). Ordinary termination of the Restated Prime Loan Agreement is excluded; only the Company (as lender) may terminate early for cause. The Borrower is subject to certain restrictive covenants and may, for example, make dividend payments only under certain circumstances, may not enter into certain material agreements, grant loans or issue guarantees and may generally not incur, or permit to be outstanding, any indebtedness arising out of or in connection with loans, bonds, promissory notes, leasing arrangements, assuming a guarantee or liability, derivative transactions and similar liabilities. As security for the claims under the Restated Prime Loan Agreement, the Borrower pledged its present and future dividend claims (*Dividendenansprüche*) and profit transfer claims (*Gewinnabführungsansprüche*) to the Company (as lender). The loan is further secured by share pledges over the shares (except for certain treasury shares), certain ancillary rights thereto and the membership rights in Prime Capital AG, a global assignment of any of the Prime Capital's German law governed claims and receivables in favor of the Company as assignee, an account pledge in relation to a reserve account of the Borrower as pledgor in favor of the Company as pledgee and the subordination and deferral of certain WGS' claims vis-à-vis Prime Capital and the Borrower.

10.6 Maximum liability surety

On 20 August 2019 and in relation Project RAW conducted by a 50/50 joint venture with MPTC S.à r.l., Luxembourg ("**MPTC**") and BER REV HoldCo S.à r.l., Luxembourg ("**BER REV HoldCo**") (involving Marco Polo Capital GmbH, Berlin, Germany and TC Revalerstrasse LLP, London, United Kingdom, as shareholder of MPTC and the Company as shareholder of BER REV HoldCo), BER REV 99 S.à r.l., Luxembourg ("BER REV 99") as joint venture company issued a EUR 55.2 million bearer bond for project financing purposes. The bearer bond is currently utilized in an amount of EUR ´53,345,000.00. In this relation and also on 20 August 2019, BER REV 99 as well as RAW-Ost HC S.à r.l., Luxembourg (formerly named as IC FIZZ Berlin II S.à r.l.) and RAW-Ost PC GmbH & Co. KG, Munich, Germany (formerly named as IC FIZZ Berlin II GmbH & Co. KG) as the project companies as well as HFS acting as trustee of the bond holders entered into a jointly and severally liable abstract acknowledgement of debt amounting to EUR 66.240 million. On 20 August 2019 and referring to this acknowledgement of debt and the potential claims of HFS arising therefrom, the Company and HFS entered into a surety over a maximum amount of 11.04 million, *i.e.* 20% of the maximum bearer bond amount. As far as the bearer bond is not fully utilized, the maximum liability is limited to an amount equaling 20% of the actual utilized amount of the bearer bond. Therefore, the current maximum liability of the Company out of the surety amounts to EUR 10,669,000.00.

10.7 STAM Europe Acquisition agreement

On 8 July 2019, Corestate Capital France HoldCo SAS, Paris, France, a direct wholly owned subsidiary of the Company, as buyer and SCC France 1998 LLC, Chateauneuf Finance SARL, Paris, France ("**Chateauneuf**") and one natural person as sellers (the "**STAM Sellers**") entered into a share purchase agreement (the "**STAM SPA**") with the purpose of acquiring 100% of the ordinary shares in STAM Europe, a French *société par actions simplifiée*, whose registered office is at 18, place de la Madeleine, 75008 Paris, and registered with the Paris Trade and Companies Register under number 414 712 687 ("**STAM Europe**" and such shares the "**STAM Shares**"). The STAM SPA was amended on 15 January 2020.

Pursuant to the STAM SPA, the parties agreed on a consideration consisting of a cash component of EUR 25,423,088 and an aggregate amount of 283,693 Shares whereby 108,725 Shares have been newly issued and 174,968 treasury shares in the Company have been transferred to the respective STAM sellers, subject to a purchase price allocation post-completion.

The STAM SPA provided that the purchase price for the STAM Shares (consisting of cash and share components) shall be paid in several tranches subject to certain commercial progressions of STAM Europe. Under certain conditions (so-called "good leaver event"), certain sellers may be entitled to an accelerated payment of the residual purchase price. Furthermore, upon exceedance of a certain economic hurdle, one of the sellers may be entitled to an earn-out payment which, however, in total may not exceed EUR 5,000,000.

The Shares (to be) acquired by the respective seller(s) as part of the purchase price are subject to certain lock-up provisions / transfer restrictions; such restrictions do not apply in case of a tender offer related to the acquisition of all Shares.

Further, SCC FRANCE 1998 LLC and Chateauneuf are *inter alia* prohibited, for a period of three years after the completion of the STAM SPA, from setting up or participating in any business competing with STAM Europe's or Issuer's business, save for holding of shareholdings of up to 10.0% in a company involved in the real estate asset management business by Chateauneuf. In case of violations of the non-compete clause, the respective seller is obliged to pay a contractual penalty to the purchaser.

As one of STAM Europe's subsidiaries is STAM France Investment Managers, a French *société par actions simplifiée*, whose registered office is located at 18/20 place de la Madeleine, 75008 Paris, France and registered with the Paris Trade and Companies Register under number 502 099 922 ("**STAM AMF**") is a portfolio management company (*société de gestion de portefeuille*) authorized by the AMF to manage real estate investment vehicles (*organismes de placement collectif immobilier*). The STAM Europe Acquisition was subject to obtaining of the approval by the AMF of the indirect change of control of STAM AMF. This ownership control procedure of the AMF was concluded on 23 December 2019 and the STAM Europe Acquisition was completed on 15 January 2020.

10.8 CRM Acquisition agreement

On 4 October 2018, the Company as buyer and several natural persons as sellers entered into the CRM SPA, as (partially) amended, supplemented and/or modified from time to time, as the case may be, with the purpose of acquiring the entire issued share capital of CRM and all CRM Shares. The CRM Acquisition was completed on 4 October 2018.

The CRM SPA provided that the purchase price for the CRM Shares (consisting of cash and share components) shall be paid in several tranches (partially) subject to certain commercial achievements of CRM and further conditions. Furthermore, two of the sellers under certain conditions may be entitled to individual and variable earn-out amounts. As of the date of this Prospectus, it is envisaged, that the Company will issue 15,621 new shares of the Company by way of a capital increase against cash contribution from its authorized capital to fulfil the obligations with respect to the share component of the purchase price under the CRM SPA by end of June 2021.

Further, the sellers are, *inter alia*, prohibited, for a period of (dependent on the seller) two to three years after the completion of the CRM SPA, from competing with the CRM's business, holding any shares or interest in any entity which competes with CRM's business save for holding of shareholdings of up to 5.0% in such entities for pure capital investment or wealth creation purposes. Furthermore, the sellers undertook for the above-mentioned period(s) not to solicit or attempt to solicit the service or employment of CRM's directors, officers or employees. In case of violations of the non-compete and/or non-solicitation clause, the buyer shall be entitled to all, statutory and contractual, legal claims, rights or remedies arising from such breach.

10.9 AFS BCA

On 14 January 2021, the Company as acquirer and Passiva Participations, Feldmannhof Capital and Leonis Capital Management as contributors entered into the AFS BCA, in relation to acquisition of 100% of the AFS Shares). In connection with the AFS BCA, the AFS Shares were transferred to the Company by way of a capital increase against contribution in kind on 25 May 2021 and the completion of the AFS Acquisition occurred on the same day.

Under the AFS BCA, the contributors undertake to subscribe for a total of 8,500,000 New Shares (subject to an adjustment based on a *theoretical ex-rights price* formula prior to closing) and, in turn, to each contribute and transfer their respective AFS Shares into the Company.

Pursuant to the AFS BCA, Feldmannhof Capital and Leonis Capital Management shall receive a cash compensation in the cumulative amount of EUR 5 million. Based on the XETRA closing price of EUR 14.73 per Share as of 14 January 2021, and taking into consideration the EUR 17 million preliminary net cash position of AFS for the financial year ended 31 December 2020, the net purchase price amounts to EUR 113 million. As an additional variable purchase price component, a purchase price increase of a further 1.5 million new ordinary bearer shares of the Company was agreed in the event that EBITDA before synergy effects increases by more than 50% in each of the financial years 2021, 2022 and 2023 as described below.

In addition to the share issuance and cash components, and conditional on AFS' achievement of certain EBITDA thresholds in each of the financial years 2021, 2022 and 2023, the contributors shall be entitled to individual and variable earn-out amounts provided that the earn-out amount may be attributed in full with respect to a certain contributor if a certain EBITDA treshold is reached in the financial year 2021. Subject to the availability of the Company's authorized capital, the contributors shall be obligated to contribute and transfer their claim for the respective earn-out amounts to the Company against issuance and allotment of not more than 1.5 million new ordinary bearer shares of the Company.

The AFS BCA contains a comprehensive catalogue of market-standard representations and warranties by the contributors with respect to title, authority, financial statements, ordinary course of business and other operational matters, as well as a tax indemnity, with market-standard limitation periods.

The New Shares acquired in connection with the AFS BCA are subject to individual lock-up provisions for, subject to certain exemptions, a period of twelve months (in relation to Passiva Participations) and of up to five years (in relation to 50% of the New Shares initially granted to Feldmannhof Capital and Leonis Capital Management, respectively) following the completion of the AFS Acquisition (please refer also to section "*9.5 AFS Acquisition*" above).

For a period of three years following the completion of the AFS BCA and subject to certain exemptions, the contributors shall not, and procure that any of its respective affiliates do not, directly or indirectly, engage in any activities that would compete or result in competition with, or acquire businesses or participations that compete with the business operations of, AFS. In case of a breach of the aforementioned non-competition undertaking, the Company may request the respective contributor (i) to immediately cease the activities constituting such breach, (ii) to put the Company in such position it would be in without such breach, and (iii) to forward any benefits and advantages on part of the respective contributor resulting from such breach to the Company. The Company's right to claim further damages for any losses incurred by it by such breach shall remain unaffected.

Furthermore, for a period of three years following the completion of the AFS BCA, the contributors are also prohibited from soliciting or enticing away from AFS any of its directors, officers or employees.

The completion of the AFS Acquisition, which is anticipated to take place in the second quarter of 2021, is subject to the successful completion of all of the qualifying holding procedures with the relevant supervisory authorities in Germany, Luxembourg, France, the United Kingdom and Switzerland.

Each of the contributors (only acting jointly) and the Company shall be entitled to rescind (*zurücktreten*) from the AFS BCA if the completion has not taken place by expiration of twelve months after the conclusion of the AFS BCA.

11. OVERVIEW OF REGULATORY DISCLOSURES

This section contains a summary of the information disclosed under Regulation (EU) No 596/2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "**MAR**") over the last twelve months which is relevant as at the date of this Prospectus.

11.1 Ad-hoc announcements

By disclosure of inside information pursuant to Article 17 MAR, the Company informed about the following information:

(a) Outlook/Figures/Dividend distribution

On 22 April 2020, the Company informed about the withdrawal of its outlook for the financial year 2020 due to the COVID-19 pandemic. Furthermore, the Company informed about the proposal to the annual general meeting that no dividend would be distributed for the financial year 2019. The Company also informed about changes in the future dividend payout ratio from 2021 onwards, which was adjusted for the first time for the financial year 2020. Please refer also to section "*6.2 Earnings and Dividend Per Share, Dividend Policy and Dividend Payments*".

On 9 September 2020, the Company issued a financial outlook for the financial year 2020 adjusted for the effects of the ongoing COVID-19 pandemic. According to such financial outlook, the Company expected aggregated gains and revenues between EUR 185 million and EUR 210 million, EBITDA between EUR 55 million and 80 million and an adjusted net profit between EUR 25 million and EUR 50 million for the financial year 2020.

On 23 February 2021, the Company informed about generated aggregated revenues and gains of EUR 191 million in 2020 and thus to meet its own financial outlook of between EUR 185 million and EUR 210 million. Furthermore, EBITDA was at EUR 17 million and therefore also below the Company's expectations of EUR 55 million and EUR 80 million, as was the adjusted net profit with EUR -48 million and an outlook between EUR 25 million and EUR 50 million. Both performance indicators fell significantly short of the Company's own expectations on account of mainly non-cash effective, significant negative valuation effects and one-off expenses, but also due to writing-down of goodwill. The financial outlook for the year 2021 forecasts an increase in aggregated revenues and gains to between EUR 235 million and EUR 260 million, EBITDA adjusted for the transaction costs related to the AFS Acquisition of between EUR 90 million and EUR 115 million as well as an adjusted net profit of between EUR 50 million and EUR 75 million. This outlook takes into account the pro rata consolidation of AFS from July 2021, as well as the currently foreseeable impact of the COVID-19 pandemic on the business activities and the economic environment of the Company.

(b) Management/Supervisory Board

On 6 October 2020, the Company announced that Klaus Schmitt would be taking over as Chairman of the Management Board (Chief Executive Officer, "**CEO**") for an initial period of three years with effect from 1 January 2021, replacing the Chairman of the Management Board at that time Lars Schnidrig.

On 30 November 2020, the Company announced that the previous members of the Supervisory Board, Dr Georg Allendorf, Timothy Blackwell, Dr Gabriele Apfelbacher, Olaf Klinger and Marc Drießen, have resigned from office with immediate effect. As proposed by Vestigo, in order to implement a strategic development of the Company and in accordance with the Articles of Association, Friedrich Munsberg, Prof Dr Hermann Wagner and Dr Friedrich Oelrich were unanimously appointed as new members of the Supervisory Board. Friedrich Munsberg took over the function of Chairman of the

Supervisory Board. Prof Dr Hermann Wagner has been elected as Deputy Chairman of the Supervisory Board and as Chairman of the audit committee.

On 1 December 2020, the Company informed that the Supervisory Board has appointed René Parmantier as the new CEO with immediate effect and for a term of three years. In addition, the previous CEO, Lars Schnidrig, was appointed as Chief Financial Officer of the Company with immediate effect and for a term of three years. Moreover, the Company informed the originally designated CEO Klaus Schmitt will not take up his office.

(c) Issuance and sale of Shares

On 11 September 2020, the Company announced that the Management Board, with the approval of the Supervisory Board, resolved on a capital increase against cash contributions through partial utilization of its authorized capital. The share capital was increased from EUR 1,610,973.50 by EUR 313,978.65 to EUR 1,924,952.15 by issuing 4,186,382 Shares and thus by 19.5% under exclusion of shareholders' subscription rights by issuing new Shares with no par value. As part of a private placement, the new Shares were placed at closing price of the Shares (XETRA) on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), *i.e.* at an amount of EUR 17.82 per Share, by selected qualified investors.

On 27 November 2020, the Company informed about the knowledge that the shareholders Norbert Ketterer, Sandra Ketterer and Yannick Heller who held significant stakes in the Company sold almost all of their Corestate shares to various investors.

On 30 November 2020, the Company announced that it has a new anchor shareholder with the investment of Vestigo holding a stake of approximately 9.9% of the Company's share capital at that time.

(d) AFS Acquisition

On 14 January 2021, the Company announced the AFS Acquisition. Please refer to section "*9.5 AFS Acquisition*" above.

11.2 Managers' Transactions

Within the last twelve months from the date of this Prospectus, the Issuer has made the following disclosures pursuant to Article 19 MAR with regard to transactions by persons discharging managerial responsibilities and persons closely associated with them (the "**Managers' Transactions**"):

Publication Date	Transaction Date	Name of person	Transaction description
14 September 2020	14 September 2020	Marc Drießen (former member of the Supervisory Board)	Acquisition of 50,000 open end turbo long certificates (aggregated price of EUR 19,500 at a price of EUR 0.39 per instrument)
14 September 2020	14 September 2020	Nils Hübener	Acquisition of 1,500 Shares (aggregated price of EUR 27,660 at a price of EUR 18.44 per share)

Publication Date	Transaction Date	Name of person	Transaction description
14 September 2020	14 September 2020	Lars Schnidrig (former Chief Financial Officer)	Acquisition of 1,500 Shares (aggregated price of EUR 27,585 at a price of EUR 18.39 per share)
14 September 2020	14 September 2020	Dr Georg Allendorf (former Chairman of the Supervisory Board)	Acquisition of 1,000 Shares (aggregated price of EUR 17,830 at a price of EUR 17.83 per share)
16 September 2020	14 September 2020	Timothy Blackwell (former member of the Supervisory Board)	Acquisition of 1,000 Shares (aggregated price of EUR 19,640 at a price of EUR 19.64 per share)
16 September 2020	16 September 2020	Lars Schnidrig (former Chief Financial Officer)	Acquisition of 1,500 Shares (aggregated price of EUR 28,710 at a price of EUR 19.14 per share)
15 January 2021	15 January 2021	René Parmantier	Acquisition of 1,000 Shares (aggregated price of EUR 14,680 at a price of EUR 14.68 per share)
15 January 2021	15 January 2021	René Parmantier	Acquisition of 1,000 Shares (aggregated price of EUR 14,697, thereof: • 350 Shares at a price of EUR 14.70 • 350 Shares at a price of EUR 14.69 • 300 Shares at a price of EUR 14.70
15 January 2021	15 January 2021	René Parmantier	Acquisition of 1,000 Shares (aggregated price of EUR 14,700, thereof: • 572 Shares at a price of EUR 14.70 • 428 Shares at a price of EUR 14.70)
18 January 2021	15 January 2021	Lars Schnidrig (former Chief Financial Officer)	Acquisition of 3,000 Shares (aggregated price of EUR 44,254, thereof: • 260 Shares at a price of EUR 14.66

Publication Date	Transaction Date	Name of person	Transaction description
			• 2,740 Shares at a price of EUR 14.76)
18 January 2021	18 January 2021	Sebastian Ernst	Acquisition of 183 Shares (aggregated price: EUR 2,647, thereof: • 2 Shares at a price of EUR 14.45 • 109 Shares at a price of EUR 14.46 • 18 Shares at a price of EUR 14.47 • 43 Shares at a price of EUR 14.47 • 8 Shares at a price of EUR 14.47 • 3 Shares at a price of EUR 14.47)
18 January 2021	18 January 2021	Sebastian Ernst	Acquisition of 693 Shares (aggregated price of EUR 10,028 at a price of EUR 14.47 per share)
18 January 2021	18 January 2021	Sebastian Ernst	Acquisition of 4,124 Shares (aggregated price of EUR 59,705, thereof: • 471 Shares at a price of EUR 14.48 • 32 Shares at a price of EUR 14.48 • 643 Shares at a price of EUR 14.48 • 2,366 Shares at a price of EUR 14.48 • 63 Shares at a price of EUR 14.45 • 250 Shares at a price of EUR 14.46 • 299 Shares at a price of EUR 14.47)

Publication Date	Transaction Date	Name of person	Transaction description
19 January 2021	19 January 2021	Lars Schnidrig (former Chief Financial Officer)	Acquisition of 1,500 Shares (aggregated price of EUR 22,725 at a price of EUR 15.15 per share)
19 January 2021	19 January 2021	Friedrich Munsberg	Acquisition of 15,000 Shares (aggregated price of EUR 227,119, thereof: • 214 Shares at a price of EUR 15.08 • 217 Shares at price of EUR 15.06 • 616 Shares at a price of EUR 15.11 • 190 Shares at price of EUR 15.12 • 614 Shares at a price of EUR 15.10 • 71 Shares at a price of EUR 15.18 • 475 Shares at a price of EUR 15.22 • 1,685 Shares at a price EUR 15.14 • 71 Shares at a price of EUR 15.20 • 371 Shares at a price of EUR 15.12 • 378 Shares at a price of EUR 15.07 • 125 Shares at a price of EUR 15.15 • 556 Shares at a price of EUR 15.14 • 182 Shares at a price of EUR 15.12 • 371 Shares at a price of EUR 15.16 • 437 Shares at a price of EUR 15.10

Publication Date	Transaction Date	Name of person	Transaction description
			• 321 Shares at a price of EUR 15.09 • 150 Shares at a price of EUR 15.13 • 71 Shares at a price of EUR 15.15 • 647 Shares at a price of EUR 15.11 • 1,315 Shares at a price of EUR 15.13 • 371 Shares at a price of EUR 15.17 • 444 Shares at a price of EUR 15.13 • 954 Shares at a price of EUR 15.14 • 326 Shares at a price of EUR 15.08 • 221 Shares at a price of EUR 15.19 • 1,079 Shares at a price of EUR 15.16 • 415 Shares at a price of EUR 15.09 • 2,113 Shares at a price of EUR 15.21)
20 January 2021	20 January 2021	Sebastian Ernst	Acquisition of 1,000 Shares (aggregated price of EUR 15,010 at a price of EUR 15.01 per share)
22 January 2021	22 January 2021	Dr Friedrich Oelrich	Acquisition of 5,000 Shares (aggregated price of EUR 72,600, thereof: • 250 Shares at a price of EUR 14.60 • 400 Shares at a price of EUR 14.45 • 400 Shares at a price of EUR 14.45

Publication Date	Transaction Date	Name of person	Transaction description
			• 400 Shares at a price of EUR 14.45 • 400 Shares at a price of EUR 14.45 • 400 Shares at a price of EUR 14.45 • 400 Shares at a price of EUR 14.45 • 400 Shares at a price of EUR 14.45 • 1,950 Shares at a price of EUR 14.60)
22 January 2021	22 January 2021	Lars Schnidrig (former Chief Financial Officer)	Acquisition of 2,500 Shares (aggregated price of EUR 36,450 at price of EUR 14.58 per share)
25 May 2021	25 May 2021	Sebastian Ernst	Acquisition of 1,275,000 new ordinary shares as part of the AFS Capital Increase
25 May 2021	25 May 2021	Johannes Märklin	Acquisition of 1,275,000 new ordinary shares as part of the AFS Capital Increase

Except for the disclosures mentioned above, the Issuer has not made any further publications in accordance with the MAR in the last twelve months that are relevant at the date of this Prospectus.

12. INFORMATION ON MAJOR SHAREHOLDERS

To the knowledge of the Company and based on the shareholding notifications received by the Company until the date of this Prospectus, the following shareholders held an interest (direct or indirect) of at least 5% in the Shares. The percentage values shown in the table below are the shares of voting rights last notified to the Company in relation to the Company's share capital as of the date of the respective shareholding notification. It should be noted that the number and share of voting rights last notified may have changed since the respective notification was submitted to the Company given that there is no obligation to notify unless the voting rights reached, exceeded or fell below notifiable thresholds:

Major Holdings(1)

Shareholder	**Direct Shareholdings**(2)	**Indirect Shareholdings**(3)	**Instruments**(4)
Günther Walcher5)	—	19.73%	—
Natig Ganiyev(6)	—	7.44%	—
Other shareholders/Public free float(7)	71.73%	—	—

(1) The percentage of voting rights was calculated on the basis of the Company's registered share capital as of the date of this Prospectus, *i.e.* 28 June 2021.

(2) Direct shareholdings pursuant to pursuant to the Luxemburg law of 11 January 2008 on transparency requirements for issuers, supplemented by the Grand-ducal Regulation of 11 January 2008 on transparency requirements for issuers (together, the "**Transparency Law**").

(3) Indirect shareholdings pursuant to the Transparency Law.

(4) Directly and indirectly held instruments pursuant to the Transparency Law.

(5) As notified on 4 June 2021, Passiva Participations S.à r.l. holds 16.31% and Aggregate Holdings 2 S.A. holds 3.27% of the share capital of the Company. Günther Walcher directly holds 100% of Passiva Participations S.à r.l. and indirectly holds 100% of Aggregate Holdings 2 S.A.

(6) As notified on 30 November 2020, the Vestigo Immobilien Investments Limited Partnership is a Guernsey real estate fund whose general partner is Vestigo Immobilien Investments GP Limited. The general partner controls and manages the fund and holds the voting rights attached to the shares of the fund. The general partner is ultimately controlled by Natig Ganiyev, via Hansard Trust Company Limited, Guernsey and Newton Investments Limited, Guernsey.

(7) Other shareholders/Public free float refers to shareholdings of less than five percent in the Company.

Subject to any limitations imposed by Luxembourg laws, each Share confers one vote at the Company's general meeting. The Company is neither directly nor indirectly owned nor controlled by any other company or person. There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control in the Company.

13. GENERAL INFORMATION ON THE COMPANY AND THE GROUP

13.1 Formation, Incorporation, Entry in the Companies Register, Registered Office, Legal Entity Identifier, Name

The Company was incorporated as a public limited liability company (*société anonyme*) under Luxembourg law on 21 August 2015. The Company is registered in the Companies Register under the number B199780. The Company' registered office is 4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg (tel. +352 2663 7222). The Company's LEI is 529900GNB86RB7HRX793. The Company is the Groups' holding company. The Company and the Group primarily operates under the commercial name "Corestate".

13.2 Duration, Corporate Object, Financial Year

The Company was established for an unlimited period of time.

Pursuant to article 4 of the Articles of Association, the purpose of the Company is (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies or other assets including but not limited to real estate assets, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto, and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above).

The Company may borrow in any form. It may enter into any type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issuance programs. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or any other company.

The Company may also give guarantees and grant security interests over some or all of its assets including, without limitation, by way of pledge, transfer or encumbrance, in favor of or for the benefit of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company.

The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally use any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The descriptions above are to be construed broadly and their enumeration is not limiting. The Company's purpose shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing matters.

In general, the Company may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its purpose.

The Company may carry out any commercial, industrial and financial operations, which are directly or indirectly connected with its purpose or which may favor its development.

Pursuant to article 25 of the Articles of Association, the Company's financial year is the calendar year.

13.3 Independent Auditors

Ernst & Young S.A., 35E avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg ("**E&Y**"), audited the Audited Consolidated Financial Statements and issued unqualified auditors' reports thereon, respectively.

E&Y conducted its audits in accordance with International Standards on Auditing as adopted for Luxembourg by the CSSF. E&Y is a member of the Luxembourg Institute of Registered Auditors (*Institut des Réviseurs d'Entreprises*) qualifying as *cabinet de révision agréé.*

The Unaudited Consolidated Quarterly Statement has not been audited or reviewed.

14. DESCRIPTION OF SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

14.1 Current Share Capital; Shares

As of the date of this Prospectus, the Company's share capital amounts to two million five hundred sixty-two thousand four hundred fifty-two euro and twenty-four cent) (EUR 2,562,452.24), represented by thirty-four million one hundred sixty-six thousand twenty-five (34,166,025) Shares with no par value, all of which are fully paid up. All Shares have the same rights and entitlements.

14.2 Authorized Capital

Following the general shareholders' meeting held on 28 June 2021, the authorized capital of the Company is set at two million two hundred fifty thousand Euro (EUR 2,250,000.00), represented by up to thirty million (30,000,000) shares, each without nominal value.

The Management Board is authorized (subject to the prior approval of the Supervisory Board), during a period starting on 28 June 2021 and expiring on the fifth anniversary of such date, to increase the current share capital by an additional amount corresponding to the authorized capital (thus resulting in a maximum issued share capital of EUR 4,812,452.24), in whole or in part from time to time, (i) by way of issuance of shares in consideration for a payment in cash, (ii) by way of issuance of shares in consideration for a payment in kind and (iii) by way of capitalization of distributable profits and reserves, including share premium and capital surplus, with or without an issuance of new shares.

The Management Board is authorized to determine the terms and conditions attaching to any subscription and issuance of shares pursuant to the authority granted under article 5.5 of the Articles of Association, including by setting the time and place of the issue or the successive issues of shares, the issue price, with or without a share premium, and the terms and conditions of payment for the shares under any documents and agreements including, without limitation, convertible loans, option agreements or stock option plans.

The Management Board is also authorized to issue convertible bonds, or any other convertible debt instruments, bonds carrying subscription rights or any other instruments entitling their holders to subscribe for or be allocated with shares, such as, without limitation, warrants, under the authorized capital.

The Management Board may withdraw or limit the preferential subscription rights of the shareholders under the authorized capital in accordance with the Articles of Association.

14.3 Market Protection Agreement, Limitations on Disposal (Lock-up Agreements)

Any shares in the Company acquired or (as the case may be) to be acquired by the respective STAM Sellers in the course of the STAM Acquisition are subject to lock-up for periods (depending on the STAM Seller and the respective purchase price portion) of three to twelve months from the date on which the respective purchase price portion becomes due.

Any shares in the Company acquired or (as the case may be) to be acquired by René Parmantier Daniel Löhken and Nils Hübener within their respective LTI program are subject to lock-up for periods of (i) four years with respect to René Parmantier, Daniel Löhken, Sebastian Ernst and Johhannes Märklin or (ii) twelve months with respect to Nils Hübener, in each case ((i) and (ii)) following the transfer of the shares to the relevant securities account, however, (with respect to (ii) only) no longer than to the end of the respective service agreement.

The New Shares are subject to individual lock-up provisions and transfer restrictions for, subject to certain exemptions, a period of twelve months (in relation to Passiva Participations) and of up to five years (in relation to 50% of the New Shares initially granted to Feldmannhof Capital and Leonis Capital Management, respectively) following the completion of the AFS Acquisition.

14.4 Purchase of Own Shares

The Company does not currently hold any of its own shares, nor does a third party on behalf or for account of the Company.

According to article 6.3 of the Articles of Association, the Company may, to the extent and under the terms permitted by law, repurchase its own shares.

Without prejudice to the principle of equal treatment of shareholders in the same situation (which may be waived by a unanimous shareholder vote) and the provisions of the MAR, pursuant to the 1915 Companies Act, the Company may acquire its own shares either itself or through a person acting in its own name but on the Company's behalf subject to the following statutory conditions (the "**Statutory Conditions**"):

(i) the authorization to acquire shares is to be given by a general shareholders' meeting, which determines the terms and conditions of the proposed acquisition and in particular the maximum number of shares to be acquired, the duration of the period for which the authorization is given and which may not exceed five years and, in the case of acquisition for value, the maximum and minimum consideration;

(ii) the acquisitions must not have the effect of reducing the net assets of the Company below the aggregate of the subscribed capital and the reserves which may not be distributed under the law or the Articles of Association; and

(iii) only fully paid-up shares may be included in the transaction.

At the time each authorized acquisition is carried out, the Management Board must ensure that the statutory conditions mentioned in the preceding paragraph are complied with.

Where the acquisition of the Company's own shares is necessary in order to prevent serious and imminent harm to the Company, no authorization will be required from the general shareholders' meeting. In such a case, the next general shareholders' meeting must be informed by the Management Board of the reasons for and the purpose of the acquisitions made, the number and par values, or in the absence thereof, the accounting par value of the shares acquired, the proportion of the subscribed capital which they represent and the consideration paid for them.

No authorization will likewise be required from the general shareholders' meeting in the case of shares acquired either by the Company itself or by a person acting in his own name but on behalf of the Company for the distribution thereof to the staff of the Company. The distribution of any such shares must take place within 12 months from the date of their acquisition.

None of the abovementioned statutory conditions, except for the condition described under 14.4(ii) above, apply to the acquisition of:

(iv) shares acquired pursuant to a decision to reduce the capital or in connection with the issue of redeemable shares;

(v) shares acquired as a result of a universal transfer of assets;

(vi) fully paid-up shares acquired free of charge or acquired by banks and other financial institutions pursuant to a purchase commission contract;

(vii) shares acquired by reason of a legal obligation or a court order for the protection of minority shareholders, in particular, in the event of a merger, the division of the Company, a change in the Company's object or form, the transfer abroad of its registered office or the introduction of restrictions on the transfer of shares;

(viii) shares acquired from a shareholder in the event of failure to pay them up; and

(ix) fully paid-up shares acquired pursuant to an allotment by court order for the payment of a debt owed to the Company by the owner of the Shares.

Shares acquired in the cases indicated under 14.4(v) to 14.4(ix) must, however, be disposed of within a maximum period of three years after their acquisition, unless the par value, or, in the absence of par value, the accounting par value of the shares acquired, including shares which the Company may have acquired through a person acting in its own name, but on behalf of the Company, does not exceed 10% of the subscribed capital.

If the shares so acquired are not disposed of within the period prescribed, they must be cancelled. The subscribed capital may be reduced by a corresponding amount. Such a reduction is compulsory where the acquisition of shares and their subsequent cancellation results in the Company's net assets having fallen below the amount of the subscribed capital and the reserves which may not be distributed under the law or the Articles of Association.

Any shares acquired in contravention of the above condition (a) or the Statutory Conditions must be disposed of within a period of one year after the acquisition. Have they not been disposed of within that period, they must be cancelled.

In those cases where the acquisition by the Company of its own shares is permitted in accordance with the foregoing, the holding of such shares is subject to the following conditions: (i) among the rights attaching to the shares, the voting rights in respect of the Company's own shares are suspended and such shares are not taken into account for the calculation of the quorum and the majority of shareholder meetings; and (ii) if the said shares are included among the assets shown in the balance sheet, a non-distributable reserve of the same amount is to be created among the liabilities.

Where the Company has acquired own shares in accordance with the abovementioned, the Management Board may decide to suspend the dividend rights of such shares. If the Management Board decides to suspend the dividend rights of the Company's own shares, dividend coupons remain attached to such shares. In this case, the distributable profit is reduced by the number of shares held by the Company and the amounts that should have been attributed to them are held until the sale of these shares, together with their coupons attached. The Company may also chose to distribute the full amount of distributable profits among those shares whose dividend right is not suspended. In this case, accrued coupons on the Company's own shares are destroyed.

Where the Company has acquired own shares in accordance with the abovementioned, the annual report of the Management Board must indicate: (i) the reasons for acquisitions made during the financial year, (ii) the number and the par value of the shares acquired and disposed of during the financial year and the proportion of the subscribed capital which they represent, (iii) in the case of acquisition or disposal for value, the consideration for the shares, and (iv) the number and par value of all the shares acquired and held in the Company's portfolio as well as the proportion of the subscribed capital which they represent.

14.5 Mandatory Takeover Bids and Exclusion of Minority Shareholders

(a) Mandatory bids, squeeze-out and sell-out rights under the Luxembourg Takeover Law

The Luxembourg law of 19 May 2006 on takeover bids, as amended (the "**Luxembourg Takeover Law**") implementing Directive 2004/25/EC of the European Parliament and the Council of 21 April 2004 on takeover bids provides that if a person, acting alone or in concert, obtains voting securities of the Company which, when added to any existing holdings of the Company's voting securities, give such person voting rights representing 33 1/3% of all of the voting rights attached to the voting securities in the Company, this person is obliged to make an offer for the remaining voting securities in the Company at a fair price. In a mandatory bid situation the "fair price" is considered to be the highest price paid by the offeror or by the person acting in concert with the offeror for the voting securities during the 12-month period preceding the mandatory bid.

Following the implementation of the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, any voluntary bid for the takeover of our Company and any mandatory bid will be subject to shared regulation by the CSSF pursuant to the Luxembourg Takeover Law, which has implemented the Takeover Directive into Luxembourg law, and by the BaFin pursuant to the German Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*).

Under the shared regulation regime, German takeover law applies to the matters relating to the consideration offered, the bid procedure, the contents of the offer document and the procedure of the bid. The German Regulation on the Applicability of the Takeover Code (*WpÜG-Anwendbarkeitsverordnung*) specifies the applicable provisions in more detail. Matters regarding company law (and related questions), such as, for instance, the question relating to the percentage of voting rights which give control over a company and any derogation from the obligation to launch a bid or regarding information to be provided to employees of the offeree company, will exclusively be governed by Luxembourg law.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of the Company and after such offer the offeror holds voting securities representing not less than 95% of the share capital that carry voting rights and 95% of the voting rights, the offeror may require the holders of the remaining voting securities to sell those securities to the offeror. The price offered for such securities must be a "fair price." The price offered in a voluntary offer would be considered a "fair price" in the squeeze-out proceedings if not less than 90% of the securities that carry voting rights to which the offer relates were acquired in such voluntary offer by acceptance of the offer. The price paid in a mandatory offer is deemed a "fair price." The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of the Company and if after such offer the offeror (and any person acting in concert with the offeror) holds voting securities carrying more than 90% of the voting rights, the remaining security holders may require that the offeror purchase the remaining voting securities. The price offered in a voluntary offer would be considered "fair" in the sell-out proceedings if 90% of the securities that carry voting rights of the Company to which the offer relates were acquired in such voluntary offer by acceptance of the offer. The price paid in a mandatory offer is deemed a "fair price." The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

Where the Company has issued more than one class of voting securities, the rights of squeeze-out and sell-out described in the last two preceding paragraphs can be exercised only in the class in which the applicable thresholds have been reached.

For further details, please refer to the Luxembourg Takeover Law.

(b) Luxembourg Mandatory Squeeze-Out and Sell-Out Law

The Company may also be subject to the Luxembourg law of 21 July 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer (the "**Luxembourg Mandatory Squeeze-Out and Sell-Out Law**") and to the CSSF Circular 12/545. These provide that if any individual or legal entity, acting alone or in concert with another, becomes the owner directly or indirectly of a number of shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of the Company: (i) such owner may require the holders of the remaining shares or other voting securities to sell those remaining securities (the "**Mandatory Squeeze-Out**"); and (ii) the holders of the remaining shares or securities may require such owner to purchase those remaining shares or other voting securities (the "**Mandatory Sell-Out**"). The Mandatory Squeeze-Out and the Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. The procedures applicable to the Mandatory Squeeze-Out and the Mandatory Sell-Out must be carried out in accordance with the Luxembourg Mandatory Squeeze-Out and Sell-Out Law and under the supervision of the CSSF.

15. DESCRIPTION OF THE GOVERNING BODIES OF THE COMPANY

15.1 Overview

The Management Board is made up of six members, appointed by the Supervisory Board.

The business address of each member of the Management Board and Supervisory Board is 4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg and the telephone number at that address is +352 26637 220.

15.2 Management Board

The following table sets out the name, position and the year of the first appointment for each member of the Management Board.

Name	Date of birth	Position	Year first appointed
René Parmantier	3 May 1975	Chief Executive Officer and Interim Chief Financial Officer	2020
Nils Hübener	7 July 1970	Chief Investment Officer	2020
Daniel Löhken	29 December 1978	Chief Legal & HR Officer	2020
Sebastian Ernst	24 November 1975	Chief Debt Investment Officer	2021
Johannes Märklin	25 March 1975	Chief Debt Financing Officer	2021

The following is a summary of the business experience of the current members of the Management Board.

René Parmantier (born 1975) is Chief Executive Officer and Interim Chief Financial Officer and is responsible for Business Development & Corporate Strategy, Mergers & Acquisitions, Corporate Communications, Marketing, Fund & Portfolio Management, Equity Raising, Product Development and Client Services. He is also responsible for the subsidiary Hannover Leasing. As Interim Chief Financial Officer he is also responsible for the Group's finance with the departments Controlling, Property & Corporate Accounting, Treasury as well as for Investor Relations. Before he joined the Group in December 2020, his professional career included the position of Chairman of the management board of Oddo Seydler Bank, where he was responsible for the trading, sales, research, capital markets and public relations divisions from January 2015 until July 2020. Since July 2020, René Parmantier acts as senior advisor to Oddo BHF, KlickOwn AG and Vestigo Capital Advisors LLP and is managing partner of RP Verwaltungsgesellschaft mbH. Between August 2015 and March 2017, René Parmantier held the position of group head of corporate development and origination for Investment Banking & Oddo Metals Germany in the newly formed Franco-German Oddo BHF Group, where he also served as co-head of investment banking. René Parmantier was chief executive officer of Close Brothers Seydler Bank AG from 2008 to 2014. Between 2002 and 2008, he held various positions at Close Brothers Seydler AG, including that of a general representative, executive director, head of the designated sponsoring department and was a member of the credit risk committee and the risk committee. Between 1994 and 2002, René Parmantier worked for Gontard & Metallbank AG in the designated sponsoring division and in money, foreign exchange and precious metals trading at Brandeis, Hauck & Partner GmbH.

Nils Hübener (born 1970) is Chief Investment Officer and has direct responsibility for all deal sourcing processes and structuring as well as the implementation of the group's acquisitions and disposals. In addition, he is responsible for the departments of Investments, Asset & Property Management, Development and Research. In 1999 Nils Hübener started his career as Acquisitions Manager International Investments at Bavaria Objekt- & Baubetreuung in Berlin. From 2000 to 2016, he held positions as Head of Branch at IBI Real Estate in Paris and London, Vice President International Acquisitions and subsequently Head of Transactions Western & Southern Europe at DB Real Estate Investment and as Head of Real Estate Management Europe and Head of Real Estate Investments at SEB Asset Management in Frankfurt am Main (since 2015 Savills IM). Before Nils Hübener joined the Corestate-Group in April 2020, he held the position as Global Chief Investment Officer at BNP Paribas Real Estate Investment Management, where he was responsible for transaction and asset management. Nils Hübener has a Dipl.-Ing. degree in Urban and Regional Planning from the TU Berlin and a master's degree in European Property Development and Planning from the University College London.

Daniel Löhken (born 1978) is Chief Legal & HR Officer and responsible for the departments of legal, human resources, compliance, risk management, internal audit and ESG. In 2008, he started his professional career as admitted lawyer at Clifford Chance in Frankfurt. From 2010 to 2018, this was followed by positions as an authorized representative (*Prokurist*) and in-house lawyer at IKB Deutsche Industriebank AG and subsequently as Head Counsel Banking & Finance at today's Vonovia SE (DAX 30), where he also served as Managing Director and authorized representative (*Prokurist*) of several subsidiaries. At the beginning of 2018, Daniel Löhken joined the Corestate-Group as Group General Counsel, being responsible for the Legal Department. From January 2019, he held the position as Chief Legal Officer and member of the Group Executive Committee, and was moreover responsible for the departments of Human Resources, Compliance, Risk Management and Internal Audit. Daniel Löhken is a fully qualified and licensed attorney at law (*Rechtsanwalt*) with a law degree from the University of Münster. In addition, he completed his Master's degree (LL.M.) at the University of Canterbury in Christchurch (New Zealand).

Sebastian Ernst (born 1975) is Chief Debt Investment Officer and responsible, together with Johannes Märklin, for the overall Private Debt division with the business units Debt Advisory & Structuring, Debt Finance, Valuation Services and Mezzanine Investments of HFS. Furthermore, together with Johannes Märklin, he is responsible for the IT departments. He was appointed as a member of the Management Board on 14 January 2021 and holds a masters degree in business administration from the University of Passau. Prior to joining the Group, he was a managing partner of AFS, which he co-founded in 2018. Additionally, between 2018 and 2020, Sebastian Ernst was the managing partner of Aggregate Debt Advisory in Berlin where he advised on the structuring of and investment in mezzanine debt. Between 2001 and 2018, Sebastian Ernst held a multitude of positions within the Deutsche Bank. He began his career in Deutsche Bank's global credit trading unit before he worked as co-head of illiquid credit trading until 2009. From 2009 onwards, Sebastian Ernst was managing director and global head of illiquid and repackaged credit trading at Deutsche Bank.

Johannes Märklin (born 1975) is Chief Debt Financing Officer and responsible, together with Sebastian Ernst, for the overall Private Debt division with the business units Debt Advisory & Structuring, Debt Finance, Valuation Services and Mezzanine Investments of HFS. Furthermore, together with Sebastian Ernst, he is responsible for the IT departments. He was appointed as a member of the Management Board on 14 January 2021 and holds a diploma in business administration and a MBA from the University of Wales. Prior to joining the Group, he was a managing partner of AFS, which he co-founded in 2018. Additionally, between 2018 and 2020, Johannes Märklin was the managing partner of Aggregate Debt Advisory in Berlin where he advised on the structuring of and investment in mezzanine debt. Between 2000 and 2018, Johannes Märklin held a multitude of positions within the Deutsche Bank. He began his career as a customer representative in the debt capital markets segment before he worked as a senior trader and became head of private placements in Germany. From 2010 onwards, Johannes Märklin was the global head of Deutsche Bank's private debt syndicate business in the corporate finance and debt capital markets division.

The following table lists additional relevant positions with companies and enterprises outside the Group held by the members of the Management Board in the last five years up until the date of this Prospectus:

Name	Positions	Position still held? Yes/No
René Parmantier	• ODDO SEYDLER BANK AG	No
	• ODDO BHF Asset Management – Member of the Management Board	No
	• RP Verwaltungsgesellschaft mbH – Managing director	Yes
	• Lux Kapitalmarkt Management AG – Member of the administrative board	Yes
	• Meiyo Capital Partners AG – Member of the management board	No
Daniel Löhken	• NILEG Real Estate GmbH – Managing director	No
	• Opera Co-Acquisition GP GmbH – Managing director	No
Sebastian Ernst	• CORESTATE Bank GmbH – Managing partner	Yes
	• Aggregate Debt Advisory GmbH – Managing director	Yes
	• Feldmannhof Capital GmbH – Managing partner	Yes
	• DACH Real Estate GmbH – Managing partner	Yes
Johannes Märklin	• CORESTATE Bank GmbH – Managing partner	Yes
	• Leonis Capital Management GmbH – Managing partner	Yes
	• Leonis Real Estate GmbH – Managing partner	Yes
	• Aggregate Debt Advisory GmbH – Managing partner	No
	• DACH Real Estate GmbH – Managing director	Yes

15.3 Shareholdings of the Management Board Members

René Parmantier directly holds 3,000 Shares. Nils Hübener directly holds 1,500 Shares. Sebastian Ernst holds 1,281,000 Shares. Johannes Märklin holds 1,275,000 Shares. Besides that no member of the Management Board directly or indirectly holds any Shares, or options on Shares. René Parmantier, Nils Hübener, Daniel Löhken, Sebastian Ernst and Johannes Märklin are entitled to receive Shares as part of their respective LTI. It is currently envisaged, that the Company will issue 16,856 new shares of the Company by way of a capital increase against cash contribution from its authorized capital to fulfil the obligations under the respective LTIs by end of June 2021.

15.4 Supervisory Board

The following table sets out the name, position, and the year of appointment for each of the members of the Supervisory Board.

Name	Date of birth	Position	Year first appointed
Friedrich Munsberg	30 October 1957	Chairman	2020
Prof Dr Hermann Anton Wagner	4 July 1956	Deputy Chairman	2020
Dr Friedrich Oelrich	21 October 1957	Member	2020

The following is a summary of the business experience of the current members of the Supervisory Board.

Friedrich Munsberg (born 1957) was Managing Director at KOFIBA-Kommunalfinanzierungsbank, formerly Dexia Kommunalbank Deutschland AG, until beginning of 2020. Before, he was CEO of Dexia Kommunalbank Deutschland and Member of the Management Board of Düsseldorfer Hypothekenbank from 2008 to 2010. While Friedrich Munsberg was Executive Vice President of Münchener Hypothekenbank from 2002 to 2003, he was appointed Member of their Management Board in June 2003 until 2007. Since February 2020, he is Managing Director at Sincerum Financial GmbH. Friedrich Munsberg started his career after professional bank training and studies in business administration in Münster as Trainee at Norddeutsche Landesbank in London.

Prof Dr Hermann Anton Wagner (born 1956) is Professor at Frankfurt School of Finance and Management teaching "Accounting and Business Management" since 2008. From 2002 till 2008 he was Partner and Executive Board Member at Ernst & Young and in various international bodies of the organization responsible for Global Financial Services. In the years from 1999 to 2002, he was Regional Managing Partner Central Germany and Managing Partner Financial Services Germany at Arthur Andersen. He passed the German Tax Advisor exam ("Steuerberater") in 1986 and became German Chartered Accountant ("Wirtschaftsprüfer") in 1990. After his studies of business economics at the University of Giessen and his doctorate, he started his career at accounting firm Peat Marwick, since 1987 KPMG Peat Marwick. There, he became Partner and in 1998 Frankfurt Office Managing Partner of KPMG Deutsche Treuhand-Gesellschaft AG. Since 2008, he is working as Senior Advisor and member of different advisory and supervisory boards.

Dr Friedrich Oelrich (born 1957) was Member of the Board to DekaBank from 2001 till end of 2013 and for ten months in 2005 acting Chairman of this Board. At this time, he also was member in numerous supervisory bodies of Deka with a focus on real estate investments and real estate financing. Moreover, Friedrich Oelrich was CFO and CRO for a long time. Before he held various management positions at the Bayerische Landesbank, he was Department Manager at Deutsche Genossenschaftsbank. After professional bank training at the Stadtsparkasse München, he started his professional career and moved on to Bavarian Savings Bank and Giro Association ("**Bayerischer Sparkassen- und Giroverband**").

The following table lists additional relevant positions with companies and enterprises held by the members of the Supervisory Board as of the date of this Prospectus and during the last five years, excluding positions held with the subsidiaries of the Company.

Name	Positions	Position still held? Yes/No
Friedrich Munsberg	• Sincerum Financial GmbH – Managing director	Yes
	• Brack Capital Properties N.V. – (non-executive) member of the board of directors	No
	• KOFIBA-Kommunalfinanzierungsbank AG – Managing director	No
	• Dexia Kommunalbank Deutschland AG – Chief executive officer	No
Prof Dr Hermann Anton Wagner	• Aareal Bank AG – Member of the supervisory board	Yes
	• btu beraterpartner Holding AG – Member of the supervisory board	No
	• capsensixx AG – Member of the supervisory board	Yes
	• CONSUS Real Estate AG – Member of the supervisory board	No
	• DEMIRE Deutsche Mittelstand Real Estate AG – Member of the supervisory board	No
	• PEH Wertpapier AG Deutschland – Member of the supervisory board	Yes
	• Squadra Immobilien GmbH & Co. KGaA – Member of the supervisory board	Yes
Dr Friedrich Oelrich	• ACTRON AG – Chairman of the supervisory board	Yes
	• Avana Invest GmbH – Chairman of the supervisory board	No
	• Bankon GmbH und Co KG – Chairman of the council	No
	• Brainfama Consult GmbH – Speaker of the management board	Yes
	• CONSUS Real Estate AG – Member of the supervisory board	No
	• GMZ GmbH 2013 Member of the supervisory board	Yes

15.5 Shareholdings of the Supervisory Board Members

As the date of this prospectus, Dr Friedrich Oelrich holds 5,000 and Friedrich Munsberg holds 15,000 shares of the Company. None of the other members of the Supervisory Board holds shares in the Company as at the date of this Prospectus.

15.6 Certain Information Regarding the Members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been convicted of fraudulent offences. In the last five years, no member of the Management Board or the Supervisory Board has been associated with any bankruptcy, receivership or liquidation or companies put into administration acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager. In the last five years, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against the members of the Management Board or the Supervisory Board nor have sanctions been imposed by the aforementioned authorities.

No court has ever disqualified any of the members of the Management Board or the Supervisory Board from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

To the extent that Management Board or Supervisory Board members directly or indirectly hold shares in the Company, there can be special interests arising from their shareholding, apart from their positions on the governing body. Conflicts of interest may also arise as a result of the fact that Management Board or Supervisory Board members simultaneously exercise executive functions in the Group. In other respects, Management Board or Supervisory Board members do not have existing conflicts of interests or potential conflicts of interests between any duties to the Company and their private interests or other duties.

No member of the Management Board or the Supervisory Board has entered into a service agreement with a company of the Group that provides for special benefits, such as severance pay, at the end of the business relationship (other than pensions or compensation in the case of an early termination of the service agreement, which is determined on the basis of the remaining term of the agreement and the contractually agreed upon compensation). The members of the Management Board are not bound by restrictive covenants and may therefore engage in competing activities following the end of their office.

There are no family relationships between the members of the Management Board and those of the Supervisory Board either among themselves or in relation to the members of the other body.

16. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24 "Related Party Disclosures", transactions with individuals or entities that control or are controlled by the Group must be disclosed unless they have already been included as consolidated entities in the Audited Consolidated Financial Statements. In addition, there is an obligation to disclose transactions with associates and persons who have significant influence over the financial and operating policies of the Group, including close family members and intermediate entities. Significant influence can mean a shareholding in the Company of 20% or more, a position on the Management Board or the Supervisory Board, or a key management position.

The Company is further subject to SRD II, as implemented under Luxembourg law by the Shareholder Rights Law, which results, among others and in particular in enhanced related party transaction rules.

Set forth below are transactions with related parties that the Company has entered into since the date of the last financial statements. Business relationships between the Company and other companies of the Corestate Group are not included.

Information on related-party transactions, entered into by the Company in previous periods are set out in the notes to the Audited Consolidated Financial Statements, starting on page F-1.

In the opinion of the management of the Company, all transactions with related entities and persons have been entered into at arm's length terms.

There have been no material transactions between the Issuer and members of the Management Board or the Supervisory Board or a company of the Company or with other related parties since the date of the last financial statements up to and including the date of this Prospectus, except for the following:

On 14 January 2021, the Company as acquirer and Passiva Participations, Feldmannhof Capital and Leonis Capital Management as contributors entered into the AFS BCA, in relation to acquisition of 100% of the AFS Shares). In connection with the AFS BCA, the AFS Shares were transferred to the Company by way of a capital increase against contribution in kind on 25 May 2021 and the completion of the AFS Acquisition occurred on the same day. Feldmannhof Capital Management is controlled by our member of the Management Board, Johannes Märklin and Leonis Capital Management is controlled by our member of the Management Board, Sebastian Ernst. For a more detailed explanation of the AFS Acquisition, please refer to section "*9.5 AFS Acquisition*" and "*10.9 AFS BCA*" above.

17. INCORPORATION BY REFERENCE

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list as set out in the table below. Except as provided in this Section 17, no other information is incorporated by reference into this Prospectus.

Section (S.) and Page (p.) in this Prospectus	**Reference document and link**	**Page (p.) in reference document**
S. 20, p. F-1 S. 21.2, p. O-1	Q1 statement / Q1 financial report 2021: the Company's unaudited interim condensed consolidated financial statements for the period from 1 January to 31 March 2021 https://corestate-capital.com/wp-content/uploads/2019/05/CCHSA-Q1-Report-2021.pdf	9 – 12

Page numbers reflected in the last column of the above table refer to the pages in the pdf document available per hyperlink. Any information not incorporated by reference into this Prospectus (by way of explicit reference in the cross reference list above) but contained in one of the pdf documents mentioned above is either not relevant for the investor or covered in another part of this Prospectus.

The source documents from which the information mentioned above has been incorporated by reference into this Prospectus will be published on the website of the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and may be inspected and are available free of charge at the Luxembourg office of the Company as long as any shares of the Company are listed on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the rules (*Börsenordnung*) of such stock exchange so require.

Aside from the information incorporated by reference as set out above, information on websites referred to in this Prospectus does not form part of this Prospectus and has not been scrutinized or approved by the competent authority.

18. TAX WARNING

Tax legislation, including in the country where the Investor is domiciled or tax resident and in the Company's country of incorporation, may have an impact on the income that an investor might receive from the Shares. No advice is given and no comment is made by the Company and Hauck & Aufhäuser in connection with taxation matters relating to the Shares. Potential investors of the Shares are advised to consult their own tax advisors with regards to the tax consequences of the purchase, ownership and disposition of the Shares, including, for the avoidance of doubt, the effect of any state or local taxes, under the tax laws applicable in the Grand Duchy of Luxembourg and in each country of which they are residents or otherwise subject to taxation.

18. FINANCIAL INFORMATION

Audited Consolidated Financial Statements of Corestate Capital Holding S.A. prepared in accordance with IFRS as of and for the financial year ended 31 December 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

m€	Notes	31.12.2020	31.12.2019
Non-Current Assets			
Goodwill	E.1	577.7	567.1
Other Intangible Assets	E.2	87.8	109.6
Investment in Associates and Joint Ventures	E.3	120.8	126.5
Other Financial Instruments	E.4	153.9	172.2
Property, Plant and Equipment	E.5	22.3	24.2
Non-Current Receivables	E.6	53.7	35.5
Non-Current Loans to Associated Entities	E.7	19.6	23.0
Deferred Tax Assets	D.10	20.7	11.8
Total Non-Current Assets		**1,056.6**	**1,069.9**
Current Assets			
Inventories	E.8	73.8	62.3
Contract Assets	E.10	51.0	23.0
Trade Receivables	E.9	33.0	48.5
Receivables from Associated Entities		13.6	31.7
Other Current Financial Assets	E.11	126.7	60.8
Other Current Assets	E.12	16.6	14.4
Current Income Tax Assets		2.7	2.0
Restricted Cash	E.13	23.0	2.6
Cash and Cash Equivalents	E.13	68.2	103.2
Total Current Assets		**408.5**	**348.5**
TOTAL ASSETS		**1,465.0**	**1,418.4**

EQUITY AND LIABILITIES

m€	Notes	31.12.2020	31.12.2019
Equity			
Share Capital	E.14	1.9	1.6
Other Reserves		752.9	563.3
Net Profit/(Loss) for the Period		(69.1)	108.5
Equity attributable to shareholders of parent company		685.8	673.4
Non-controlling Interests		2.7	2.9
Total Equity		**688.5**	**676.3**
Non-Current Liabilities			
Non-Current financial liabilities to bonds	E.16	491.0	517.2
Non-Current financial liabilities to banks	E.17	4.6	7.0
Other Non-Current financial liabilities	E.18	29.3	20.9
Other Non-Current Provisions	E.15	1.8	1.3
Other Non-Current Liabilities		9.2	6.4
Deferred Tax Liabilities	D.10	13.0	9.7
Total Non-Current Liabilities		**548.8**	**562.5**
Current Liabilities			
Other Current Provisions	E.19	10.1	13.9
Other Financial Liabilities to Banks	E.20	68.7	47.7
Current Liabilities to Associated Entities		9.3	8.5
Trade Payables	E.21	13.1	14.3
Current Income Tax Liabilities		36.0	46.8
Other Current Financial Liabilities	E.22	42.0	3.2
Other Current Liabilities	E.23	48.5	45.2
Total Current Liabilities		**227.7**	**179.5**
SUBTOTAL LIABILITIES		**776.6**	**742.1**
TOTAL EQUITY AND LIABILITIES		**1,465.0**	**1,418.4**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

m€	Notes	**01.01.2020-31.12.2020**	**01.01.2019-31.12.2019**
Revenue from Acquisition Related Fees	D.2.1	33.9	35.1
Revenue from Asset and Property Management	D.2.2	144.5	175.3
Income from Mezzanine Loans	D.2.5	10.3	17.1
Revenue from Promote Fees realised		4.6	8.8
Total Revenue from Real Estate Investment Management		*193.3*	*236.2*
Total Expenses from Real Estate Investment Management	*D.2.6*	*(117.7)*	*(95.2)*
Total Earnings from Real Estate Investment Management		**75.6**	**141.0**
Share of Profit or Loss from Associates and Joint Ventures	D.3.1	(9.3)	11.9
Dividends from other Alignment Capital	D.3.2	8.8	10.3
Gains/losses from fair value measurement of financial instruments related to real estate	D.3.3	(6.8)	11.6
Expenses from Management of Associates and Joint Ventures	D.3.4	(17.3)	(12.2)
Total Earnings from Alignment Capital Management		**(24.7)**	**21.6**
Net Rental Income	D.4.1	5.5	11.2
Revenue from Service Charges		0.9	3.5
Net Gain from Selling Property Holding Companies/Inventories	D.4.2	(0.8)	18.7
Total Income from Real Estate Operations/Warehousing		*5.5*	*33.4*
Expenses from Real Estate Operations/Warehousing	*D.4.3*	*(5.6)*	*(19.2)*
Total Earnings from Real Estate Operations/Warehousing		**(0.1)**	**14.2**
General and Administrative Expenses	D.6	(45.4)	(24.6)
Other Income	D.5	11.2	22.8
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)		**16.6**	**175.0**
Depreciation and Amortisation	D.7	(54.7)	(31.1)
Earnings before Interest and Taxes (EBIT)		**(38.1)**	**143.9**
Financial Income	D.8	5.3	10.1
Financial Expenses	D.9	(29.1)	(33.6)
Earnings before Taxes (EBT)		**(61.9)**	**120.4**
Income Tax Expense	D.10	(7.0)	(11.6)
Net Profit/(Loss) for the Period		**(68.9)**	**108.8**
of which attributable to equity holders of parent company		(69.1)	108.5
of which attributable to non-controlling interests		0.2	0.3
Total Revenues [1]		**199.6**	**250.9**
Total Expenses [2]		**(186.0)**	**(151.2)**

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

2 excluding Financial Expenses and Depreciation and Amortisation

Other Comprehensive Income

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

m€	SHARE CAPITAL	Legal Reserve	Additional Capital Paid In	Retained Earnings	Other Re-valuations	OTHER RESERVES	NET PROFIT/(LOSS) FOR THE PERIOD	SUBTOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY	Non-controlling interests in Paid-In Capital and Capital Reserve	Non-controlling interests in Profit for the period	NON-CON-TROLLING INTERESTS	TOTAL EQUITY
Closing Balance of Capital Accounts as at 31 December 2018 (audited)	**1.6**	**0.1**	**436.8**	**82.6**	**(3.5)**	**516.0**	**104.6**	**622.2**	**0.1**	**(1.3)**	**(1.3)**	**620.9**
Profit for the period	0	0	0	0	0	0	108.5	108.5	0	0.3	0.3	108.8
Other comprehensive income	0	0	0	0	0.2	0.2	0	0.2	0	0	0	0.2
Total Comprehensive Income for the Period	0	0	0	0	0.2	0.2	108.5	108.7	0	0.3	0.3	109.0
Repurchase of own shares	(0.0)	0	(6.7)	0	0	(6.7)	0	(6.7)	0	0	0	(6.7)
Equity-settled share-based payment	0.0	0	0	1.9	0.0	1.9	0	1.9	0	0	0	1.9
Dividends paid	0	0	0	(52.9)	0	(52.9)	0	(52.9)	0	0	0	(52.9)
Reclassification/others	0	0.1	0	104.7	0	104.8	(104.6)	0.2	2.6	1.3	3.9	4.1
Closing Balance of Capital Accounts as at 31 December 2019 (audited)	**1.6**	**0.2**	**430.1**	**136.4**	**(3.3)**	**563.3**	**108.5**	**673.4**	**2.6**	**0.3**	**2.9**	**676.3**
Profit for the period	0.0	0.0	0.0	0.0	0.0	0.0	(69.1)	(69.1)	0.0	0.2	0.2	(68.9)
Other comprehensive income	0.0	0.0	0.0	0.0	(0.9)	(0.9)	0.0	(0.9)	0.0	0.0	0.0	(0.9)
Total Comprehensive Income for the Period	0.0	0.0	0.0	0.0	(0.9)	(0.9)	(69.1)	(70.0)	0.0	0.2	0.2	(69.8)
Issue of new capital	0.3	0.0	78.3	0.0	0.0	78.3	0.0	78.6	0.0	0.0	0.0	78.6
Repurchase of own shares	0.0	0.0	6.4	0.0	0.0	6.4	0.0	6.4	0.0	0.0	0.0	6.4
Share issuance expense	0.0	0.0	(0.8)	0.0	0.0	(0.8)	0.0	(0.8)	0.0	0.0	0.0	(0.8)
Equity-settled share-based payment	0.0	0.0	1.2	0.0	0.0	1.2	0.0	1.2	0.0	0.0	0.0	1.2
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassification/others	0.0	0.0	0.0	107.8	(2.4)	105.4	(108.5)	(3.1)	(0.1)	(0.3)	(0.4)	(3.5)
Closing Balance of Capital Accounts as at 31 December 2020 (audited)	**1.9**	**0.2**	**515.2**	**244.2**	**(6.6)**	**752.9**	**(69.1)**	**685.8**	**2.5**	**0.2**	**2.7**	**688.5**

CONSOLIDATED STATEMENT OF CASH FLOWS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

A. CORPORATE INFORMATION & BASIS OF PREPARATION

A.1 Corporate Information

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

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

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

As per 31 December 2020, the Group employs 757 FTE (2019: 709 FTE) across 42 offices in 7 countries, providing direct access to local markets.

The consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries (the Group) for the year ended 31 December 2020 were authorized for issue in accordance with a resolution of the Management Board and the Supervisory Board on 19 March 2021. The consolidated financial statements are subject to approval by the Annual General Meeting.

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

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

A.2 Basis of Preparation

The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards ("IFRS") adopted by in the European Union ("EU") for the year ended 31 December 2020.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value. The consolidated financial statements are presented in euros, which is the presentation currency of the Group and the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using the functional currency. The group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method. All values are rounded to the nearest million (m€), except when otherwise indicated. Due to rounding, numbers presented may not add up precisely to totals provided. The consolidated financial statements provide comparative information in respect of the previous period.

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

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

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

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

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

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

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

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

The different types of lockdown in nearly all countries due to COVID-19 in 2020 and at the beginning of 2021 severely impacted the markets for hotels, service apartments, retail and shopping centers in particular. In contrast, the business of residential assets and offices with long-running rental contracts proved to be very resilient. To restrict further "waves" of COVID-19, travel, movement, and operational restrictions have been implemented by many countries, which currently remain unchanged. Due to these persisting restrictions on business activities, it might be likely that there could be significant rental defaults leading to voids and a resulting shortfall in income for the respective asset classes of the company. This could lead to renewed write-downs on various asset classes due to lower profitability.

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

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

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

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

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

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

1 Cf. WHO study on vaccine delivery and distribution: https://www.who.int/emergencies/diseases/novel-coronavirus-2019/covid-19-vaccines, and German Federal Ministry of Health vaccine distribution information: https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3_Downloads/C/Coronavirus/Impfstoff/German_National_COVID-19_Vaccination_Strategy_eng_Overview_061120.pdf

2 Cf. Berenberg – Real Estate Comment as of 8th January 2021

B. SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

B.1 Consolidation Scope

The consolidated financial statements comprise the financial statements of CCH SA and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

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

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

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

Name	Seat and Country of incorporation
Corestate Capital Beteiligungs Verwaltungs GmbH	Frankfurt on Main / Germany
GENOST Consulting GmbH	Leipzig / Germany
UPARTMENTS Real Estate GmbH	Leipzig / Germany

	2019	First consolidation	Deconsolidation	Merger	2020
Consolidated Entities	**130**	**20**	**22**	**5**	**123**
thereof Germany	60	1	5	1	55
thereof Other Countries	70	19	17	4	68

	2019	Additions	Disposals	Merger	2020
Associated Entities	**104**	**2**	**3**	**-**	**103**
thereof Germany	18	1	1	-	18
thereof Other Countries	86	1	2	-	85

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

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

B.2 Business Combinations

B.2.1 Principles of business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquisition. The Group as acquirer measures the identifiable assets acquired and the liabilities assumed (including contingent liabilities) at their acquisition-date fair values. For each business combination, the Group measures the non-controlling interests in the acquisition at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses or management expenses. The Group as acquirer recognises goodwill as of the acquisition date measured as the excess of (a) the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

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

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

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

Contingent liabilities recognized in a business combination

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

B.2.2 Update on most recent business combinations

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

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

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

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

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

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

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

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

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

C. SIGNIFICANT ACCOUNTING & VALUATION POLICIES

C.1 Significant Accounting Judgements, Estimates and Assumptions

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

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

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

Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair value. One of the most significant estimates relates to the determination of the fair value of these asset and liabilities. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market price. If any intangible assets identified, depending on the type of intangible asset and the complexity of determining its fair value, the Group either consults with an independent external valuation expert or develops the fair value internally, using an appropriate valuation technique which is generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by the Group's management regarding the future performance of the assets concerned and any changes in the discount rate applied (see Note E.1).

Recoverability of Goodwill and Trademarks

The Group tests annually and, in addition, if any internal or external indicator exists, whether goodwill and trademarks with indefinite useful lives need to be impaired. If an indicator prevails, the recoverable amount of the affected cash-generating unit(s) has to be estimated which is determined as the greater of the fair value less costs to sell and the value in use. The determination of the recoverable amount involves making judgements and estimates related to the projection and discounting of future cash flows. Although the Group's management believes the assumptions used to calculate recoverable amounts are appropriate, any unforeseen changes in these assumptions could result in an impairment to goodwill or trademarks in the future which could adversely affect the future financial position and operating results (see Note E.1).

Assessing significant influence on associates and joint ventures

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

- Representation on the Board of directors or equivalent governing body of the investee,
- Participation in policy-making processes, including participation in decisions about dividends or other distributions,
- Material transactions between the entity and its investee,
- Interchange of material personnel,
- Provision of essential technical information.

With regard to providing real estate investment management services the Group regularly enters into asset management agreements with all parties involved. A significant part of these asset management services is to provide the investee with the Group's expertise which also involves technical services, i.e. market information, asset management and business plan expertise. Hence, the provision of technical services through an asset management contract to associated entities as investees is considered a supplementary indicator (see Note E.3).

Valuation of Investment properties of Associates and Joint Ventures

The fair value of investment property as the main assets of the Associates is determined by using recognised valuation techniques. Such fair value measurement has a significant impact on the Group's Investment in Associates. The valuation technique comprises mainly the income method (DCF (discounted cash flow) based). Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the property's cash inflows and outflows over its life including estimated rental income and an exit or terminal value. This involves the projection of future cash flows which are discounted by a market-derived discount rate in order to determine the property's fair value. For the purpose of IFRS 13, the fair value measurement of investment property is considered to be a Level 3 method (see Note C.2).

Main key input parameters used in the DCF models include:

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

The net cash flow for the planning period is discounted to the valuation date using an appropriate discount rate for each property. The capitalization rate is used to forecast future cash flows into perpetuity following the ten-year planning period (as it is assumed that properties are held for a 10-year period). Key input parameters may vary depending on the real estate property usage (i.e. commercial or residential building, student homes and developments), on the location and condition of the property and the current market trends.

If the property market or general economic situation develops negatively, there is a risk that the measurements might have to be adjusted. If the real estate assets have to be impaired, this would have a negative effect on the Group's Investment in Associates and Joint Ventures, Loans to Associates and Joint Ventures and Receivables from Associates or Joint Ventures (for further information see Note A.3 and a sensitivity analysis of the effect of changes in the value of the Associates and Joint Ventures see Note E.3).

Promote and Coupon Participation Fee

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

Coupon Participation Fees, included in Asset and Property Management line item, are generated through sustainable and significant excess returns of HFS products (mezzanine financing) above a certain pre-agreed hurdle rate. The Group's contracts with customers for these types of services generally include one performance obligation. The Group has concluded that revenue from Coupon Participation Fees should be recognized over time when the services are provided because the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group uses an output method to measure progress towards complete satisfaction of the return on investment of the HFS Funds based on monthly fair value valuating of the mezzanine financing (see Note D.2.2 to D.2.4).

C.2 Fair Value Measurement

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

Fair value measurement

Disclosures for valuation methods, significant estimates and assumptions	Note F
Disclosures of fair value measurement hierarchy	Note F
Investment properties	Note C.17
Investment in unquoted equity shares	Note F
Financial instruments (including those carried at amortized cost)	Note F

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

- In the principal market for the asset or liability, or

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

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

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

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

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

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

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

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

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

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

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

C.3 Foreign Currencies

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

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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

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

C.4 Goodwill

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

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

C.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

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

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

- Software 3 to 5 years
- Asset Management Agreements 2 to 17 years

- Corporate brand 'YOUNIQ' 14 years

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

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

C.6 Investment in Associates & Joint Ventures

Recognition and subsequent measurement

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

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

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

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

The aggregate of the Group's share of profit or loss of an Associate or a Joint Venture is shown in Share of Profit or Loss from Associates or Joint Venture on the face of the consolidated statement of profit and loss. All balance sheet items and line items in the consolidated statement of comprehensive income that are related to the associated entities belong to the Alignment Capital segment.

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

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

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

Investment properties

Associates invest in investment properties. Investment properties are measured initially at cost, including transaction costs.

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

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

C.7 Financial Assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in the following categories:

- Financial assets at amortized cost (debt instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

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

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

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

Financial assets at fair value through profit or loss

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

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

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

De-recognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or when a financial instrument is written off. Therefore, a financial asset is derecognised when there is no reasonable expectation of recovering the contractual cash flows.

Impairment of financial assets

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

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

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

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

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector where the Group operates, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Credit assessment is performed on a regular basis both by accounting department as well as fund and asset management in consent with executive management.

C.8 Property, Plant and Equipment

Property, plant and equipment is recognized at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

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

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

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

C.9 Leases

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

C.10 Group as a Lessee

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

Right-of-use assets

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

C.11 Group as a Lessor

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

C.12 Inventories

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

Inventories are valued at the lower of cost and net realizable value. The costs include freehold and leasehold rights for land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

C.13 Contract Balances

Contract Assets

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

Contract Liabilities

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

C.14 Cash and Cash Equivalents

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

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

C.15 Share-based Payments

Equity-settled transactions

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

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

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

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in note D.11 and F.6.3).

Cash-settled transactions

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

C.16 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as

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

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

The Group's financial liabilities include mainly:

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

Subsequent measurement

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

Financial Liabilities at amortized cost

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

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

Financial liabilities at FVTPL

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

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

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

De-recognition

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

C.17 Provisions

General

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

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

Restructuring provisions

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

C.18 Revenue from Real Estate Investment Management

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

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

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

Acquisition Related Fees and **Sales Fees** relate to fees earned in relation to the acquisition or divestment of real estate assets by the Associates or third parties. Acquisition related fees amount to 0.8% and 1.5% of the purchase price of the underlying assets of the portfolio, and in certain situations also a lump-sum on-Boarding fee amounting to up to € 0.5m is agreed with the clients. These fees are paid for sourcing and structuring of the transaction, conducting the due diligence, administrating and supervising the step-by-step acquisition of the real estate asset or the establishment of real estate products and are typically received and paid at the conclusion of the transaction documentation. The Group's contracts with customers for these types of services generally include one performance obligation. Revenue from Acquisition related Fees and Sales Fees is recognized at a point in time when the services are provided because none of the criteria in IFRS 15.35 is met.

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

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

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

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

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

C.19 Earnings from Alignment Capital Management

Share of Profit or Loss from Associates and Joint Ventures

Share of Profit or Loss from Associates and Joint Ventures relates to the Group's alignment capital investments and comprises the Group's share of the results of operations of the Associates using the equity method as well as gains and losses from the disposal of shares in Associates (see D.3.1). The periodic results of operations of the Associates typically includes the recurring result from rental operations as well as results from sales of real estate assets and potential fair value adjustments of the underlying properties, net of costs, financial expenses and taxes.

Dividends from other Alignment Capital

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

C.20 Revenue and other Earnings from Real Estate Operations/Warehousing

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Contingent rental income is recognized when it arises. Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Income arising from expenses recharged to tenants (Revenue from Service Charges) is recognized in the period in which the respective services are rendered. Service and management charges and other such receipts are recorded separately gross of the related costs, as the directors concluded that the Group acts as a principal in this respect.

Net Gain from Selling Property Holding Companies/Inventories

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

C.21 Financial Income and Financial Expenses

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

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

C.22 Income Taxes

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, Associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

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

D. NOTES TO THE STATEMENT OF PROFIT AND LOSS

D.1 Total Earnings by Income Line

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

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

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

D.2 Revenues and Earnings from Real Estate Investment Management

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

D.2.1 Revenue from Acquisition Related Fees

€ million	2020	2019
Revenue from Acquisition Fee	28.4	30.4
Revenue from other Acquisition Related Fees	5.4	4.7
Revenue from Onboarding Fee	0.1	0.0
Total	**33.9**	**35.1**

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

D.2.2 Revenue from Asset and Property Management

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

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

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

D.2.3 Revenue from Coupon Participation Fees

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

D.2.4 Development Fee

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

D.2.5 Income from Mezzanine loans

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

D.2.6 Total Expenses from Real Estate Investment Management

Expenses from Real Estate Investment Management of € 117.7m (2019: € 95.2m) include both personnel and overhead expenses (e.g. rent and leasing expenses, IT and telecommunication expenses, travel expenses, legal and other advisory fees) relating to the Group's Real Estate Investment Management activities. The increase in 2020 is mainly caused by write offs on contract assets related to development fees because of certain development projects being expected to be reversed due to termination agreements between investors and developers.

D.3 Earnings from Alignment Capital Management

D.3.1 Share of Profit or Loss from Associates

Share of profit/loss for the year of € -9.3m (2019: € 11.9m) comprises the Group's share of the results of operations of the Associates or the Joint Ventures using the equity method as well as gains and losses from the disposal of shares in Associates or Joint Venture. Compared to previous year's positive measurement results, the 2020 COVID-19 pandemic situation has a particular negative impact on share of profit/loss from Associates. Major investments of the Associates are related to shopping malls and retail outlets that have been significantly affected by the imposed lockdowns. Hence, these assets are mainly causing the negative valuation effect.

D.3.2 Dividends from other Alignment Capital

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

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

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

D.3.4 Expenses from Management of Associates and Joint Ventures

Expenses from Management of Associates include both personnel and overhead expenses allocated to the Management of Associates. Such allocation is based on the pro-rated management fees incurred on the Group's alignment investment in the relevant projects of € 17.3m (2019: € 12.2m).

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

D.4.1 Net Rental Income

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

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

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

D.4.3 Expenses from Real Estate Operations/Warehousing

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

D.5 Other Income

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

D.6 General and Administrative Expenses

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

D.7 Depreciation and Amortization

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

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

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

D.8 Financial Income

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

€ million	**2020**	**2019**
Interest income	3.2	3.2
Foreign currency income	0.8	3.3
Other financial income	1.4	3.5
Total	**5.3**	**10.1**

D.9 Financial Expenses

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

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

D.10 Income tax

Income tax (expense)/benefit

€ million	**2020**	**2019**
Current income tax expense	(14.9)	(15.0)
Deferred taxes	7.9	3.4
Total	**(7.0)**	**(11.6)**

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

Tax rate reconciliation

The tax reconciliation statement below describes the relationship between the effective tax expense/benefit as recorded in the Group's Income Statement and the originally expected tax expenses based on the consolidated Earnings before Taxes (EBT) according to IFRS by applying the statutory income tax rate of 24.94% (2019: 24.94%) for CCH SA in Luxembourg.

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

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

Deferred tax assets and liabilities

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

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

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

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

D.11 Earnings per Share

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

Calculation of weighted average number of ordinary shares (undiluted)

	01.01.2020 - 31.12.2020		**01.01.2019 - 31.12.2019**	
	number of shares	**days**	number of shares	days
Shares at the beginning of the period	**21,179,449**	**365**	**21,329,417**	**365**
Reactivated shares from repurchasing program	174,968	352		
Issue of new shares on 15 January 2020	125,226	352		
Issue of new shares on 11 September 2020	4,186,382	112		
Issue of new shares (MB Authorised Capital) on 25 January 2019			25,000	341
Repurchase of own shares on 05 April 2019			(34,884)	271
Repurchase of own shares on 18 April 2019			(69,537)	258
Repurchase of own shares on 25 April 2019			(75,579)	251
Use of shares from share repurchase program on 17 May 2019			5,032	229
Shares at the end of the period	**25,666,025**		**21,179,449**	

	01.01.2020 - 31.12.2020		01.01.2019 - 31.12.2019	
	number of shares	**days**	number of shares	days
Weighted average number of shares for the period	**22,753,540**		**21,228,904**	

Calculation of weighted average number of shares (diluted)

	01.01.2020 - 31.12.2020		01.01.2019 - 31.12.2019	
	number of shares	**days**	number of shares	days
New shares from the exercise of share-based payments				
Issue of new shares on 15 January 2020	54,037	352		
Employee Share program			140,799	
Weighted average number of shares for the period	**22,805,652**		**21,369,703**	

Calculation of weighted average number of shares (diluted)

	01.01.2020 – 31.12.2020		01.01.2019 - 31.12.2019	
	number of shares	**days**	number of shares	days
New shares from the exercise of share-based payments			16,501	
Weighted average number of shares for the period	**22,805,652**		**21,386,204**	

The effect from potential ordinary shares from the conversion of convertible bonds was ignored for determining dilutive EPS as the conversion price set out in the terms and conditions for the convertible bond is fixed as € 61.9580 per share (only subject to anti-dilution adjustments), which is significantly higher than the average market price of Corestate's shares during 2020. The Group's management therefor considered the convertible bonds to be anti-dilutive as it is very unlikely that the bond could be converted into ordinary shares.

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

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

Earnings per share (undiluted)

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

E. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E.1 Goodwill

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

Goodwill – Detailed composition

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

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

Goodwill

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

The Group performed its annual impairment test at year end. The Group determines whether goodwill and other intangible assets with indefinite useful lives are impaired at least on an annual basis. Since trademarks do not generate independent cashflows they form part of the assets within the respective CGUs which are tested for impairment.

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

CGU REIM of HFS Helvetic Financial Services AG	2020	2019
Discount rate (before Tax) applied to cash flows within the next 5 years	8.1%	8.8%
Growth rate after year 5	1.0%	1.0%

CGU ATOS Capital GmbH	2020	2019
Discount rate (before Tax) applied to cash flows within the next 5 years	7.6%	6.3%
Growth rate after year 5	1.0%	1.0%

CGU Hannover LeasingGmbH & Co. KG	2020	2019
Discount rate (before Tax) applied to cash flows within the next 5 years	6.4%	7.6%
Growth rate after year 5	1.0%	1.0%

CGU CRM Ltd.	2020	2019
Discount rate (before Tax) applied to cash flows within the next 5 years	6.7%	8.7%
Growth rate after year 5	1.0%	1.0%

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

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

For HFS, the Group expects a visible increase in the volume of funds which will have a positive impact on fees, with an average sales growth of 8.6% and costs remaining virtually unchanged over the planning period. For HL, the Group expects a continued focus on business with semi-institutional investors and a resulting increase in AuM that results in an expected sales growth averaging 5.2%. At CRM, the Group assumes a temporary continuation of the pandemic-related restriction in the use of student housing, so that a notable recovery in occupancy and the earnings situation of the managed properties is expected from 2022. This results in an average sales development of 6.1% over the planning period. For STAM, the Group expects a solid recovery in transaction volume given the focus on Core/Core+ and logistic assets which is expected to further accelerate over the planning period resulting in a sales development averaging 20.7%.

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

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

E.2 Other intangible assets

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

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

Other intangible assets include mainly trademarks and asset management contracts. The asset management contracts have useful lives between 1 and 16 years. The trademarks have indefinite useful lives. As at 31 December 2020, trademarks amounting to € 47.1m (2019: € 47.1m) were tested for impairment as part of the annual impairment testing of CGUs of real estate investment management segment (see note E.1) resulting in no impairment losses.

E.3 Investment in Associates and Joint Ventures

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

€ million	**Highstreet VIII**	**Liver**	**Quartier West**	**Echo**	**Other***
Other non-current assets	227.7	79.7	31.3	60.2	911.9
Cash (restricted and free cash)	17.7	1.9	0.1	2.3	60.7
Other current assets	11.9	0.8	-	1.4	9.0
Non-current financial liabilities	(146.0)	(34.0)	-	(29.0)	(355.4)
Other non-current liabilities	(47.1)	1.4	-	(1.7)	(38.7)

€ million	Highstreet VIII	Liver	Quartier West	Echo	Other*
Current financial liabilities	(3.0)	0.0	-	0.0	(137.0)
Other current liabilities	(11.6)	(1.3)	(0.0)	(6.0)	(39.2)
Equity	**49.7**	**48.5**	**31.4**	**27.3**	**411.3**
Revenues	19.5	5.3	-	2.0	34.4
Interest income	0.0	0.0	-	-	0.0
Interest expenses	(4.2)	(1.0)	(0.2)	(0.5)	(6.6)
Income tax expense or income	1.6	1.5	-	0.0	2.1
Profit / (loss) from continuing operations	**(10.6)**	**(6.4)**	**(1.0)**	**(5.6)**	**(35.7)**
Total comprehensive income	(10.6)	(6.4)	-	(5.6)	(35.7)
Dividends received	-	-	-	-	-

*Others include investments < m€ 15.0 carrying value

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

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

*Others include investments < m€ 15.0 carrying value

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

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

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

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

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

Project	participation quote 01 Jan 2019	participation quote 31 Dec 2019	**1 Jan 2019**	Additions/ Transfers	Share of profit/ (Loss) for the period	Dividends and capital repayments received in cash	Disposals/ Transfers	Currency translation adjustments	**31 December 2019**
LIVER	34.6%	34.6%	16.9	0.8	3.2	0.0	0.0	(0.0)	20.8
ECHO	-	37.7%	0.0	9.9	3.1	0.0	0.0	0.0	13.0
QUARTIER WEST	-	37.3%	0.0	15.8	(0.2)	0.0	(3.0)	0.0	12.6
HIGHSTREET VIII	21.1%	21.1%	17.2	3.3	(0.7)	(0.0)	(8.5)	0.0	11.3
HIGHSTREET VII	6.2%	40.8%	6.1	0.0	1.0	(0.4)	0.0	0.0	6.7
Tempelhof Twins	-	11.0%	0.0	5.6	0.3	0.0	0.0	0.0	5.9
TABLAS	-	42.7%	0.0	6.1	(0.3)	0.0	0.0	0.0	5.8
OLYMPIC	10.0%	10.0%	2.0	0.0	3.4	(0.1)	0.0	0.0	5.3
HIGHSTREET VI	10.0%	10.0%	5.2	0.0	0.1	(0.3)	0.0	0.0	5.0
HIGHSTREET PII	10.0%	10.0%	4.3	0.0	(0.1)	0.0	0.0	0.0	4.2
ANNAPURNA	10.3%	10.3%	1.5	0.0	1.6	(0.0)	0.0	0.0	3.1
TURICUM	5.5%	5.5%	2.8	0.0	(0.1)	0.0	0.0	0.0	2.7
PLUTOS	-	10.2%	0.0	2.9	(0.4)	0.0	0.0	0.0	2.5
POSEIDON	10.1%	10.1%	1.2	1.1	(0.1)	0.0	0.0	0.0	2.2
CONDOR	10.0%	10.0%	1.3	0.0	0.6	0.0	0.0	0.0	1.8
BOCHUM	-	10.1%	0.0	1.8	0.0	0.0	0.0	0.0	1.8
PALLARS	-	42.4%	0.0	1.6	(0.2)	0.0	0.0	0.0	1.3
CASSANDRA	-	10.5%	0.0	1.3	(0.0)	0.0	0.0	0.0	1.3
Venloer4711	10.1%	10.1%	1.2	0.0	(0.1)	0.0	0.0	0.0	1.1
ACROSS	10.0%	10.0%	1.1	0.0	(0.0)	0.0	0.0	0.0	1.1
DONALD	5.1%	5.1%	0.6	0.0	0.3	(0.0)	0.0	0.0	0.9
BAIN	-	10.0%	0.0	0.8	0.0	0.0	0.0	0.0	0.8
KING	10.0%	10.0%	0.6	0.0	(0.0)	0.0	0.0	0.0	0.6
ISABELA	10.5%	10.5%	0.7	0.0	(0.1)	(0.1)	0.0	0.0	0.5
FLIGHT 47	24.7%	24.7%	0.8	0.0	0.0	(0.3)	0.0	0.0	0.4
ROSE	5.4%	5.4%	0.3	0.0	0.1	(0.2)	0.0	0.0	0.2
HABANA	46.5%	46.5%	0.1	0.0	0.0	0.0	0.0	0.0	0.1
VOLARE	94.9%	94.9%	0.6	0.0	(0.4)	0.0	0.0	0.0	0.1
ENERGY	10.7%	sold	0.1	0.0	0.0	(0.1)	(0.0)	0.0	0.0
CLG	49.0%	sold	0.1	0.0	0.0	0.0	(0.1)	0.0	0.0
REGIA	49.0%	sold	11.6	0.0	0.3	(11.8)	0.0	0.0	0.0
Associates, total			**75.9**	**51.0**	**11.2**	**(13.3)**	**(11.6)**	**(0.0)**	**113.2**
Moviestar	18.0%	18.0%	10.4	0.0	0.0	0.0	0.0	0.0	10.4
RAW	50.0%	50.0%	0.0	3.0	(0.1)	0.0	0.0	0.0	2.9
Santes Fair	50.0%	50.0%	0.1	0.0	0.1	(0.2)	0.0	0.0	0.0
Accontis Exporo	-	47.5%	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0
SCORE	50.0%	50.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Joint Venture, total			**10.6**	**3.0**	**(0.1)**	**(0.2)**	**0.0**	**0.0**	**13.4**
Total			**86.5**	**54.0**	**11.1**	**(13.5)**	**(11.6)**	**(0.0)**	**126.6**

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

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

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

E.4 Other Financial Instruments

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

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

€ million	**2020**	**2019**
Opportunity Fund	58.4	58.1
Stratos Funds	35.6	41.9
Private Invest	9.8	12.7
Other Instruments	50.1	59.5
Total	**153.9**	**172.2**

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

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

€ million	Land and buildings	Office and other equipment	**2020**	**2019**
Acquisition cost				
As of 1 January	0.0	32.2	32.2	23.0
IFRS 16 adjustment	-	-	-	13.4
As of 1 January (adjusted)	0.0	32.2	32.2	36.3
Changes in scope of consolidated companies	-	0.4	0.4	0.0
Currency changes	-	(0.1)	(0.1)	0.1
Additions	3.0	6.3	9.3	12.9
Transfers	23.6	(23.6)	0.0	0.0
Transfers to inventories	-	-	0.0	3.1
Disposals	(2.2)	(1.4)	(3.7)	(20.3)

€ million	Land and buildings	Office and other equipment	2020	2019
As of 31 December	**24.4**	**13.7**	**38.1**	**32.2**
Depreciation and impairment losses				
As of 1 January	0.0	8.0	8.0	4.1
Changes in scope of consolidated companies	-	0.3	0.3	0.0
Currency changes	-	(0.0)	(0.0)	0.0
Additions to cumulative depreciation	3.2	5.6	8.9	4.2
Transfers	2.9	(2.9)	0.0	0.0
Disposals	-	(1.2)	(1.2)	(0.4)
As of 31 December	**6.2**	**9.7**	**15.8**	**8.0**
Total (Carrying amount)	**18.3**	**4.0**	**22.3**	**24.2**

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

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

Leased Assets

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

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

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

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

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

€ million	2020	2019
As of 1 January	21.0	13.4
Additions	11.0	10.3

€ million	2020	2019
Accretion of interest	1.1	0.6
Payments	(5.7)	(3.3)
As of 31 December	**27.4**	**21.0**

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

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

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

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

E.6 Non-Current Receivables

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

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

E.7 Non-Current Loans to Associates

€ million	2020	2019
Loans granted by sub-group Hannover Leasing	13.4	21.6
Others	6.2	1.4
Total	**19.6**	**23.0**

Loans granted by sub-group Hannover Leasing – details:

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

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

€ million	
1 January 2020	**18.3**
Provision for expected credit losses	2.1
Impairment Reversal	(1.3)
31 December 2020	**19.1**

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

€ million	
1 January 2019	**18.9**
Provision for expected credit losses	1.9
Utilization	(0.5)
Change in scope of consolidation	(2.0)
31 December 2019	**18.3**

E.8 Inventories

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

In accordance with existing loan agreements, inventories totalling € 73.8m (2019: € 62.3m) are related to the Projects Highstreet Giessen and Bego as well as the newly acquired project Gabriela in 2020.

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

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

E.9 Trade Receivables

Trade receivables of € 33.0m (2019: € 48.5m) result from various fee income streams generated by the Group's Real Estate Investment Management Business with third party clients and receivables from renting activities.

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

€ million	Step 2 Simplified Approach	Step 3 Simplified Approach	Total
1 January 2020	**0.2**	**1.4**	**1.7**
Provision for expected credit losses	0.3	0.1	0.4
Write-off	0.0	(0.8)	(0.8)

€ million	Step 2 Simplified Approach	Step 3 Simplified Approach	Total
31 December 2020	**0.5**	**0.8**	**1.3**

E.10 Contract Assets

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

E.11 Other Current Financial Assets

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

E.12 Other Current Assets

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

E.13 Restricted Cash, Cash and Cash Equivalents

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

Cash and Cash Equivalents (€ 68.2m; 2019: € 103.2m) in the consolidated Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. The Group has included restricted cash as well as cash and cash equivalents as they are considered an integral part of the Group's cash management. Based on analysis performed expected credit loss risk is not material.

E.14 Share capital

E.14.1 Share capital

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

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

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

Furthermore, in September 2020 the Group issued new shares amounted to 4,186,382 as a capital increase. The increase in capital added an amount of € 313,979 into the share capital. The Group has completed its capital increase from authorized capital against cash contributions. The new issued ordinary shares were placed with domestic and international institutional investors outside the Unites States at a price of € 17.82 per share, resulting in gross proceeds of € 74,601,327. These new shares are entitled to dividends as of 1 January 2020 and were also included to trading in the Primary Standard segment of the Frankfurt Stock Exchange as of 18 September 2020.

Overall, the Company's share capital as of 31 December 2020 is set at € 1,924,953 (2019: € 1,588,460) represented by 25,666,025 (2019: 21,179,449) shares which are fully paid up. All shares are dematerialized shares without a par value. The shares are freely transferable in accordance with the legal requirements for shares in dematerialized form, that is, through book-entry transfers. There are no prohibitions on disposals or restrictions with respect to the transferability of the shares. All shares are subject to and governed by Luxembourg law.

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

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

E.14.2 Authorized capital

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

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

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

E.14.3 Other Reserves

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

The shareholders' share of profits is determined based on their respective interests in the Company's share capital. In a Luxembourg public limited liability company (société anonyme), resolutions concerning the distribution of dividends for a given financial year, and the amount thereof, are adopted by the annual general meeting of shareholders related to such financial year. The annual general meeting of shareholders decides on the allocation of the annual profit, if any. In accordance with the Company's Articles of Association, every year at least 5% of the annual net income (based on the local statutory financial statements) of the Company has to be set aside in order to build up the "legal reserve until the amount of the legal reserve has reached an amount of one tenth of the Share Capital."

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

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

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

On 26 April 2019, the Company's annual general meeting resolved to pay a distribution for the financial year ended 31 December 2018 amounting to € 52.9m (corresponding to €2.00 per issued share) out of the freely distributable reserves of the Company to the existing shareholders.

Equity-settled share-based payments (see Note F.6.3) result in an increase of the capital reserve in an amount of € 1.2m in the financial year 2020 (2019: € 1.9m).

E.15 Other Non-Current Provisions

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

Other Non-Current Provisions – Detailed composition

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

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

E.16 Non-Current Financial Liabilities from Bonds

Convertible bonds

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

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

The bonds have an equity- and debt component. The equity component has an amount of € 9.7m and reflects the value of the conversion right (written call option).

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

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

Bonds

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

The bonds with a maturity of 5 years were issued at 98.857% and will be redeemed at 100%. The bonds were placed with a coupon of 3.5% per annum, payable semi-annually in arrears. The issuance of the bonds took place on 23 March 2018.

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

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

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

E.17 Non-Current Financial Liabilities to Banks

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

E.18 Other Non-Current Financial Liabilities

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

E.19 Other Current Provisions

The table below shows the detailed compensation of current provisions:

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

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

E.20 Other Current Financial Liabilities to Banks

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

E.21 Trade Payables

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

E.22 Other Current Financial Liabilities

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

E.23 Other Current Liabilities

€ million	2020	2019
Liabilities from employee	16.9	7.3
Liabilities from other taxes (VAT, stamp duty)	5.8	5.2
Deferred income	3.5	7.2
Others	22.3	25.5
Total	**48.5**	**45.2**

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

F. OTHER INFORMATION

F.1 Segment information

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

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

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

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

The Group's management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Group's General and Administrative expenses, other income and Income Taxes (including Deferred and Current Taxes) are managed on a Group basis and are not allocated to operating segments.

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

Real Estate Investment Management

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

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

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

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

Alignment Capital Management

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

Real Estate Operations and Warehousing

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

F.1.2 Segment information

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

€ million	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	Total Segments	Overhead (not allocated)	Consolidated Financial Statements
Revenues:						
Revenues	193.3	0	6.3	199.6	0	199.6
Inter-segment revenues	0	0	0	0	0	0
Total Revenues	**193.3**	**0**	**6.3**	**199.6**	**0**	**199.6**
Income/expenses						
Expenses from Real Estate Investment Management	(117.7)	0	0	(117.7)	0	(117.7)
Share of Profit or Loss from Associates and Joint Ventures	0	(9.3)	0	(9.3)	0	(9.3)
Dividends from other Alignment Capital	0	8.8	0	8.8	0	8.8
Gains/losses from fair value measurement of financial instruments related to real estate	0	(6.8)	0	(6.8)	0	(6.8)
Expenses from Management of Associates and Joint Ventures	0	(17.3)	0	(17.3)	0	(17.3)
Net Gain (losses) from Selling Property Holding Companies / Inventories	0	0	(0.8)	(0.8)	0	(0.8)
Expenses from Real Estate Operations	0	0	(5.6)	(5.6)	0	(5.6)
Total earnings	**75.6**	**(24.7)**	**(0.1)**	**50.8**	**0**	**50.8**

€ million	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	Total Segments	Overhead (not allocated)	Consolidated Financial Statements
General and Administrative Expenses	0	0	0	0	(45.4)	(45.4)
Other income	0	0	0	0	11.2	11.2
Depreciation & Amortisation	(48.6)	0	0	(48.6)	(6.1)	(54.7)
Financial Income	0	0	0	0	5.3	5.3
Financial Expenses	0	0	0	0	(29.1)	(29.1)
Income Tax Expense	0	0	0	0	(7.0)	(7.0)
Segment Net Profit/(Loss)	**27.0**	**(24.7)**	**(0.1)**	**2.2**	**(71.1)**	**(68.9)**
Total Assets (31 December 2020)	**883.1**	**218.1**	**209.0**	**1,310.2**	**154.9**	**1,465.0**
Total Liabilities (31 December 2020)	**549.4**	**100.2**	**103.4**	**753.0**	**23.6**	**776.6**
Other disclosures						
Investment in Associates and Joint Ventures	**0**	**120.8**	**0**	**120.8**	**0**	**120.8**

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

€ million	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	Total Segments	Overhead (not allocated)	Consolidated Financial Statements
Revenues						
Total revenues	**236.2**	**0.0**	**14.7**	**250.9**	**0.0**	**250.9**
Income/expenses						
Expenses from Real Estate Investment Management	(95.2)	0	0	(95.2)	0	(95.2)
Share of Profit or Loss from Associates and Joint Ventures	0	11.9	0	11.9	0	11.9
Dividends from other Alignment Capital	0	10.3	0	10.3	0	10.3
Gains/losses from fair value measurement of financial instruments related to real estate	0	11.6	0	11.6	0	11.6
Expenses from Management of Associates and Joint Ventures	0	(12.2)	0	(12.2)	0	(12.2)
Net Gain from Selling Property Holding Companies / Inventories	0	0	18.7	18.7	0	18.7
Expenses from Real Estate Operations	0	0	(19.2)	(19.2)	0	(19.2)
Total earnings	**141.0**	**21.6**	**14.2**	**176.9**	**0**	**176.9**
General and Administrative Expenses	0	0	0	0	(24.6)	(24.6)
Other income	0	0	0	0	22.8	22.8
Depreciation & Amortisation	(23.6)	(0.1)	(0.2)	(23.9)	(7.2)	(31.1)
Financial Income	0	0	0	0	10.1	10.1
Financial Expenses	0	0	0	0	(33.6)	(33.6)
Income Tax Expense	0	0	0	0	(11.6)	(11.6)
Segment Net Profit/(Loss)	**117.4**	**21.5**	**14.0**	**152.9**	**(44.1)**	**108.8**

€ million	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	Total Segments	Overhead (not allocated)	Consolidated Financial Statements
Total Assets (31 December 2019)	**839.5**	**268.3**	**124.6**	**1,232.4**	**186.0**	**1,418.4**
Total Liabilities (31 December 2019)	**522.7**	**95.1**	**98.2**	**716.1**	**26.7**	**742.7**
Other disclosures						
Investment in Associates and Joint Ventures	0	126.5	0	126.5	0	126.5

F.1.3 Group-wide disclosures

The Group operates currently with a focus on Germany, Austria, United Kingdom, Switzerland, France, Spain and Poland. The Group has segmented its capital allocation by geographical area based on the location of the properties in its Real Estate Investment Management as well as Real Estate Operations/Warehousing business. The Group generates the major part of its revenues and income in Germany, because the Group and/or its associates are primarily concentrated on the German real estate market. The additions of CRM and STAM in 2019 and 2020 has broadened the Group's geographical footprint to the UK and France in terms of both capital allocation and revenues.

The following table sets forth the Group's capital allocation (comprising Investment in Associates or Joint Ventures, Long-term Loans to Associates, Receivables from Associates or Joint Ventures and Inventories) and revenues by geography for the periods indicated:

Geographical Segment Information (Secondary Segments)

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

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

The Group's management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Group's General and Administrative expenses, other income and Income Taxes (including Deferred and Current Taxes) are managed on a Group basis and are not allocated to operating segments.

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

F.2 Commitments and contingencies

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

Contingent Liabilities

€ million	2020	2019
Loan commitment	13.4	39.4
Placing and takeover obligations	44.1	2.8
Obligations under guarantees and warranty agreements	8.5	1.0
Total Loss Contingencies	**66.0**	**43.2**

The increase in the Contingent Liabilities is mainly the result of the projects "Weitblick Augsburg (HL Invest Augsburg KG)" and "WISAG Neuss (HL Invest Neuss KG)". For both projects HL KG acts as the placement warrantor. The placing and takeover obligations increased by € 43.9m through the project "Weitblick Augsburg". The loan commitments mainly relate to HL Invest Neuss KG (€ 7.1m). In 2019, loan commitments included € 26.4m from both HL Quartier West Darmstadt KG and HL Invest Hannover KG which were no longer granted at end of the reporting period. The increase in obligations under guarantees and warranty agreements predominantly relates to newly set-up HL Invest Chemnitz KG (€ 4.5m) and HL Invest Hannover KG (€ 1.4m).

The Group is exposed to legal disputes or conflicts with its clients, customers, and other counterparties. The company estimated the financial risks resulting from such possible disputes to be remote and concluded that no provisions are required for these risks in 2020.

F.3 Capital Management

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

For the Group's capital management, capital includes share capital and all other equity reserves attributable to the shareholders of the parent. The Group proactively manages its capital structure and makes necessary adjustments by either changing dividend pay-outs, returning capital to shareholders, or issuing new shares. No changes were made in the objectives, policies, or processes for managing capital during the year ended 31 December 2020.

F.4 Financial Risk Management Objectives and Policies

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

The overarching risk management system, which is designed in line with the size and operations of the Group, is geared towards the unpredictable nature of developments on the financial markets and aims to minimize potential negative effects on the Group's financial position. The Group identifies measures at regular intervals. In addition, the Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. The Group's management oversees the administration of these risks to ensure that an appropriate balance between risk and control is achieved. The Group's management reviews and agrees policies for managing each of these risks which are summarized below.

F.4.1 Liquidity risk

The Group monitors its risk of a shortage of funds using a recurring liquidity planning which is updated monthly. For short-term liquidity risks an efficient net working capital management is in place. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Maturities of financial liabilities (2020)

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

Maturities of financial liabilities (2019)

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

F.4.2 Credit risk

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

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

Trade Receivables (simplified approach)

€ million	Not yet due	Past-due - 1 to 90 days	Past-due - 91 to 180 days	Past-due - 181 to 360 days	Past-due - from 361 days	**Total**
Default ratio	0.4%	0.5%	1.5%	4.2%	10.3%	**1.7%**
Gross carrying amount of trade receivables as of 31 December 2020	1.1	21.5	4.3	2.0	2.5	**31.4**
Expected credit loss	0.0	0.1	0.1	0.1	0.3	**0.5**

Default ratios for 2020 do not materially derivate to 2019 numbers.

Other Receivables (general approach)

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

€ million	Gross carrying amount	Expected credit loss
Financial assets - Real estate industry	169.0	0.4
Financial assets - Others	33.1	0.0
Total other receivables	**202.0**	**0.4**

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

€ million	Gross carrying amount	Expected credit loss
Financial assets - Real estate industry	76.2	0.1
Financial assets - Others	188.8	0.0
Total other receivables	**265.0**	**0.1**

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

F.4.3 Foreign currency risk

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

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

F.4.4 Interest rate risk

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

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

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

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

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

F.5 Fair Value of Assets and Liabilities

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

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

As in previous year the Group's fair value measurements of assets are mainly within Level 3. Whereas, the fair value measurement of financial liabilities is mainly within level 1 due to corporate bonds traded on the capital market.

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

The table below summarizes the financial instruments that the Group holds and compares the carrying amount with the fair value of each class of financial instrument as at 31 December 2020:

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

The table below summarizes the financial instruments that the Group holds and compares the carrying amount with the fair value of each class of financial instrument as at 31 December 2019:

	Carrying amount 31 December 2019	Measurement in accordance with IFRS 9: Amortized cost	Fair value recognised through profit and loss	not applicable	Fair value 31 December 2019
Other Financial Instruments	172.2	5.0	167.2		172.2
Non-Current Receivables	35.5	8.8	18.2	8.5	27.0
Non-Current Loans to Associates	23.0	17.2	5.8		23.0
Other Current Financial Instruments	13.2	13.2		-	13.2

	Carrying amount 31 December 2019	Measurement in accordance with IFRS 9: Amortized cost	Fair value recognised through profit and loss	not applicable	Fair value 31 December 2019
Receivables from Associates	31.7	31.7			31.7
Trade Receivables	48.5	48.5			48.5
Restricted Cash	2.3	2.3			2.3
Cash and Cash Equivalents	103.2	103.2			103.2
Total Financial Assets	**430.6**				**422.1**
Non-Current Financial Liabilities to Banks	7.0	8.6			8.6
Non-Current Financial Liabilities to bonds	517.2	517.2			486.6
Other Non-Current Financial Liabilities	20.9	3.1		17.8	3.1
Other Financial Liabilities to Banks	47.7	47.7			47.7
Other Current Financial Liabilities	3.2	-		3.2	3.2
Current Liabilities to Associates	8.5	8.5			8.5
Trade Payables	14.3	14.3			14.3
Total Financial Liabilities	**618.7**				**597.7**

Non-applicable items mainly relate to lease receivables (€ 13.0m; 2019: -) respectively lease payables (€ 27.4m; 2019: € 20.9m) that are considered in the context of IFRS 16. Non-Current receivables also include a receivable under a contingent contract (€ 8.5m; 2019: € 8.5m) that is not considered a financial instrument within the meaning of IFRS 9.

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

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

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

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

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

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

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

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

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

For the major positions within the balance sheet item "Other Financial Instruments" the Group uses third- party pricing information. The remaining positions (€ 15.1m) are calculated by applying DCF method. Future cashflows deriving from the investments are discounted with the according discount rate. Forecasts for future cashflows are prepared by asset management. For each reporting date the discount rate is calculated on the basis of cost of capital method, using relevant risk-free interest rate, market risk premium and beta.

The Group performed a sensitivity analysis by changing relevant input parameters in a reasonable way (i.e. forecasts -/+ 10%; discount rate +/- 100 bp). In these scenarios, the fair value would differ within a range of € -20.1m to € +21.3m.

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

The table below summarizes per IFRS 9 category the net gains and losses resulting from financial instruments as at 31 December 2020:

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

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

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

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

F.6 Related Party Information

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

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

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

Major shareholders and shareholders' related entities

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

Former Related Parties as at 31 December 2020	related to/as
Norbert Ketterer	Shareholder until 2020
Sandra Ketterer	Shareholder until 2020
W5 Group AG	Shareholder until 2019
W5 Group GmbH	Shareholder until 2019
W5 Group LLC	Shareholder until 2019
Ketom AG	Shareholder until 2020
Helvetic Real Estate Financing AG (HREF)	Shareholder until 2020
Gateway AG	Shareholder until 2020
Dr. Georg Allendorf	Supervisory Board until 2020
Dr. Gabriele Apfelbacher	Supervisory Board until 2020
Timothy Blackwell	Supervisory Board until 2020
Marc Drießen	Supervisory Board until 2020
Olaf Klinger	Supervisory Board until 2020
Thalos	Supervisory Board (M. Blattmann) until 2020
Vicenda	Supervisory Board (M. Blattmann) until 2020
Felur Swiss Treuhand AG	Supervisory Board (U. Felder) until 2020
Micha Blattmann	Supervisory Board until 2020
Urs Felder	Supervisory Board until 2020
Ulrich Plett	Supervisory Board until 2020
Jonathan Lurie	Supervisory Board until 2020
Realty Corporation Ltd	Supervisory Board (J. Lurie) until 2020
Thomas Landschreiber	Management Board until 2020

CCH SA Key Management People

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

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

- Lars Schnidrig (Chief Financial Officer of CORESTATE Capital Holding S.A.) – since 1 December 2020; from 1 April 2019 until 1 December 2020 Chief Executive Officer; from 1 July 2017 until 31 March 2019 Chief Financial Officer

- Nils Hübener (Chief Investment Officer of CORESTATE Capital Holding S.A.) – since 1 April 2020

- Thomas Landschreiber (Chief Investment Officer of CORESTATE Capital Holding S.A.) – since 21 August 2015 until 31 March 2020

- Daniel Löhken (Chief Legal & HR Officer of CORESTATE Capital Holding S.A.) – since 1 November 2020

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

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

Member of the Supervisory Board

- Friedrich Munsberg (Chairman) – since 29 November 2020

- Prof. Dr. Hermann Wagner (Deputy Chairman) – since 29 November 2020

- Dr. Friedrich Oelrich (Member) – since 29 November 2020

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

Former Member of the Supervisory Board in 2020

- Dr. Georg Allendorf – 5 June 2020 until 29 November 2020

- Timothy Blackwell – 5 June 2020 until 29 November 2020

- Dr. Gabriele Apfelbacher – 5 June 2020 until 29 November 2020

- Marc Drießen – 5 June 2020 until 29 November 2020

- Olaf Klinger – 5 June 2020 until 29 November 2020

- Micha Blattmann – 23 September 2015 until 5 June 2020

- Urs Felder – 21 August 2015 until 5 June 2020

- Ulrich Plett – 23 September 2015 until 5 June 2020

- Jonathan Lurie – 26 April 2019 until 5 June 2020

F.6.1 Transactions with shareholders and shareholder related entities

The following table sets out all payments made to shareholders and shareholders' related entities made by the Group in the period 1 January through 31 December 2020. Hence, such amounts do not necessarily reconcile with the Consolidated Income Statement for the financial year 2020.

Transactions with shareholders and shareholder related entities

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

F.6.2 Transactions with Key Management Personnel

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

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

Transactions with Key Management Personnel and members of Supervisory Board

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

In prior years, some senior management members participated in minority investments through limited partner structures. All profits were distributable to the senior management members as limited partners.

The program was stopped, and all minority interests were bought back by the Group resulting in LTI termination payments of € 1.5m in 2020. In September 2020, Lars Schnidrig's mandate as CEO was terminated by mutual agreement. Due to the still ongoing employment contract, Lars Schnidrig received a severance payment in the amount of € 3.9m. All contractual payment claims were settled with the compensation.

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

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

F.6.3 Share-based payments

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

Equity-settled LTI-Plans

Daniel Löhken and René Parmantier are granted equity-settled LTI options. The two board members are granted LTI options in three tranches, one third each year of being appointed to the Group's Management Board. The amount of share-based payments for each tranche depends on the individual achievement of the board members' agreed targets. Therefor the targets are not only based on financial KPIs but also on non-financial aspects (e.g. ESG). If a board member achieves 50% or less of its annual targets no LTI shares are transferred. If a board member achieved between 51% and 100% of targets, this leads to a proportional allocation of the yearly LTI options and the calculated number of LTI shares (gross) will be transferred, if necessary, after issuing new shares, at the end of the respective performance period to the deposit of the board member. If the service agreement starts or ends during the course of a fiscal year, the amount shall be calculated pro-rata basis. From this point on, the shares are subject to a contractual holding period of four years.

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

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

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

Cash-settled LTI-plans

Nils Hübener has been granted LTI options based on a target amount totalling € 900,000. The number of LTI options results from the quotient of the above target amount and (i) the closing price of the

Group's share on 12 September 2019 or (ii) the average closing price of the last five trading days before taking effect of the service agreement including this day as of 1 April 2020. The lower of the two values is decisive. He can execute the LTI options in three tranches, one third each after 12, 24 and 36 months after this service agreement entered into force. He can further choose between equity or cash settlement. Therefor the LTI-plan is recognized as a cash-settled plan. The decision of the board member in respect of the settlement shall be communicated to the Chairman of the Supervisory Board within four weeks after the respective performance period. If there is no such notification or if it is not done in due time the cash settlement option will be applied. If the board member chooses the equity settlement, the calculated number of LTI shares (gross) will be transferred, if necessary, after issuing new shares, at the end of the respective performance period to the deposit of the board member. From this point on, the shares are subject to a contractual holding period of twelve months at the most, however, until the end of the service agreement. If the board member chooses the cash settlement option, he receives the payment immediately after the respective performance period in an € (gross) amount that corresponds to the product of the company share price based on the average closing price of the last five trading days before the end of the respective performance period and the calculated number of LTI options. In 2020, the related expense as well as the corresponding obligation amounted to € 0.2m.

Lars Schnidrig was granted LTI options based on a target amount totalling € 2,400,000. The number of LTI options results from the quotient of the above target amount and (i) the closing price of the Group's share on 19 March 2019 or (ii) the average closing price of the last five trading days before taking effect of the service agreement including this day as of 1 April 2019. The lower of the two values is decisive. He receives 25% of the granted shares at grant date and the additional 75% over the four years of his appointment. He can choose either equity or cash settlement. Therefor the LTI-plan is classified as a cash-settled plan. The decision of the board member in respect of the settlement shall be communicated to the Chairman of the Supervisory Board within four weeks after the respective performance period. If there is no such notification or if it is not done in due time it means that the cash settlement option will be applied. If the board member chooses the equity settlement, the calculated number of LTI shares (gross) will be transferred, if necessary, after issuing new shares, at the end of the respective performance period to the deposit of the board member. From this point on, the shares are subject to a contractual holding period of twelve months at the most, however, until the end of the service agreement. If the board member chooses the cash settlement option, he will receive it immediately after the respective performance period in an € (gross) amount that corresponds to the product of the company share price based on the average closing price of the last five trading days before the end of the respective performance period and the calculated number of LTI options.

In 2020 the Executive Board member Lars Schnidrig received a tranche from his individual LTI-option agreement in the amount of € 0.5m. With the termination of his contract as Chief Executive Officer (CEO) all claims relating to LTI-options were settled with a lump sum payment of € 0.3m at the end of 2020. Claims from a further option agreement resulting from his former contract as Chief Financial Officer (CFO) were settled with a one-time payment of € 0.1m.

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

Corestate Capital Holding S.A. Share Program

In 2019, Corestate started a Performance Share Program for important senior manager and high performer as well as for new hires who joined the Group after the 1 January 2019. At the beginning of the performance period in 2019 or if the participant is entering one or more years later, all participants receive an individualized grant letter in which the individual target value of the performance shares in euros ("target value") is set out. The grant letter contains the number of virtual performance shares granted. Performance shares are not linked to any administrative, voting or dividend rights or rights to other distributions. They merely represent a calculation item for determining the future conditional entitlement to Corestate shares to be issued and transferred (real shares). Performance shares are transferred to the participants in annual tranches in the form of real shares from the third year onwards or if the participants join the program later from their third year on based on their start date in the program (it requires a waiting period of two years in which no real shares are transferred). The transfer is take in place in four or less equivalent tranches (25% or 33.33% or 50% of the total number of performance shares each, depending on the start of the participant in the program) – subject to the achievement of the relevant performance targets which is an annually increase of the share price of 10% each year.

The increase in the stock market price as the key performance target is calculated by dividing the "transfer price" by the closing price. The transfer price is defined as the arithmetic mean of the closing prices of the last 12 trading months prior to 31 December of the respective year of the performance period. As said, the performance target is deemed to have been achieved if the cumulative transfer price increased by at least 10% each year compared with the closing rate (annual performance target).

The fair value of the synthetic stock options is measured using a Monte Carlo option pricing model considering the terms and conditions upon which the options were granted. The beneficiary may exercise the options between the end of the waiting period and the end of the term of the option on the condition that the employment contract has not been terminated and neither the beneficiary nor the company has notified in writing the termination of the employment contract by that date.

For the stock option valuation, the contractual life of the options and the possibility of early exercise were considered in the Monte Carlo simulation. The risk-free interest rate is the implied yield currently available on Luxembourg government issues with a remaining term equal to the term of the options. The future volatility for the lives of the options was estimated based on historical volatilities also considering the management's expectation of future market trends.

The Performance Share Program was classified as equity-settled plan and the resulting expense are recognized during the vesting period on a pro-rata-basis with a corresponding increase in equity (other reserves). Furthermore, the amount recognized is based on the best available estimate of the number of options expected to vest and is revised, if subsequent information indicates that the number of options expected to vest differs from previous estimates.

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

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

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

Transactions with Associates (Co-Investments)

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

Balance with Associates (Co-Investments)

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

F.7 Group entities

CCH SA is the parent company of the Group. The consolidated financial statements include all companies which the Group controls, i.e. for which particularly CCH SA owns, directly or indirectly through subsidiaries, more than half of the voting rights. There are no restrictions regarding cash or dividend payments from such subsidiaries

Group entities

		2020	2019
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Capital Holding S.A.	**Luxembourg**	**Parent Company**	**Parent Company**
AF ATHENA GmbH	Frankfurt on Main/Germany	100.00%	100.00%
ATOS Property Management GmbH	Hamburg/Germany	100.00%	100.00%
Ardville Invest S.L.	Madrid/Spain	100.00%	n.a.
Bayreuth Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Bagley Invest S.L.	Madrid/Spain	100.00%	n.a.
Bego HoldCo I S.L.	Madrid/Spain	100.00%	100.00%
Bego HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Bego PropCo I S.L.	Madrid/Spain	100.00%	100.00%
BER REV HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
CAPERA Immobilien Service GmbH	Neu-Isenburg/Germany	100.00%	100.00%
CE Bad Honnef Betriebsgesellschaft mbH	Frankfurt on Main/Germany	100.00%	100.00%
Corestate Capital International S.à r.l. (prev. CCIS Master HoldCo S.à r.l.)	Luxembourg	100.00%	100.00%
Cisnes E Silhuettas	Lisbon/Portugal	100.00%	100.00%
Corestate Ben HoldCo GmbH & Co. KG	Frankfurt on Main/Germany	100.00%	100.00%
CORESTATE Capital Advisors GmbH	Frankfurt on Main/Germany	100.00%	100.00%
CORESTATE Capital Advisors GmbH (Spanish branch)	Madrid/Spain	100.00%	100.00%
CORESTATE CAPITAL AG	Baar/Switzerland	100.00%	100.00%
CORESTATE Capital Beteiligungs Verwaltungs GmbH	Frankfurt on Main/Germany	100.00%	100.00%
Corestate Capital Dept Advisory GmbH	Frankfurt on Main/Germany	100.00%	100.00%
Corestate Capital Italy S.R.L.	Milan/Italy	100.00%	n.a.
Corestate Capital France HoldCo SAS	Paris/France	100.00%	100.00%
CORESTATE CAPITAL Fund Management S.à r.l.	Luxembourg	100.00%	100.00%
CORESTATE Capital Group GmbH	Frankfurt on Main/Germany	100.00%	100.00%

		2020	2019
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Capital Holding S.A.	**Luxembourg**	**Parent Company**	**Parent Company**
Corestate Capital Investors (Europe) GmbH	Frankfurt on Main/Germany	100.00%	100.00%
CORESTATE Capital Partners GmbH	Zurich/Switzerland	100.00%	100.00%
CORESTATE Capital Partners UK Limited	London/United Kingdom	100.00%	100.00%
Corestate Capital Sales Holding S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Capital Services GmbH	Wollerau/Switzerland	100.00%	100.00%
CORESTATE Capital Transactions AG	Baar/Switzerland	100.00%	100.00%
CORESTATE CIV GmbH	Frankfurt on Main/Germany	100.00%	100.00%
Corestate FIF Portfolio Verwaltung GmbH	Hamburg/Germany	100.00%	100.00%
Corestate Marketing GmbH	Frankfurt on Main/Germany	100.00%	100.00%
CORESTATE MCIF GmbH & Co. KG	Frankfurt on Main/Germany	100.00%	86.67%
CORESTATE MCIF Germany GmbH & Co. KG	Frankfurt on Main/Germany	100.00%	83.87%
Corestate Shelf 11 S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Shelf 15 S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Student Home Holding S.à r.l.	Luxembourg	100.00%	100.00%
Corestate ZGE Feeder GmbH & Co. KG	Frankfurt on Main/Germany	100.00%	100.00%
Court HoldCo GmbH	Frankfurt on Main/Germany	100.00%	100.00%
Court PropCo S.à r.l.	Luxembourg	100.00%	100.00%
CRM Micro Living Services Italy S.R.L.	Milan/Italy	100.00%	n.a.
CRM Poland sp.z.o.o.	Warsaw/Poland	100.00%	n.a.
CRM Students Ltd	Oxford/United Kingdom	100.00%	100.00%
Dedan AIF S.à r.l. (prev. Dedan HoldCo S.à r.l.)	Luxembourg	100.00%	100.00%
Design Center AIF S.à r.l.	Luxembourg	100.00%	n.a.
DONALD HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Echo HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Frankfurt Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Gabriela HoldCo S.à r.l. (prev. Corestate Shelf 18 S.à r.l.)	Luxembourg	100.00%	100.00%
Gabriela HoldCo S.L.	Madrid/Spain	100.00%	n.a.
Gabriela PropCo S.L.	Madrid/Spain	100.00%	n.a.
GENOST Consulting GmbH	Leipzig/Germany	100.00%	100.00%
Ginova AIF S.à r.l.	Luxembourg	100.00%	100.00%
Ginova PropCo S.à r.l.	Luxembourg	100.00%	100.00%
Grindel AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Hannover Leasing Verwaltungsgesellschaft mbH	Pullach/Germany	100.00%	100.00%
HARBOUR AcquiCo 1 AIF S.à r.l.	Luxembourg	100.00%	100.00%
Hartly Invest S.L.	Madrid/Spain	100.00%	100.00%
HFS Helvetic Financial Services AG	Wollerau/Switzerland	100.00%	100.00%
Highstreet IX TopCo Ltd.	Guernsey	100.00%	100.00%
Iberian HoldCo II S.à r.l.	Luxembourg	100.00%	100.00%
Iberian HoldCo II S.L.	Madrid/Spain	100.00%	100.00%
Iberian Investments II HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Iberian PropCo II S.L.	Madrid/Spain	100.00%	100.00%
JOYN Vermietungsgesellschaft mbH	Frankfurt on Main/Germany	100.00%	n.a.
LOMBARDO Verwaltungsgesellschaft mbH	Pullach/Germany	89.58%	89.58%

		2020	2019
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Capital Holding S.A.	**Luxembourg**	**Parent Company**	**Parent Company**
Madison HoldCo S.à r.l.	Luxembourg	100.00%	n.a.
Mainz Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Marburg TopCo Ltd.	Guernsey	100.00%	100.00%
MicroLiving Service zwei GmbH	Vienna/Austria	100.00%	100.00%
Monet S.à r.l.	Luxembourg	77.67%	n.a.
PALMYRA Verwaltungs GmbH & Co. Vermietungs KG	Pullach/Germany	89.58%	89.58%
PALMYRA Verwaltungs GmbH & Co. Verm. KG S.e.n.c.	Luxembourg	84.92%	84.92%
Paolia Sp. z o.o.	Warsaw/Poland	100.00%	n.a.
Plutos HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Potsdam Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Projekt AcquiCo III S.à r.l.	Luxembourg	100.00%	100.00%
ROSE HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Stadttor Düsseldorf AcquiCo S.à r.l.	Luxembourg	100.00%	100.00%
STAM Europe SAS	Paris/France	100.00%	n.a.
STAM France Investment Managers SAS	Paris/France	100.00%	n.a.
STAM Property Management SAS	Paris/France	100.00%	n.a.
STAM RE III S.à r.l.	Paris/France	100.00%	n.a.
Stam Co-Invest	Luxembourg	77.67%	n.a.
Tempelhof Twins HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Tempelhof Twins TopCo S.à r.l.	Luxembourg	100.00%	100.00%
UPARTMENTS Real Estate GmbH	Leipzig/Germany	100.00%	100.00%
Urban Micro Estate Immobilienverwaltungs GmbH	Vienna/Austria	100.00%	100.00%
Urban Micro Estate Swiss Immobilienverwaltungs GmbH	Zurich/Switzerland	100.00%	n.a.
Wallhalla HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Wallhalla PropCo S.à r.l.	Luxembourg	100.00%	100.00%
Across OpCo S.à r.l. (prev. Corestate Shelf 19 S.à r.l.)	Luxembourg	sold	100.00%
ATOS Real Estate GmbH	Vienna/Austria	sold	100.00%
CC Venture Management S.à r.l.	Luxembourg	sold	100.00%
Corestate Capital Senior BondCo S.à r.l.	Luxembourg	sold	100.00%
Corestate Capital Junior BondCo S.à r.l.	Luxembourg	sold	100.00%
Corestate Condor PropCo GmbH	Vienna/Austria	sold	100.00%
CAP FinCo S.à r.l.	Luxembourg	sold	100.00%
CAP HoldCo S.à r.l.	Luxembourg	sold	100.00%
ISARTAL Beteiligungsverwaltungs GmbH	Frankfurt on Main/Germany	sold	100.00%
Manneken AIF S.à r.l.	Luxembourg	sold	100.00%
Manneken HoldCo S.à r.l.	Luxembourg	sold	100.00%
Micro Living Properties Spain S.L.U.	Madrid/Spain	sold	100.00%
RECAP FinCo VI S.à r.l.	Luxembourg	sold	100.00%
RECAP FinCo II S.à r.l.	Luxembourg	sold	100.00%
TURBO FRA AcquiCo II GmbH & Co. KG	Frankfurt on Main/Germany	merged	100.00%
CORESTATE ENERGY HoldCo S.à r.l. i. L.	Luxembourg	merged	100.00%

		2020	2019
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Capital Holding S.A.	**Luxembourg**	**Parent Company**	**Parent Company**
Corestate Condor TopCo GmbH	Frankfurt on Main/Germany	merged	100.00%
Squirrel AcquiCo I S.à r.l.	Luxembourg	merged	100.00%
Corestate CAPTIVE PropCo V S.à r.l.	Luxembourg	merged	100.00%
Highstreet IX HoldCo S.à r.l	Luxembourg	merged	100.00%
CORESTATE Capital Advisors (Singapore) Pte. Ltd.	Singapore	liquidated	100.00%
Highstreet Premium II AcquiCo Limited	Guernsey	liquidated	100.00%
Investam S.à r.l.	Luxembourg	liquidated	n.a.

Group entities (Sub Group Hannover Leasing)

		31. Dec 20	31. Dec 19
Name	Seat and Country of incorporation	% equity interest	% equity interest
Hannover Leasing GmbH & Co. KG	Pullach/Germany	94.90%	94.90%
Accontis GmbH Finanzanlagen und Beteiligungen	Frankfurt on Main/Germany	94.90%	94.90%
AKANTHUS Verwaltungsgesellschaft mbH	Pullach/Germany	89.21%	89.21%
BERYTOS Verwaltungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
Delta Vermietungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
DIRAN Verwaltungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
DIV Deutsche Immobilienfonds GmbH	Pullach/Germany	94.90%	94.90%
Freizeitgeräte Leasing GmbH	Pullach/Germany	94.90%	94.90%
FRICTION Verwaltungsgesellschaft mbH	Pullach/Germany	62.63%	62.63%
Galena Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94.59%	94.59%
GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	86.43%	86.43%
GORDION Verwaltungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Automotive GmbH	Pullach/Germany	84.15%	84.15%
HANNOVER LEASING Belgien Beteiligungs GmbH & Co. KG	Pullach/Germany	94.90%	94.90%
Hannover Leasing Beteiligungs GmbH & Co. KG	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Investment GmbH	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Investment Beteiligungs GmbH	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Private Invest Beteiligungs GmbH	Pullach/Germany	86.60%	86.60%
HANNOVER LEASING Private Invest II GmbH & Co. KG	Pullach/Germany	86.60%	86.60%
HANNOVER LEASING Treuhand GmbH	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Wachstumswerte Europa Beteiligungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Wachstumswerte Europa VI GmbH & Co. KG i.L.	Pullach/Germany	94.90%	94.90%
HANNOVER-LEASING Treuhand-Vermögensverwaltung GmbH	Pullach/Germany	94.90%	94.90%
HERSCHEL Verwaltungsgesellschaft mbh	Pullach/Germany	62.63%	62.63%
IKARIA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94.90%	94.90%

Name	Seat and Country of incorporation	31. Dec 20 % equity interest	31. Dec 19 % equity interest
KERA Verwaltungsgesellschaft mbH	Pullach/Germany	62.63%	62.63%
MANCALA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94.90%	94.90%
NIGRESCO Verwaltungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
NOVELLINO Geschäftsbesorgungs GmbH & Co. Verwaltungs KG	Pullach/Germany	94.90%	94.90%
ORION Verwaltungsgesellschaft mbH & Co. Beteiligungs KG	Pullach/Germany	94.90%	94.90%
SINGULI Verwaltungsgesellschaft mbH	Pullach/Germany	62.63%	62.63%
VANESSA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94.90%	94.90%
CAMPANULA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	merged	78.00%
HANNOVER LEASING Wachstumswerte Europa VIII GmbH & Co. KG i.L.	Pullach/Germany	sold	47.49%
MERIT Beteiligungsgesellschaft mbH i.L.	Pullach/Germany	liquidated	94.90%

F.8 Report on Business Relationships with Structured Entities

Disclosures on unconsolidated structured entities

The fund business and other operating activities of the Group's companies give rise to various business relationships with structured entities within the meaning of IFRS 12. A structured entity is an entity that has been designed so that the exercise of voting or similar rights under company law is not the dominant factor in deciding who controls the entity as defined by IFRS 10.

The non-consolidated structured entities with which Corestate has business relationships are funds divided into the asset classes media, real estate and large-scale facilities.

The extent of the structured entities is based on the amount of historical fund assets under management. As of 31 December 2020, Corestate's non-consolidated structured entities are as follows:

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

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

Disclosures on consolidated structured entities

If a structured entity is included in the basis of consolidation in accordance with IFRS 10, the business relationships with other consolidated entities are subject to the normal consolidation requirements. As of 31 December 2020, two structured entities were consolidated in accordance with IFRS 10 and affect all real estate funds. Corestate only participates in these companies with equity.

Sponsored non-consolidated entities in which Corestate holds no shares as at the reporting date

As a sponsor Hannover Leasing Group has often been involved in incorporating and marketing a large number of structured entities. Structured entities are considered sponsored by Hannover Leasing Group if they can be associated with and are supported by Hannover Leasing Group.

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

F.9 Significant Events after the Reporting Date

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

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

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

Luxembourg, 19 March 2021

René Parmantier Chief Executive Officer	**Sebastian Ernst** Chief Debt Investment Officer	**Nils Hübener** Chief Investment Officer
Daniel Löhken Chief Legal & HR Officer	**Johannes Märklin** Chief Debt Financing Officer	**Lars Schnidrig** Chief Financial Officer

RESPONSIBILITY STATEMENT OF CONSOLIDATED AND STATUTORY ACCOUNTS CORESTATE CAPITAL HOLDING S.A.

We confirm in accordance to Article 3 (2) c of the Luxembourg Law on Transparency requirements for the Issuers, to the best of our knowledge, that the consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries ("Group") which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and the annual accounts of Corestate Capital Holding S.A. ("Company") which have been prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company, and that the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities, uncertainties and risks associated with the expected development of the Group.

Luxembourg, 19 March 2021

René Parmantier Chief Executive Officer	**Sebastian Ernst** Chief Debt Investment Officer	**Nils Hübener** Chief Investment Officer
Daniel Löhken Chief Legal & HR Officer	**Johannes Märklin** Chief Debt Financing Officer	**Lars Schnidrig** Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Corestate Capital Holding S.A.
4, rue Jean Monnet
L-2180 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Impairment test of the goodwill and other intangible assets with indefinite useful lives

Description

As part of acquisitions and related business combinations, the Group recorded goodwill and other intangible assets with indefinite useful lives (trademarks) amounting in total to EUR 624.8 million and representing 43% of the total Group's consolidated assets as of 31 December 2020. Goodwill and trademarks with indefinite useful life are subject to an annual impairment test.

We considered the annual impairment test for goodwill and trademarks to be a key audit matter because the assessment process is complex, involves significant management judgement and is based on assumptions that are affected by projected cash flows, growth rates, discount rates and overall future market and economic conditions, including the effects of the COVID19 pandemic. Based on the impairment test, including sensitivity tests, management concluded that no impairment of goodwill and trademarks (in addition to what has been recorded) is necessary.

Auditor's response

Our audit procedures included a reconciliation of the projected EBITDA in the management's impairment test models to the management's business plan and adjustments thereto. In addition, we assessed the plausibility of cash flows used in management's calculations by comparing them to actual historical data and prior year business plans, and by evaluating the relationship with some forward-looking performance indicators and checked mathematical accuracy of the calculations.

We involved our internal specialist to assist us in evaluating appropriateness of valuation methodologies selected by management for impairment test and technical accuracy of the calculation, and whether applied parameters, including the growth rates beyond 5 years and the discount rates used in the impairment test model are reasonable. We also assessed the adequacy of the related disclosures in the consolidated financial statements concerning those key assumptions to which the outcome of the impairment test is most sensitive.

b) Fair value of investment properties held by associates

Description

The Group has significant investments in associates amounting to EUR 108.0 million as of 31 December 2020. The Group's associates' main assets are investment properties.

The investments in associates are accounted for using the equity method. In accordance with the Group accounting policies, investment properties owned by associates are initially recognised at cost and subsequently measured at fair value at each reporting date. Thus, the Group's share in the net assets and financial performance of the associates is significantly impacted by the fair value of the investment properties that they own. The fair values are determined based on a periodic valuation, performed mainly by accredited independent valuers applying a valuation method recommended by the International Valuation Standards Committee. As part of the COVID 19 pandemic situation, a number of independent valuers have included material uncertainty statements in their valuation reports in accordance with the RICS Red Book statement.

The valuation of the investment properties is a significant estimate and is underpinned by a number of factual inputs and assumptions. The valuation is inherently subjective due to, among other factors, the individual nature of each property, the location and the estimate of expected cash flows generated by future rentals. The valuation models apply assumptions for discount and capitalization rates and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the fair value.

Auditor's response

As part of our audit procedures over the valuation of investment properties owned by Group's associates, we evaluated the competence, capabilities and objectivity of the valuers. For a sample of the valuations, we traced the inputs used in the valuation process to corresponding lease agreements and other relevant documentation.

We involved our real estate specialist to assist us in assessing the methodologies and assumptions used in the valuation models. In particular, we assessed whether the applied valuation methods are appropriate for the purpose of the valuation of the underlying investment properties. We considered assumptions and judgements used by the Group in the valuations following the impact of COVID-19. We also challenged the assumptions used in the valuation models, including discount and capitalisation rates, against available market data.

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

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

Description

Other current financial assets include loans (and related interest) granted by the Group as a bridge financing for project developments for an amount of EUR 107.1 million as at 31 December 2020. In accordance with the Group accounting policies, these loans are measured at amortised cost. Management performs an impairment assessment of its financial assets and recognizes an allowance for expected credit losses in accordance with IFRS 9.

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

Auditor's response

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

Other information

The Management Board is responsible for the other information. The other information comprises the information included in the Group management report and the Report on corporate governance but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and of those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.

- Conclude on the appropriateness of Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 5 June 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 years.

The Group Management Report, which is the responsibility of the Management Board, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Report on Corporate Governance is the responsibility of the Management Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We provided the following permitted services in addition to the statutory audit:

- review of the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020.

Other matter

The report on corporate governance includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young

Société anonyme

Cabinet de révision agréé

Pavel Nesvedov

Luxembourg, 19 March 2021

Audited Consolidated Financial Statements of Corestate Capital Holding S.A. prepared in accordance with IFRS as of and for the financial year ended 31 December 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

€ thousand	Notes	31.12.2019	31.12.2018
Non-Current Assets			
Property, Plant and Equipment	F.1	24,197	18,833
Other Intangible Assets	F.2	109,553	132,424
Goodwill	F.3	567,120	567,124
Investment in Associates and Joint Ventures	F.4	126,470	87,975
Other Financial Instruments	F.5	172,229	93,715
Long-term Receivables	F.6	35,502	54,467
Long-term Loans to Associates	F.7	23,004	8,169
Deferred Tax Assets		11,843	22,213
Total Non-Current Assets		**1,069,917**	**984,920**
Current Assets			
Advance Payments		6,308	13,780
Other short-term Financial Instruments		3,175	118
Inventories	F.8	62,295	91,769
Receivables from Associates		31,729	7,452
Trade Receivables	F.9	48,479	32,511
Other short-term Receivables		12,950	7,498
Contract Assets		22,986	12,731
Current Income Tax Assets		1,990	1,706
Other Short-term Assets	F.10	52,776	41,271
Restricted Cash	F.11	2,596	2,498
Cash and Cash Equivalents	F.11	103,218	194,424
Total Current Assets		**348,502**	**405,758**
TOTAL ASSETS		**1,418,419**	**1,390,678**

EQUITY AND LIABILITIES

€ thousand	Notes	**31.12.2019**	**31.12.2018**
Equity			
Share Capital	F.12	1,588	1,600
Other Reserves	F.13	563,327	515,984
Net Profit/(Loss) for the Period		108,530	104,632
Equity attributable to shareholders of parent company		673,445	622,216
Non-controlling Interests		2,902	(1,267)
Total Equity		**676,347**	**620,949**
Non-Current Liabilities			
Other long-term Provisions	F.14	1,276	6,040
Long-term Financial Liabilities to Banks	F.15	7,042	69,683
Other Long-term Financial Liabilities	F.16	538,118	514,484
Deferred Tax Liabilities		9,723	23,328
Other non-current Liabilities		6,365	12,537
Total Non-Current Liabilities		**562,525**	**626,072**
Current Liabilities			
Other Short-term Provisions	F.17	13,908	33,443
Short-term Financial Liabilities to Banks		47,657	468
Other Short-term Financial Liabilities		3,198	2,479
Short-term Liabilities to Associates		8,473	821
Trade Payables	F.18	14,283	11,664
Current Income Tax Liabilities		46,785	42,706
Other Current Liabilities	F.19	45,244	52,077
Total Current Liabilities		**179,547**	**143,657**
SUBTOTAL LIABILITIES		**742,072**	**769,729**
TOTAL EQUITY AND LIABILITIES		**1,418,419**	**1,390,678**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

€ thousand	Notes	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Revenue from Acquisition Related Fees	G.1	35,074	41,644
Revenue from Asset and Property Management	G.2	175,316	135,016
Income from Mezzanine Loans	G.3	17,058	8,549
Revenue from Promote Fees realised		8,757	-
Total Revenue from Real Estate Investment Management		*236,204*	*185,209*
Total Expenses from Real Estate Investment Management	G.4	*(95,163)*	*(71,202)*
Total Earnings from Real Estate Investment Management		**141,042**	**114,008**
Share of Profit or Loss from Associates and Joint Ventures	G.5	11,931	11,898
Dividends from other Alignment Capital	G.6	10,321	16,472
Gains/losses from fair value measurement of financial instruments related to real estate		11,591	-
Expenses from Management of Associates and Joint Ventures	G.7	(12,225)	(9,550)
Total Earnings from Alignment Capital Management		**21,618**	**18,820**
Net Rental Income	G.8	11,160	17,809
Revenue from Service Charges		3,548	1,413
Net Gain from Selling Property Holding Companies/Inventories	G.9	18,671	59,366
Total Income from Real Estate Operations/Warehousing		*33,379*	*78,588*
Expenses from Real Estate Operations/Warehousing	G.10	*(19,179)*	*(19,524)*
Total Earnings from Real Estate Operations/Warehousing		**14,200**	**59,064**
General and Administrative Expenses	G.11	(24,650)	(26,830)
Other Income		22,817	9,064
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)		**175,027**	**174,125**
Depreciation and Amortisation	G.12	(31,102)	(27,063)
Earnings before Interest and Taxes (EBIT)		**143,925**	**147,062**
Financial Income	G.13	10,076	14,178
Financial Expenses	G.14	(33,564)	(43,377)
Earnings before Taxes (EBT)		**120,437**	**117,863**
Income Tax Expense	H.	(11,645)	(14,375)
Net Profit/(Loss) for the Period		**108,792**	**103,488**
of which attributable to equity holders of parent company		108,530	104,632
of which attributable to non-controlling interests		262	(1,144)
Total Revenues[1]		**250,913**	**204,431**
Total Expenses[2]		**(151,217)**	**(127,107)**

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

2 excluding Financial Expenses and Depreciation and Amortization

€ thousand	2019	2018
Earnings per Share (in €):		
Basic, Profit for the Year attributable to Ordinary Equity Holders of the Parent	5.11	4.91
Diluted, Profit for the Year attributable to Ordinary Equity Holders of the Parent	5.11	4.91
Net Profit/(Loss) for the Period	**108,792**	**103,488**
Other Comprehensive Income (in k€)		
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):		
Exchange differences on translation of foreign operations	191	(3,146)
Income tax effect	-	678
Net (loss)/gain on cash flow hedges	-	2,470
Income tax effect	-	(123)
Net Other Comprehensive Loss to be Reclassified to Profit or Loss in Subsequent Periods	191	(121)
Other Comprehensive Income/(Loss) for the Period, Net of Tax	**191**	**(121)**
Total Comprehensive Income for the Period, Net of Tax	**108,983**	**103,367**
of which attributable to equity holders of parent company	108,721	104,685
of which attributable to non-controlling interests	262	(1,318)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Notes	SHARE CAPITAL	Legal Reserve	Additional Capital Paid In	Retained Earnings	Other Re-valuations	OTHER RESERVES	NET PROFIT/(LOSS) FOR THE PERIOD	SUBTOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF PARENT COMPANY	Non-controlling interests in Paid-In Capital and Capital Reserve	Non-controlling interests in Profit for the period	NON-CON-TROLLING INTERESTS	TOTAL EQUITY
Closing Balance of Capital Accounts as at 31 December 2017 (audited)		**1.597**	**0**	**436.754**	**60.373**	**(3.511)**	**493.616**	**55.717**	**550.930**	**(214)**	**718**	**503**	**551.433**
Adopting of the new IFRS 15 standard		0	0	0	8,062	0	8,062	0	8,062	0	0	0	8,062
Profit for the period		0	0	0	0	(4)	(4)	104,632	104,628	0	(1,144)	(1,144)	103,484
Other comprehensive income		0	0	0	0	53	53	0	53	0	(174)	(174)	(121)
Total Comprehensive Income for the Period		0	0	0	0	49	49	104,632	104,681	0	(1.319)	(1.319)	103,363
Acquisition of Non-controlling interests		0	0	0	(337)	0	(337)	0	(337)	(452)	0	(452)	(789)
Equity-settled share-based payment		3	0	0	1,466	0	1,466	0	1,469	0	0	0	1,469
Dividends paid		0	0	0	(42,588)	0	(42,588)	0	(42,588)	0	0	0	(42,588)
Reclassification/others		0	95	0	55,622	0	55,717	(55,717)	(0)	717	(718)	(0)	(0)
Closing Balance of Capital Accounts as at 31 December 2018 (audited)		**1.600**	**95**	**436.754**	**82.598**	**(3,462)**	**515,984**	**104,632**	**622,216**	**52**	**(1,319)**	**(1,267)**	**620,949**
Profit for the period		0	0	0	0	0	0	108,530	108,530	0	262	262	108,792
Other comprehensive income		0	0	0	0	191	191	0	191	0	0	0	191
Total Comprehensive Income for the Period		0	0	0	0	191	191	108,530	108,721	0	262	262	108,983
Repurchase of own shares		(13)	0	(6,667)	0	0	(6,667)	0	(6,680)	0	0	0	(6,680)
Equity-settled share-based payment		2	0	0	1,940	0	1,940	0	1.942	0	0	0	1,942
Dividends paid	B.1	0	0	0	(52,936)	0	(52,936)	0	(52,936)	0	0	0	(52,936)
Reclassification/others		0	66	0	104,748	0	104,814	(104,632)	182	2,588	1,319	3,907	4,088
Closing Balance of Capital Accounts as at 31 December 2019 (audited)		**1,588**	**161**	**430,087**	**136,350**	**(3,270)**	**563,327**	**108,530**	**673,445**	**2,640**	**262**	**2.902**	**676,347**

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	Notes	FY 2019	FY 2018
Earnings before Taxes (EBT)		**120,437**	**117,863**
Adjustments:			
Amortisation of intangible assets	F.2	30,161	24,613
Depreciation/write-ups of property, plant and equipment	F.1	941	1,372
Equity-settled share-based payment		1,942	1,466
Effect from valuation on derivatives		0	1,757
Net loss/(gain) on disposal of property, plant and equipment		9,980	(26)
Net loss/(gain) on disposal of intangible assets		(3,647)	64
Net loss/(gain) on disposal of Group companies		(8,631)	6,084
Financial Expenses		33,564	26,102
Financial Income		(10,076)	(4,037)
Provisions		(24,037)	(9,785)
Share of results from Associates and Joint Ventures	F.4	(11,931)	(11,898)
Total adjustments		**18,267**	**35,712**
Operating cash flows before changes in working capital		**138,704**	**153,575**
Total changes in working capital		**(49,504)**	**109,237**
Cash flows from operations		**89,200**	**262,812**
Income taxes received/(paid)		(11,137)	(11,480)
Net cash flows from operating activities		**78,064**	**251,332**
Acquisition of Subsidiaries (Share purchase price net of cash balance at date of acquisition)		0	(11,418)
In-/ Outflow for Alignment Capital Investments (Associates and Loans)		(54,001)	(12,063)
Inflow from repayment of Alignment Capital Investments (Associates and Loans)		27,495	10,326
Proceeds from disposal of property, plant and equipment		20,282	1,815
Purchase of financial instruments		(65,486)	(42,947)
Sale of financial instruments		0	16,662
Purchase of property, plant and equipment		(12,927)	(1,402)
Additions to intangible assets	F.2	(3,639)	(8,706)
Net cash flows generated from / (used in) investing activities		**(88,277)**	**(47,733)**
Share repurchase		(6,680)	-
Distributions to the equity holders of parent company	B.1	(52,936)	(42,588)
Distributions paid to non-controlling interests		0	(25,939)
Repayment of lease liabilities		(2,675)	-
Purchase/Settlement of Derivatives		0	(8,749)
Sale/(Acquisition) of non-controlling interest		-	(543)
Proceeds from loans and borrowings		6,794	346,183
Repayment of loans and borrowings		(1,909)	(365,213)
Finance Expenses		(33,564)	(23,456)
Finance Income		10,076	4,037
Net cash flows (used in) / from financing activities		**(80,894)**	**(116,268)**
Net increase/ (decrease) in cash and cash equivalents		**(91,108)**	**87,331**
Cash and cash equivalents at beginning of period	**F.11**	**196,922**	**109,575**
Net increase/ (decrease) in cash and cash equivalents		(91,108)	87,347
Cash and cash equivalents at end of period	**F.11**	**105,815**	**196,922**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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A. CORPORATE INFORMATION

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

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

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

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

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

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

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

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

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of preparation

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

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

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

B.2 Basis of consolidation

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

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

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

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

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

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

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

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

B.3 Summary of significant accounting policies

B.3.1 Business combinations and Goodwill

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

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

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

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

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

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

B.3.2 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

B.3.3 Investment in Associates and Joint Ventures

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

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

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

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

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

The Statement of profit or loss reflects the Group's share of the results of operations of the Associate or Joint Venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the Associate or Joint Venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.

Unrealized gains and losses resulting from transactions between the Group and the Associate or Joint Venture are eliminated to the extent of the interest in the Associate or Joint Venture.

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

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

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

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

B.3.4 Fair value measurement

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

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

B.3.5 Revenue recognition and other earnings

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

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

B.3.6 Revenue from Real Estate Investment Management

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

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

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

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

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

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

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

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

Contract Balances

Contract Assets

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

Trade receivables

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

B.3.7 Earnings from Alignment Capital Management

Share of Profit or Loss from Associates and Joint Ventures

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

Dividends from other Alignment Capital

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

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

Rental income

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

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

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

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

Net Gain from Selling Property Holding Companies/Inventories

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

B.3.9 Financial Income and Financial Expenses

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

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

B.3.10 Current income tax

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

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

B.3.11 Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, Associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

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

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

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

B.3.12 Foreign currencies

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

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

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

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

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

B.3.13 Group Companies

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

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

B.3.14 Intangible assets (incl. Goodwill)

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

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

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

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

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

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

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

B.3.15 Property, plant and equipment

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

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

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

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

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

B.3.16 Leases

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

B.3.17 Group as a lessee

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

(i) Right-of-use assets

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

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

(ii) Lease liabilities

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

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

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

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

B.3.18 Group as a lessor

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

B.3.19 Investment properties

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

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

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

B.3.20 Inventories

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

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

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

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

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

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

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

B.3.21 Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

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

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

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

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

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

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

Currently the Group has no investments in equity instruments

Financial assets at fair value through profit or loss

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

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

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

De-recognition

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

Impairment of financial assets

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

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

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

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

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

B.3.22 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as

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

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

The Group's financial liabilities include mainly:

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

Subsequent measurement

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

Financial Liabilities at amortized cost

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

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

Financial liabilities at FVTPL

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

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

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

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

De-recognition

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

B.3.23 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

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

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

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

- There is 'an economic relationship' between the hedged item and the hedging instrument.

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

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

Fair value hedges

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

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

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

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

Cash flow hedges

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

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

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

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

B.3.24 Offsetting of financial instruments

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

B.3.25 Cash and Cash Equivalents

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

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

B.3.26 Cash distribution to equity holders of the parent

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

B.3.27 Provisions

General

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

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

Restructuring provisions

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

Contingent liabilities recognized in a business combination

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

B.3.28 Short-term benefits for employees

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

B.3.29 Share-based payments

Equity-settled transactions

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

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

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

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

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

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

Cash-settled transactions

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

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

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

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

IFRS 16 Leases

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

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

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

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

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

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

Reconciliation

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

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

New standards issued but not yet effective

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

B.5 Change in Accounting Presentation

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

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

C. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

C.1 Judgements

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

C.1.1 Assessing significant influence on associates

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

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

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

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

C.2 Estimates and assumptions

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

C.2.1 Business combinations

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

C.2.2 Recoverability of Goodwill and Trademarks

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

C.2.3 Promote and Coupon Participation Fee

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

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

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

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

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

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

Main key input parameters used in the DCF models include:

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

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

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

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

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

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

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

€ thousand	Property value (+10%)	Property value (+5%)	**Carrying value**	Property value (-5%)	Property value (-10%)
31.12.2019	136,210	131,404	**126,470**	121,454	116,062
31.12.2018	92,313	90,128	**87,975**	85,653	83,125

C.2.5 Other provisions

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

C.2.6 Share-based payments

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

C.2.7 Financial Instruments

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

C.3 Business combination

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

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

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

(1) Fixed amount of cash (k€ 25,423),

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

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

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

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

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

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

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

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

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

Fair value of net assets and liabilities recognized	Business Combination: CRM Students Ltd. € thousand
Realized bargain purchase ("lucky buy")	**-**
Revenues generated since acquisition date	**2,849**
Profit / loss since acquisition date	**(750)**

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

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

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

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

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

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

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

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

D. SEGMENT INFORMATION

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

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

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

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

D.1 Real Estate Investment Management

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

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

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

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

D.2 Alignment Capital Management

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

D.3 Real Estate Operations and Warehousing

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

D.4 Segment information

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

€ thousand	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	**Total Segments**	Overhead (not allocated)	Consolidated Financial Statements
Revenues:						
Total revenues	**236,204**	**0**	**14,708**	**250,913**	**0**	**250,913**
Income/expenses						
Expenses from Real Estate Investment Management	(95,163)	0	0	(95,163)	0	(95,163)
Share of Profit or Loss from Associates and Joint Ventures	0	1,931	0	11,931	0	11,931
Dividends from other Alignment Capital	0	10,321	0	10,321	0	10,321
Gains/losses from fair value measurement of financial instruments related to real estate	0	11,591	0	11,591	0	11,591
Expenses from Management of Associates and Joint Ventures	0	(12,225)	0	(12,225)	0	(12,225)
Net Gain from Selling Property Holding Companies / Inventories	0	0	18,671	18,671	0	18,671
Expenses from Real Estate Operations	0	0	(19,179)	(19,179)	0	(19,179)
Total earnings	**141,042**	**21,618**	**14,200**	**176,860**	**0**	**176,860**
General and Administrative Expenses	0	0	0	0	(24,650)	(24,650)
Other income	0	0	0	0	22,817	22,817
Depreciation & Amortisation	(23,609)	(93)	(242)	(23,944)	(7,157)	(31,102)
Financial Income	0	0	0	0	10,076	10,076
Financial Expenses	0	0	0	0	(33,564)	(33,564)
Income Tax Expense	0	0	0	0	(11,645)	(11,645)

€ thousand	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	**Total Segments**	Overhead (not allocated)	Consolidated Financial Statements
Segment Net Profit/ (Loss)	**117,433**	**21,525**	**13,958**	**152,915**	**(44,123)**	**108,792**
Total Assets (31 December 2019)	**839,515**	**268,263**	**124,606**	**1,232,384**	**186,035**	**1.418,419**
Total Liabilities (31 December 2019)	**522,729**	**95,094**	**98,243**	**716,066**	**26,006**	**742,072**
Other disclosures						
Investment in Associates and Joint Ventures	0	126,470	0	126,470	0	126,470

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

€ thousand	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	**Total Segments**	Overhead (not allocated)	Consolidated Financial Statements
Revenues:						
Total revenues	**176,660**	**0**	**27,771**	**204,431**	**0**	**204,431**
Income/expenses	0	0	0	0	0	0
Expenses from Real Estate Investment Management	(71,202)	0	0	(71,202)	0	(71,202)
Share of Profit or Loss from Associates and Joint Ventures	0	11,898	0	11,898	0	11,898
Dividends from other Alignment Capital	0	16,472	0	16,472	0	16,472
Expenses from Management of Associates and Joint Ventures	0	(9,550)	0	(9,550)	0	(9,550)
Net Gain from Selling Property Holding Companies / Inventories	0	0	59,366	59,366	0	59,366
Expenses from Real Estate Operations	0	0	(19,524)	(19,524)	0	(19,524)
Total earnings	**105,459**	**18,820**	**67,613**	**191,891**	**0**	**191,891**
General and Administrative Expenses	0	0	0	0	(26,830)	(26,830)
Other income	0	0	0	0	9,064	9,064
Depreciation & Amortisation	(23,470)	0	(282)	(23,752)	(3,310)	(27,063)
Financial Income	0	0	0	0	14,178	14,178
Financial Expenses	0	0	(1,824)	(1,824)	(41,553)	(43,377)
Income Tax Expense	0	0	0	0	(14,375)	(14,375)
Segment Net Profit/(Loss)	**81,988**	**18,820**	**65,507**	**166,315**	**(62,827)**	**103,488**
Total Assets (31 December 2018)	**1,004,531**	**128,604**	**149,375**	**1,282,510**	**108,168**	**1,390,678**

€ thousand	Real Estate Investment Management	Alignment Capital Management	Real Estate Operations/ Warehousing	**Total Segments**	Overhead (not allocated)	Consolidated Financial Statements
Total Liabilities (31 December 2018)	**401,609**	**72,543**	**121,914**	**596,066**	**173,663**	**769,729**
Other disclosures						
Investment in Associates and Joint Ventures	0	87,975	0	87,975	0	87,975

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

Geographical Segment Information (Secondary Segments)

€ thousand	**2019**	**2018**
Capital Allocation	**243,498**	**195,365**
Germany	182,426	162,669
Benelux	4	-
UK	21,144	18,416
Spain	22,831	7,434
Poland	11,635	2,086
Switzerland	3,612	3,480
Austria	1,846	1,280
Revenues	**250,913**	**204,431**
Germany	207,508	181,429
UK	14,125	3,311
Spain	8,080	808
Austria	6,072	4,535
USA	5,132	2,562
Benelux	4,621	6,177
Switzerland	4,406	5,152
Asia	499	334
Poland	470	-
Italy	-	123

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

The ExCom monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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

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

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

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

E. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

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

		Measurement in accordance with IFRS 9			
€ thousand	**Carrying amount 31 Dec 2019**	Amortized cost	Fair value recognized through profit and loss	not applicable	**Fair value 31 Dec 2019**
Other Financial Instruments	172,229	5,320	166,910	0	172,229
Long-term Receivables	35,502	8,797	18,168	8,537	26,965
Long-term Loans to Associates	23,004	17,246	5,758	0	23,004
Other short-term Financial Instruments	3,175	3,175	0	0	3,175
Short-term Loans to Associates	31,729	31,729	0	0	31,729
Trade Receivables	48,479	48,479	0	0	48,479
Other Short-term Receivables	12,950	12,950	0	0	12,950
Other Short-term Assets	48,060	48,060	0	0	48,060
Restricted Cash	2,596	2,596	0	0	2,596
Cash and Cash Equivalents	103,218	103,218	0	0	103,218
Total Financial Assets	**480,944**				**472,407**
Long-term Financial Liabilities to Banks	7,042	7,042	0	0	8,644
Other Long-term Financial Liabilities	538,118	520,342	0	17,777	489,704
Short-term Financial Liabilities to Banks	47,657	47,657	0	0	47,657
Other Short-term Financial Liabilities	3,198	0	0	3,198	3,198
Short-term Liabilities to Associates	8,473	8,473	0	0	8,473
Trade Payables	14,283	14,283	0	0	14,283
Other current Liabilities	25,350	25,350	0	0	25,350
Total Financial Liabilities	**644,121**				**597,308**

€ thousand	IFRS 9 Category	**Carrying amount 31 Dec 2018**	IAS 17 Amortized cost	Fair value recognized through profit and loss	not applicable	Amortized cost	**Fair value 31 Dec 2018**
Other Financial Instruments	FVTPL	93,715	5,886	87,829	-	-	93,715
Long-term Receivables	FVTPL/AC	54,467	19,334	35,133	-	-	54,467
Long-term Loans to Associates	FVTPL	8,169	0	8,169	-	-	8,169
Receivables from Associates	AC	7,452	7,452	-	-	-	7,452
Trade Receivables	AC	32,511	32,511	-	-	-	32,511
Other Short-term Receivables	AC	7,498	7,498	-	-	-	7,498
Other Short-term Assets	AC	41,271	41,271	-	-	-	41,271
Restricted Cash	AC	2,498	2,498	-	-	-	2,498
Cash and Cash Equivalents	AC	194,424	194,424	-	-	-	194,424
Total Financial Assets		**442,007**					**442,007**
Long-term Fin. Liabilities to Banks	AC	69,683	69,683	-	-	-	69,683
Other Long-term Fin. Liabilities	AC	514,484	514,484	-	-	-	514,484
Other non-current Liabilities	AC/FVTPL	12,537	1,980	10,557			12,537
Short-term Fin. Liabilities to Banks	AC	468	468	-	-	-	468
Short-term Liabilities to Associates	AC	821	821	-	-	-	821
Trade Payables	AC	11,664	11,664	-	-	-	11,664
Other current Liabilities	AC	52,077	52,077	-	-	-	52,077
Total Financial Liabilities		**661,733**					**661,733**

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

	Fair value measurement using				
€ thousand	Date	**Total**	Level 1	Level 2	Level 3
Assets measured at fair value					
Other Financial Instruments		**172,229**	-	5,320	166,910
Long-term Receivables		**26,965**		26,965	
Long-term Loans to Associates		**23.00422.995**	-	17,246	5,758
Assets for which fair values are disclosed					
Trade Receivables		**48,479**	-	48,479	-
Other short-term Receivables		**12,950**	-	12,950	-
Other short-term Assets		**28,060**	-	48,060	-
Restricted Cash		**2,596**	-	2,596	-
Cash and Cash Equivalents		**103,218**	-	103,218	-

€ thousand	Date	Total	Level 1	Level 2	Level 3
			Fair value measurement using		
Liabilities for which fair values are disclosed					
Long-term Financial Liabilities to Banks		**8,644**	-	8,644	-
Other Long-term Financial Liabilities		**489,704**	486,610	3,094	-
Short-term Financial Liabilities to Banks		**47,657**	-	47,657	-
Short-term Liabilities to Associates		**8,473**	-	8,473	-
Trade Payables		**14,283**	-	14,283	-
Other Current Liabilities		**25,350**	-	25,350	-

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

€ thousand	Other Financial Instruments	Long-term Loans to Associates
Fair Value as at 1 Jan 2019	**87,829**	**8,169**
Additions / Disposals	67,783	(1,825)
Changes in the fair value valuation through profit and loss	11,298	(586)
Fair Value as at 31 Dec 2019	**166,910**	**5,758**

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

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

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

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

	At Amortized Cost		**FVtPL**	
m€	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Net results from disposal	0	0	(305)	0
Net measurement effects	3,345	(2,372)	3,480	(420)
Impairment gain/loss	(872)	0	11,590	0
Effective interest rate income	2,774	0	412	0
Effective interest rate expenses	0	(30,120)	0	0
Total	**5,248**	**(32,492)**	**15,178**	**(420)**

F. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

€ thousand	Land and buildings	Office and other equipment	Assets under operating lease	2019 Total	2018 Total
Acquisition cost					
As of 1 January	15,795	5,977	1,182	22,954	33,417
IFRS 16 adjustment		13,363		13,363	
As of 1 January (adjusted)	15,795	19,340	1,182	36,317	33,417
Changes in scope of consolidated companies	(0)	10	-	10	898
Currency changes	-	63	-	63	-
Additions	3	12,924	-	12,927	1,402
Transfers to inventories	-	3,133	-	3,132	(2,440)
Disposals	(15,795)	(4,441)	(46)	(20,282)	(10,322)
As of 31 December	**3**	**31,029**	**1,136**	**32,168**	**22,954**
Amortisation and impairment losses					
As of 1 January	316	2,669	1,136	4,121	2,748
Changes in scope of consolidated companies	-	0	-	0	-
Currency changes	-	13	-	13	-
Additions to cumulative amortization	0	4,189	-	4,189	1,872
Impairment losses	-	0	-	0	(500)
Transfers	-	0	-	0	-
Disposals	(316)	(36)	-	(353)	-
As of 31 December	**0**	**6,835**	**1,136**	**7,971**	**4,120**
Total (Carrying amount)	**3**	**24,194**	**0**	**24,197**	**18,835**

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

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

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

Leased Assets

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

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

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

€ thousand	Office premises	Office equipment	Other assets	Total
As of 31 December 2018	-	-	-	-
As of 1 January 2019	12,992	147	759	13,898
Additions	9,286	29	400	9,715
Depreciation	(2,457)	(42)	(409)	(2,908)
As of 31 December 2019	19,820	135	750	**20,705**

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

€ thousand	**2019**	**2018**
As of 1 January	13,363	-
Additions	10,285	-
Accretion of interest	623	-
Payments	(3,297)	-
As of 31 December	20,974	-

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

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

€ thousand	
Depreciation expense of right-of-use assets	2,908
Interest expense on lease liabilities	623
Expense relating to short-term leases	6
Expense relating to leases of low-value assets	176
Variable lease payments	3
Total amount recognised in profit or loss	3,716

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

F.2 Other intangible assets

€ thousand	**2019 Total**	**2018 Total**
Acquisition cost		
As of 1 January	176,437	160,352
Changes of scope in consolidation	0	7,394
Currency changes	7	0
Additions	3,639	8,691
Disposals	(313)	0

€ thousand	2019 Total	2018 Total
As of 31 December	179,771	176,437
Amortisation and impairment losses		
As of 1 January	44,013	19,336
Currency changes	12	64
Additions to cumulative amortization	26,254	24,613
Disposals	(62)	0
As of 31 December	70,217	44,013
Total (Carrying amount)	**109,553**	**132,424**

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

F.3 Goodwill

Goodwill

€ thousand	2019 Total	2018 Total
Acquisition cost	-	-
As of 1 January	567,145	556,865
Changes in scope of consolidation	-	10,281
As of 31 December	**567,145**	**567,145**
Amortisation and impairment losses	-	-
As of 1 January	21	3
Impairment for the year	4	18
As of 31 December	**26**	**21**
Total (Carrying amount)	**567,120**	**567,124**

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

Goodwill – Detailed composition

€ thousand	2019 Total	2018 Total
HFS Helvetic Financial Services AG	519,686	519,686
ATOS Capital GmbH	21,703	21,703
HANNOVER LEASING GmbH & Co. KG	15,024	15,024
CRM Students Ltd.	10,256	10,256
GENOST Consulting GmbH	449	449
others	3	7
Total	**567,120**	**567,124**

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

The Group performed its annual impairment test at year end.

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

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

CGU REIM of HFS Helvetic Financial Services AG	**2019**	**2018**
Growth rate p.a. (EBITDA)	(5.2%)	2.0%-3.0%
Discount rate (before Tax) applied to cash flows within the next 4 years	8.8%	7.5%
Growth rate after year 4	1.0%	1.0%
CGU ATOS Capital GmbH	**2019**	**2018**
Growth rate p.a. (EBITDA)	4.5%	2.5%-5.0%
Discount rate (before Tax) applied to cash flows within the next 3 years	6.3%	8.4%
Growth rate after year 3	1.0%	1.0%
CGU Hannover Leasing GmbH & Co. KG	**2019**	**2018**
Growth rate p.a. (EBITDA)	(11.0%)	25.0%
Discount rate (before Tax) applied to cash flows within the next 3 years	7.6%	8.6%
Growth rate after year 3	1.0%	1.0%
CGU CRM Ltd.	**2019**	**2018**
Growth rate p.a. (EBITDA)	55%	25.0%
Discount rate (before Tax) applied to cash flows within the next 3 years	8.7%	8.6%
Growth rate after year 3	1.0%	1.0%

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

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

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

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

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

- HL: EBITDA decrease of 45.63%,
- HFS: EBITDA decrease of 13.53%,

- ATOS: EBITDA decrease of 44.81%,
- CRM: EBITDA decrease of 37.32%.

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

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

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

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

F.4 Investment in Associates and Joint Ventures

Investments in Associates – Overview

				Economic participation quote*	
Project	Name of associate	Country of incorporation	Place of business	**31 December 2019**	31 Dec 2018
ECHO	Echo PropCo S.à r.l.	Luxembourg	Germany	38.1%	n.a.
HIGHSTREET VIII	Highstreet VIIUI TopCo Limited and Highstreet VIII TopCo II Limited	Guernsey	Germany	21.1%	37.3%
LIVER	Liver HoldCo Limited	Guernsey	Great Britain	35.1%	35.1%
QUARTIER WEST	HL Quartier West Darmstadt KG	Germany	Germany	39.3%	n.a.

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

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

Investments in Joint Venture – Overview

				Economic participation quote*	
Project	Name of Joint Venture	Country of incorporation	Place of business	**31 December 2019**	31 Dec 2018
Moviestar	Moviestar Zweitmarkt.Management GmbH	Germany	Germany	18.0%	18.0%

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

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

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

€ thousand	HIGHSTREET VIII	LIVER	QUARTIER WEST	ECHO	OTHERS*
Investment Property	240,300	102,033	-	55,989	806,267
Other non-current assets	95	(17,893)	-	-	3,419
Cash (restricted and free cash)	19,837	1,209	1,482	7,380	157,744
Other current assets	8,013	3,594	33,766	551	46,091
Non-current financial liabilities	(147,742)	(36,110)	-	(28,000)	(376,081)
Other non-current liabilities	(48,611)	2,249	-	(1,698)	(26,538)
Current financial liabilities	(2,973)	-	-	(0)	(3,531)
Other current liabilities	(7,306)	(1,969)	(18,481)	(1,143)	(37,930)
Equity	**61,615**	**53,113**	**16,767**	**33,078**	**569,441**
Revenues	16,770	5,524	-	1,022	44,430
Net Operating Income from rental operations	9,374	2,335	-	(398)	20,009
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(28)	-	-	-	(9,027)
Profit/(loss) from changes in valuation of Investment Property	(929)	13,646	-	10,733	115,088
Interest income	-	214	-	-	257
Interest expenses	(3,914)	(1,388)	(786)	(283)	(5,984)
Income tax expense or income	(431)	(773)	-	(1,703)	(18,797)
Profit / (loss) from continuing operations	**684**	**11,428**	**(1,214)**	**8,118**	**88,824**
Total comprehensive income	684	11,428	(1,214)	8,118	88,824
Dividends received	-	-	-	-	184

* Others include investments < € 10m carrying value

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

€ thousand	HIGHSTREET VIII	LIVER	QUARTIER WEST**	ECHO**	OTHERS*
Investment Property	143,300	77,070	-	-	745,649
Other non-current assets	1,127	(8,201)	-	-	20,480
Cash (restricted and free cash)	39,214	5.965	-	-	70,266
Other current assets	6,381	1.031	-	-	45,452
Non-current financial liabilities	(91,529)	(32,422)	-	-	(416,229)
Other non-current liabilities	(39,633)	18	-	-	(17,164)
Current financial liabilities	(797)	-	-	-	(5,030)
Other current liabilities	(5,484)	(768)	-	-	(47,721)
Equity	**52,579**	**42,692**	**-**	**-**	**395,704**
Revenues	4,051	4,829	-	-	37,554
Net Operating Income from rental operations	3,498	2,779	-	-	48,045
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(674)	-	-	-	541
Profit/(loss) from changes in valuation of Investment Property	13,072	8,830	-	-	9,756
Interest income	-	-	-	-	291

€ thousand	HIGHSTREET VIII	LIVER	QUARTIER WEST**	ECHO**	OTHERS*
Interest expenses	(1,408)	(1,027)	-	-	(5,816)
Income tax expense or income	(2,290)	(1,708)	-	-	(1,663)
Profit / (loss) from continuing operations	**9,501**	**8,072**	**-**	**-**	**(7,327)**
Total comprehensive income	9,501	8,072	-	-	(7,327)

* Others include investments < € 10m carrying value

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

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

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

Project	1 Jan 2019	Additions/ Transfers	Share of profit/ (Loss) for the period	Dividends and capital repayments received in cash	Disposals/ Transfers	Currency translation adjustments	31 December 2019
Venloer4711	1,196	-	(66)	-	-	-	1,130
Associates, total	**77,399**	**50,995**	**12,005**	**(13,392)**	**(13,866)**	**(25)**	**113,115**
Accontis Exporo	12	-	(3)	-	-	-	9
Moviestar	10,446	-	-	-	-	-	10,446
RAW	0	3,006	(134)	-	-	-	2,872
Santes Fair	115	-	64	(154)	-	-	25
SCORE	4	-	-	-	-	-	4
Joint Venture, total	**10,576**	**3,006**	**(73)**	**(154)**	**-**	**-**	**13,355**
Total	**87,975**	**54,001**	**11,932**	**(13,547)**	**(13,866)**	**(25)**	**126,470**

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

Project	1 Jan 2018	Changes from business combination and sales of subsidiaries	Additions /Transfers	Share of profit /(loss) for the period	Dividends and capital repayments received in cash	Disposals/ Transfers	Currency translation adjustments	31 December 2018
ACROSS	1,132	-	-	(35)	-	-	-	1,097
ANNAPURNA	1,473	-	-	(13)	-	-	-	1,460
CLG	53	-	-	-	-	-	-	53
CONDOR	1,226	-	-	54	-	-	-	1,280
Denkmal Münster	0	-	5,201	(136)	-	(5,065)	-	0
DONALD	479	-	-	171	(24)	-	-	627
ENERGY	94	-	-	-	-	-	-	94
FLIGHT 47	1,781	-	-	2,956	(3,049)	-	(936)	752
FLIGHT 48	531	-	-	4,016	(3,281)	-	(1,266)	0
HABANA	61	-	-	69	-	-	-	130
HARBOUR	1,298	-	-	(31)	-	(1,267)	-	0
HIGHSTREET PII	3,649	-	303	351	-	-	-	4,304
HIGHSTREET VI	5,321	-	-	239	(351)	-	-	5,210
HIGHSTREET VII	6,053	-	-	65	(65)	-	-	6,054
HIGHSTREET VIII	0	-	15,503	1,698	-	-	-	17,201
Hotel Ulm	0	-	5,453	(35)	-	(5,418)	-	0
ISABELA	838	-	2	(163)	(16)	-	-	661
KING	651	-	-	(34)	-	-	-	618
LIVER	15,970	-	-	1,721	-	(814)	-	16,878
OLYMPIC	2,046	-	-	(43)	(49)	-	-	1,954
POSEIDON	0	1,088	64	-	-	-	-	1,152
REGIA	11,391	-	-	559	(394)	-	-	11,556
ROSE	270	-	-	(8)	-	-	-	262
TURBO FRA	1,135	-	-	384	-	-	-	1,519

Project	1 Jan 2018	Changes from business combination and sales of subsidiaries	Additions /Transfers	Share of profit /(loss) for the period	Dividends and capital repayments received in cash	Disposals/ Transfers	Currency translation adjustments	31 December 2018
TURICUM	2,839	-	-	(52)	-	-	-	2,788
VOLARE	358	-	-	198	-	-	-	556
4711	1,260	-	-	(64)	-	-	-	1,196
Associates, total	**59,910**	**1,088**	**26,525**	**11,868**	**(7,228)**	**(12,564)**	**(2,202)**	**77,398**
Moviestar	0	-	11,432	31	-	(1,017)	-	10,446
Santes Fair	0	115	-	-	-	-	-	115
Accontis Exporo	0	-	13	(1)	-	-	-	12
MARBURG	15	(15)	-	-	-	-	-	0
SCORE	4	-	-	-	-	-	-	4
Joint Venture, total	**19**	**100**	**11,445**	**30**	**-**	**(1,017)**	**-**	**10,576**
Total	**59,929**	**1,188**	**37,970**	**11,898**	**(7,228)**	**(13,581)**	**(2,202)**	**87,975**

F.5 Other Financial Instruments

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

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

F.6 Long-term Receivables

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

F.7 Long-term Loans to Associates

€ thousand	31 December 2019	31 December 2018
Loans granted by sub-group Hannover Leasing	21,646	7,198
Others	1,358	0
Loans granted to Project TURBO FRA	0	647
Loans granted to Project SAILING	0	324
Total	**23,004**	**8,169**

Loans granted by sub-group Hannover Leasing - details:

- Loans granted to Project HL Quartier West Darmstadt KG k€ 16,342.
- Loans granted to Project KANADA HAUS KG k€ 4,307.

- Loans granted to other Hannover Leasing sub-group Projects k€ 997.

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

€ thousand	
As at 1 January 2019	**10,522**
Provision for expected credit losses	586
Impairment Reversal	(2,469)
Write-off	-
Foreign exchange movement	-
As at 31 December 2019	**8,639**

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

€ thousand	
As at 31 December 2017	**9,378**
IFRS 9 Adjustment	-
As at 1 January 2018	**9,378**
Provision for expected credit losses	1,145
Impairment Reversal	-
Write-off	-
Foreign exchange movement	-
As at 31 December 2018	**10,522**

F.8 Inventories

€ thousand	**31 December 2019**	31 December 2018
Highstreet Giessen PropCo S.à r.l. (property located in Giessen)	57,650	57,216
Bego PropCo I S.L. (property located in Spain)	4,646	4,871
Highstreet Premium II PropCo III S.à r.l. (property located in Bochum)	-	27,242
GALENA Verwaltungsgesellschaft GmbH & Co. Vermietungs KG (property located in Pullach)	-	2,440
Total (Carrying amount)	**62,295**	**91,769**

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

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

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

F.9 Trade Receivables

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

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

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

F.10 Other short-term assets

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

F.11 Restricted Cash, Cash and Cash Equivalents

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

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

F.12 Share capital

F.12.1 Share capital

€ thousand	2019	2018
As of 1 January	**1,600**	**1,597**
Issue of share capital (contribution in cash)	2	3
Repurchase of shares	(13)	
As of 31 December	**1,588**	**1,600**

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

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

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

F.12.2 Authorised capital

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

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

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

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

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

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

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

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

F.13 Other Reserves

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

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

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

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

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

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

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

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

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

F.14 Other long-term Provisions

Other long-term Provisions - Detailed composition

€ thousand	**01 Jan 2019**	Utilization	Reversals	Additions	**31 Dec 2019**
Rental Guarantees	2,027	(1,169)	(470)	19	406
Guarantees and other commitments	3,662	(3,028)	(114)	-	520
Other provisions	351	-	-	-	351
Total	**6,040**	**(4,197)**	**(585)**	**19**	**1,276**

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

F.15 Long-term Financial Liabilities to Banks

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

F.16 Other Long-term Financial Liabilities

€ thousand	31 Dec 2019	31 Dec 2018
Bonds 2018	294,934	293,403
Convertible bonds 2017	191,814	189,150
Bonds of HFS Helvetic Financial Services AG	30,500	30,500
IFRS 16 liability	17,776	-
Others	3,094	1,431
Total	**538,118**	**514,484**

Convertible bonds

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

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

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

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

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

Bonds

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

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

F.17 Other Short-term Provisions

Other short-term Provisions - Detailed composition

€ thousand	01 Jan 2019	Utilization	Reversals	Change in scope of consolidated companies	Transfer	Additions	31 Dec 2019
Litigation costs	14,522	(200)	(11,289)	0	(80)	450	3,402
Restructering	6,202	(1,186)	(3,210)	(460)	0	0	1,346
Tax law procedures and risks	6,307	(3,120)	(392)	0	0	3,008	5,804
Rental Guarantees	1,944	(1,924)	(20)	0	-	0	(0)
others	4,467	(769)	(2,598)	(827)	(920)	4,003	3,356
Total	**33,443**	**(7,200)**	**(17.510)**	**(1,287)**	**(1,000)**	**7,461**	**13,908**

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

F.18 Trade Payables

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

F.19 Other Current Liabilities

€ thousand	31 Dec 2019	31 Dec 2018
Liabilities from other loans	17,587	20,053
Liabilities from employee benefits	7,299	9,434
Others	7,898	13,371
Short-term liabilities from other taxes (VAT, stamp duty)	5,235	4,731
Deferred income	7,226	4,489
Total	**45,244**	**52,077**

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

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

G. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

G.1 Revenue from Acquisition Related Fees

€ thousand	2019	2018
Revenue from Acquisition Fee	30,398	23,464
Revenue from other Acquisition Related Fees	4,676	18,180
Total	**35,074**	**41,644**

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

G.2 Revenue from Asset and Property Management

€ thousand	2019	2018
Revenue from Coupon Participation Fees	56,747	53,555
Revenue from Asset Management Fee	67,901	51,735
Revenue from Property Management Fee	29,894	20,243
Revenue from Sales Fee from third parties	0	4,614
Revenue from Development Fee	15,907	3,131
Revenue Other Fees	4,866	1,739
Total	**175,316**	**135,017**

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

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

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

G.3 Income from Mezzanine loans

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

G.4 Total Expenses from Real Estate Investment Management

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

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

G.5 Share of Profit or Loss from Associates

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

G.6 Dividends from other Alignment Capital

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

G.7 Expenses from Management of Associates and Joint Ventures

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

G.8 Net Rental Income

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

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

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

G.10 Expenses from Real Estate Operations/Warehousing

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

G.11 General and Administrative Expenses

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

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

€ thousand	**2019**	**2018**
Intangible assets - scheduled depreciation	(25,602)	(24,696)
Intangible assets - non-scheduled depreciation	(602)	(494)
Property, plant and equipment - scheduled depreciation	(1,281)	(1,872)
Depreciation on Rights of Use Assets	(2,908)	0
Others	(709)	0
Total	**(31,102)**	**(27,062)**

G.13 Financial Income

€ thousand	**2019**	**2018**
Interest income	3,189	4,037
SWAP valuation income	0	1,757
Foreign currency income	3,345	6,493

€ thousand	2019	2018
Other financial income	3,542	1,890
Total	**10,076**	**14,177**

G.14 Financial Expenses

€ thousand	2019	2018
Interest expenses	(30,120)	(26,379)
Profit or loss attributable to NCIs	(337)	(11,943)
Foreign currency expenses	(2,372)	(5,687)
Others	(735)	632
Total	**(33,564)**	**(43,377)**

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

H. INCOME TAX

A breakdown of income tax is shown below:

Income tax (expense)/benefit

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

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

Tax rate reconciliation

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

€ thousand	**2019**	2018
Consolidated Earnings before Taxes (EBT) according to IFRS	120,437	117,863
Luxembourg statutory income tax rate for CCH SA	24.94%	26.01%
Projected income tax (gain) / burden	**30,037**	**30,656**
Adjustments in respect of current income tax of previous years	4,256	(2,794)
Effect from changes in tax rates	0	(14)
Effect from write-off of deferred tax assets	4,554	2,745
Effect from permanent differences	2,974	(325)
Effect from different tax rates	(9,284)	(8,931)
Effect from dividends and other income exempt from taxation	(20,364)	(6,949)
Other differences	(528)	(12)
Income tax reported in the Group's income statement	**11,645**	**14,375**
Effective tax rate	10%	12%

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

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

Deferred Tax assets and liabilities

€ thousand	**31 Dec 2019**	31 Dec 2018
Deferred Tax assets		
from tax loss carryforward	9,205	9,639
from temporary differences on accruals	990	2,444
from temporary differences on liabilities	5	1,813
from temporary differences on shares in subsidiaries	557	1,245

€ thousand	**31 Dec 2019**	31 Dec 2018
from temporary differences on properties	725	9
from at-equity valuation of associates	744	805
from temporary differences on receivables	3	86
from valuation of other assets	63	6,939
from temporary differences on financial liabilities	4,616	0
from temporary differences on share-based payments	0	73
Set-off of deferred tax liabilities	**(5,065)**	**(840)**
Total	**11,843**	**22,213**

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

I. OTHER INFORMATION

I.1 Earnings per share

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

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

Calculation of weighted average number of ordinary shares (undiluted)

	2019		2018	
	number of shares	days	number of shares	days
Shares at the beginning of the period	**21,329,417**	**365**	**21,294,123**	**365**
Issue of new shares (SW Authorised Capital) on 30 April 2018	-	-	35,294	246
Issue of new shares (MB Authorised Capital) on 25 January 2019	25,000	341	-	-
Repurchase of own shares on 05 April 2019	(34,884)	271	-	-
Repurchase of own shares on 18 April 2019	(69,537)	258	-	-
Repurchase of own shares on 25 April 2019	(75,579)	251	-	-
Use of shares from share repurchase program on 17 May 2019	5,032	229	-	-
Shares at the end of the period*	**21,179,449**		**21,329,417**	
Weighted average number of shares for the period	**21,228,904**		**21,317,910**	

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

Calculation of weighted average number of shares (diluted)

	2019	2018
	number of shares	number of shares
New shares from the exercise of share-based payments	**16,501**	25,000
Weighted average number of shares for the period	**21,245,405**	**21,318,047**

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

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

Earnings per share (undiluted)

€ thousand	2019	2018
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	108,530	104,632

€ thousand	2019	2018
Profit attributable to ordinary equity holders of the parent for basic earnings	**108,530**	**104,632**
Weighted average number of ordinary shares (undiluted):		
Share capital	21,228,904	21,317,910
Weighted average number of ordinary shares (total)	**21,228,904**	**21,917,910**
Earnings per share	**5.11 €**	**4.91 €**

Earnings per share (diluted)

€ thousand	2019	2018
Share capital	21,245,405	21,318,047
Weighted average number of ordinary shares (total)	**21,245,405**	**21,318,047**
Earnings per share	**5.11 €**	**4.91 €**

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

I.2 Capital management

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

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

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

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

I.3 Commitments and contingencies

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

Contingent Liabilities

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

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

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

I.4 Financial risk management objectives and policies

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

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

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

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

I.4.1 Interest rate risk

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

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

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

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

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

I.4.2 Foreign currency risk

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

2019

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

2018

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

I.4.3 Credit risk

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

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

Trade Receivables (simplified approach)

	Not yet due	Past-due - 1 to 90 days	Past-due - 91 to 180 days	Past-due - 181 to 360 days	Past-due - from 361 days	**Total**
Default ratio	0.29%	0.52%	2.02%	3.67%	13.85%	**1.99%**
Gross carrying amount of trade receivables as of 31 December 2019 (in € thousand)	7,285	22,695	11,324	7,000	2,836	**51,141**
Lifetime expected credit loss (in € thousand)	21	118	229	257	394	**1,020**

Results for 2019 do not materially derivate to 2018 numbers.

Other Receivables (general approach)

as of 31 December 2019 (in € thousand)	Gross carrying amount	Expected credit loss
Financial assets - Real estate industry	76,198	86
Financial assets - Others	188,752	16
Total other receivables	**264,950**	**102**

Results for 2019 do not materially derivate to 2018 numbers.

I.4.4 Liquidity risk

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

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

Maturities of financial liabilities (31 December 2019)

€ thousand	**Closing Balance 31 Dec 2019**	< 1 year	1 to 5 years	> 5 years
Bank loans	54,699	49,303	5,856	–
Other financial liabilities	520,342	14,318	560,634	–
Short-term Liabilities to Associates	8,473	8,473	0	–
Trade payables	14,283	14,283	0	–
Other current liabilities	25,350	25,350	0	–
Lease liabilities	20,974	3,198	17,777	0
Total financial liabilities	**644,121**	**114,924**	**584,266**	**0**

Maturities of financial liabilities (31 December 2018)

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

I.5 Related party information

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

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

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

Ralph Winter was a senior advisor to CCH SA through a consultancy agreement between W5 Group AG and CCH SA (relevant consultancy agreement has been terminated as of 20 March 2019). W5 Group AG, W5 Group GmbH and W5 Group LLC are investment advisory firms wholly-owned by Ralph Winter. Norbert Ketterer is a shareholder of CCH SA. Lars Schnidrig and Thomas Landschreiber are members of the Company' management board (Vorstand) while Micha Blattmann, Ulrich Plett, Dr. Urs Felder and Jon Lurie are members of the Company's supervisory board (while Micha Blattmann, Ulrich Plett and Dr. Urs Felder have been members of the Company's supervisory board throughout

2019, Jon Lurie only joined the board on 26 April 2019). John Lurie also is the Managing Partner of Realty Corporation Ltd, a Real estate investment and advisory company that is based in London. FELUR Swiss Treuhand AG is a Swiss tax advisory firm wholly-owned by Mr. Felder.

CCH SA Key Management Personal:

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

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

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

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

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

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

Members of the Supervisory Board:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Associates (Co-Investments)

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

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

I.5.1 Transactions with shareholders and shareholder related entities

The following table sets out all payments made to shareholders and shareholders' related entities made by the Group in the period 1 January through 31 December 2019. Hence, such amounts do not necessarily reconcile with the Consolidated Income Statement for the financial year 2019.

Transactions with shareholders and shareholder's related entities

€ thousand	2019	2018
Fees paid to W5 Group/W5 Group LLC under consul fancy agreements	(213)	(549)
Cost reimbursements to W5 Group/W5 Group LLC	(175)	(155)
Compensation payment to W5 Group/W5 Group LLC under term mat on agreement	(1,985)	-
Remuneration N. Ketterer as Chairman of the Board of Directors of HP5	(300)	(300)
Rental Costs to Vicenda	(13)	(13)
Co-Investment and Short-term Liabilities by Ketom and HREF	35,000	-
Repayment of Co-Investment and Short-term Labilities by Ketom and HREF	(35,000)	
Early redemption payment to Thalos	-	(213)
Interest paid to Ketom and HREF	(2,636)	-
Loans granted by shareholders	-	18,918
Repayment of loans granted by shareholders	(18,918)	
Other Liabilities to shareholders	-	3,000
Repayment of other Liabilities to shareholders	(39,000)	
Interests income on loans granted to shareholders	-	(1,257)
Dividends (including capital repayments) pa d to shareholders	(52,936)	(42,588)

Fees and cost reimbursements paid to W5 Group AG / W5 Group LLC are payments made in relation to the underlying consultancy agreements. These agreements were terminated in March 2019 and a compensation payment was made in the amount of k€ 1,985.

I.5.2 Transactions with Key Management Personnel

Some Senior Management members as well as certain other employees have a minority interest (Limited Partner) in Corestate MCIF GmbH & Co. KG (MCIF). All profits of MCIF are distributable to these Limited Partners (disproportionate profit distribution). Under the MCIF scheme, the participants are required to contribute up to one third of their annual bonus.

An LTI-Share Program for Senior Management and Key People of the Corestate Group has been implemented effective 1 January 2019. The five-year program is based on certain KPI's with respect to the development of the Share price of CCHSA. The program details are described in legal plan conditions and not limited to current employees but also open for new hires.

Transaction with Key Management Personal and Members of the Supervisory Board

€ thousand	2019	2018
Short-term employee benefits	(1,741)	(2,710)
Service Agreement termination benefits	-	(1,910)
share-based payments benefits	(500)	(2,601)

€ thousand	2019	2018
Compensation payments	(1,298)	(228)
Remuneration to members of the supervisory board	(519)	(210)
EMC Bonus Awards contributed to MCIF	-	(74)

I.5.3 Share-based payments

Members of the Group's Management Board, senior manager and high-performer receive remuneration in the form of share-based payments, whereby the members render services as consideration for equity instruments (equity- settled transactions). Some members of Group's Management Board are granted so called phantom stocks, which are settled in cash (cash-settled transactions).

Valuation model and input parameters

The fair value of the synthetic stock options is measured using a monte carlo option pricing model taking into account the terms and conditions upon which the options were granted.

The beneficiary may exercise the options between the end of the waiting period and the end of the term of the option on the condition that the employment contract has not been terminated and neither the beneficiary nor the company has notified in writing the termination of the employment contract by that date.

For the stock option valuation the contractual life of the options and the possibility of early exercise were considered in the monte carlo model.

The risk-free interest rate is the implied yield currently available on Luxembourg government issues with a remaining term equal to the term of the options.

The future volatility for the lives of the options was estimated based on historical volatilities also considering the management's expectation of future market trends.

The expense resulting from the share-based payment transactions is recognized during the vesting period on a pro-rata-basis with a corresponding increase in provision. Furthermore, the amount recognized is based on the best available estimate of the number of options expected to vest and is revised, if subsequent information indicates that the number of options expected to vest differs from previous estimates.

Corestate Capital Holding S.A. Share Program

In 2019 Corestate started a Performance Share Program for important senior manager and high performer (key people) as well as for new hires who joined the Group after the 1 January 2019. Four tranches that are all granted at the same date but have different vesting periods (1, 2, 3 and 4 years) - result in graded vesting (front loading expense). At the beginning of the performance periods in 2019 and 2020 the participants receive an individualized grant letter in which the individual target value of the performance shares in euros ("target value") is set out. The letter of allocation shall contain the number of virtual performance shares granted. Performance shares are not linked to any administrative, voting or dividend rights or rights to other distributions. They merely represent a calculation item for determining the future conditional entitlement to Corestate shares to be issued and transferred (real shares). Performance shares are transferred to the participants in annual tranches in the form of real shares from the third year onwards (requires a waiting period of two years in which no real shares are transferred). The transfer is to take place in four equivalent tranches (25% of the total number of performance shares each) - subject to the achievement of the relevant performance targets which is an annually in crease of the share price of 10% each year.

The increase in the stock market price as the key performance target is calculated by dividing the "transfer price" by the closing price. The transfer price is defined as the arithmetic mean of the closing prices of the last 30 trading days prior to 31 December of the respective year of the performance period. As said, the performance target is deemed to have been achieved if the cumulative transfer price increased by at least 10% each year compared with the closing rate (annual performance target).

In 2019, the related expense amounted to m€ 1,2 (2018: m€ 0).

Share-based payments of Management Board

As a long-term incentive, one board member receives after his choice either company shares or a cash settlement which belongs to the development of the stock price of the company in accordance with the following regulations:

This Board member is initially granted LTI options totaling € 2,400,000.00. The number of LTI options results from the quotient of the above amount and (i) the closing price of the Company's share on 19 March 2019 or (ii) the average closing price of the last five trading days before taking effect of the service agreement including this day. The lower one of the two values is decisive. The board member can grant the LTI options in four tranches, 25% of the overall sum after 1 April 2019 and then three times 25% after 12, 24 and 36 months after this service agreement entered into force. The board member can choose either LTI shares or a cash settlement. The decision of the board member has to be communicated to the Chairman of the Supervisory Board within four weeks after the respective performance period in text form (email is sufficient). If there is no such notification or if it is not done in time it means that the cash settlement option will be applied. The parties agree that the first tranche is granted in the form of a cash settlement. If the board member chooses LTI shares, the calculated number of LTI shares (gross) will be transferred, if necessary after issuing of corporate shares, at the end of the respective performance period to the deposit of the board member. From this point on, the shares are subject to a contractual holding period of twelve months at the most, however, until the end of the service agreement. If the board member chooses the cash settlement option, he will receive it immediately after the respective performance period in an € (gross) amount that corresponds to the product of the company share price based on the average closing price of the last five trading days before the end of the respective performance period and the calculated number of LTI options. In 2019, the related expense amounted to k€ 677.

One other board member receives an additional, annual fixed amount of € 600,000 gross either in shares or in cash (€). The board member can decide until March 31, 2019 whether he would like to have the fixed amount paid out in shares or in cash (€). If the fixed amount is paid in shares, the board member will receive shares in the amount of € 600,000.00 gross as of April 1st, 2019. To calculate the number of shares the last trading day in XETRA trading 2018 count as the key date on. The parties agree that the bonus is granted in the form of a cash settlement.

This board member will receive an additional share package for the year 2019 at the end of 31 December 2019, for the year 2020 at the end of 31 December 2020 and for the year 2021 at the end of 31 December 2021 (based on the key date of the last trading days in XETRA trade 2018 for the year 2019, 2019 for the year 2020 and 2020 for the year 2021) in the amount of € 500,000 gross. The total amount of € 500,000 gross divided by the stated closing price gives the number of shares to be transferred. For absences (excluding periods of garden leave) or a withdrawal during the year, the fixed amount will also be reduced pro rata. This does not apply to absences due to public holidays, vacation and incapacity to work with entitlement to continued payment. The tax on those transferred shares is carried by the board member. It can be paid by the board member directly or by share allocation, be covered by "sell to cover". The listed share package of € 500,000 will be based on three target achievements equally weighted which are company-defined and calculated and if necessary transferred proportionately. These goals were discussed with the board member for 2019 and fixed.

The shares (16,501) were delivered to the board member in January 2020 equivalent to an amount of k€ 500.

Equity-settled transactions 2019

One former board member was granted a special remuneration on the basis of an amendment to the service agreement in form of shares in the company in an aggregate amount of k€ 740.

The share-based compensation granted will only be forfeited under certain circumstances (i.e. when the Company terminates the service agreement for cause; the service agreement is terminated upon request of the Board member). In turn, the share grants individually agreed for each member of the Board vest over various periods linked to the term of the underlying service agreement.

Movements during the year 2019

The following table illustrates the number and movements in synthetic equity-settled stock options during the year, as well as the grant date and the remaining term of the option:

Equity-settled transactions 2019 - Movements during the year

	Tranche 1
Grant Date	May 2019
Granted Stock Options	5,032
Remaining term of the option	0 years
Granted during the year	5,032
Exercisable as of 31 December 2019	5,032

Equity-settled transactions 2018

In 2018 certain members of the EMC were granted a special payment on the basis of the individual service agreements in form of shares in the company (so-called "share-based payment") in an aggregate amount of k€ 1,199.

The share-based compensation granted will only be forfeited under certain circumstances (i.e. when the Company terminates the service agreement for cause or the service agreement is terminated upon request of the member of the EMC during the relevant current term). In turn, the share grants individually agreed for each member of the EMC vest over various periods linked to the term of the underlying service agreement.

The fair value of such share grants was calculated as € 49.08 per share less projected dividend payments per share during the relevant vesting period, and is amortized (i.e. recognised through profit and loss) based on the vesting periods individually agreed for each member of the EMC. The total expense recognized through profit and loss in relation to such share grants to the EMC in the financial year 2018 was k€ 1,177.

Movements during the year 2018

The following table illustrates the number and movements in synthetic equity-settled stock options during the year, as well as the grant date and the remaining term of the option:

Equity-settled transactions 2018 - Movements during the year

	Tranche 1
Grant Date	May 2018
Granted Stock Options	25,468
Remaining term of the option	0 years
Granted during the year	25,468
Forfeited during the year	468
Exercisable as of 31 December 2018	25,000

Cash-settled transactions 2019

In 2019 the group has issued virtual stocks to the two-remaining members of the Board. The stocks grant the right to receive stocks or cash payment at exercise at exercise date. The virtual stock options have been exercised as cash payments in an aggregate amount of k€ 1,298.

I.5.4 Transactions with Associates (Co-Investments) and Joint Ventures (cooperation with local partners)

The terms and condition agreed with Associates for the services of the Group are negotiated and set out in the underlying documentation for each investment product entered into with the respective clients (JVCIA, management agreements etc.). Hence, such terms and conditions are considered to be at arm's length.

Transactions with Associates (Co-Investments) and Joint Ventures (cooperation with local partners)

€ thousand	2019	2018
Revenue from Acquisition Related Fees	7,883	2,904
Revenue from Asset and Property Management	9,493	7,805
Management Expenses	(3,828)	(1,687)
Share of Profit or Loss from Associates and Joint Ventures	11,931	10,340
Proceeds from Selling Property Holding Companies	18,671	4,655
General and Administrative Expenses	(78)	(140)
Interest income from Associates	335	659

Balances with Associates (Co-Investments) and Joint Ventures (cooperation with local partners)

€ thousand	2019	2018
Receivables from Associates	54,733	15,622
Receivables from Affiliated Companies	1,750	2,115
Trade receivables	24,318	8,086
Other short term receivables	(2,314)	1
Long-term loans to associates	33,364	8,169
Liabilities to Associates	8,473	821
Liabilities from Affiliated Companies	3,483	4,257
Liabilities to related parties	11	29

I.6 Group entities

CCH SA is the parent company of the Group.

The consolidated financial statements include basically all companies which the Group controls, i.e. typically for which CCH SA owns, directly or indirectly through subsidiaries, more than half of the voting power. There are no restrictions regarding Cash or Dividend Payments from such subsidiaries. Except for Corestate MCIF GmbH & Co.KG (Note I.5.2) the equity interest is equal to the voting rights.

Group entities

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Core state Capital Holding S.A.	**Luxembourg**	**Parent Company**	**Parent Company**
AF ATHENA GmbH	Frankfurt am Main/Germany	100.00%	100.00%
ATOS Property Management GmbH	Hamburg/Germany	100.00%	100.00%
ATOS Real Estate GmbH	Wien/Austria	100.00%	100.00%
Bayreuth Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Bad Honnef OpCo GmbH	Frankfurt am Main/Germany	100.00%	n. a.
Bego HoldCo I S.L.	Madrid/Spain	100.00%	100.00%
Bego HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Bego PropCo I S. L.	Madrid/Spain	100.00%	100.00%
BER REV HoldCo S.à r.l.	Luxembourg	100.00%	n. a.
CAPERA Immobilien Service GmbH	Neu-Isenburg/Germany	100.00%	100.00%
CAP FinCo S.à r. l.	Luxembourg	100.00%	100.00%
CAP HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
CCIS Master HoldCo S.à r.l.	Luxembourg	100.00%	n. a.
CC Venture Management S.à r.l.	Luxembourg	100.00%	100.00%
Cisnes E Silhuettas	Lisboa/Portugal	100.00%	n. a.
Corestate Ben HoldCo GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE Capital Advisors (Singapore) Pte. Ltd.	Singapore	100.00%	100.00%
CORESTATE Capital Advisors GmbH	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE Capital Advisors GmbH (Spanish branch)	Madrid/Spain	100.00%	100.00%
CORESTATE CAPITAL AG	Zug/Switzerland	100.00%	100.00%
CORESTATE Capital Beteiligungs Verwaltung GmbH	Frankfurt am Main/Germany	100.00%	100.00%
Corestate Capital Dept Advisory GmbH	Frankfurt am Main/Germany	100.00%	n. a.
Corestate Capital France HoldCo SAS	Paris/France	100.00%	n. a.
CORESTATE CAPITAL Fund Management S.à r.l.	Luxembourg	100.00%	100.00%
CORESTATE Capital Group GmbH	Frankfurt am Main/Germany	100.00%	100.00%
Corestate Capital Investors (Europe) GmbH	Frankfurt am Main/Germany	100.00%	100.00%
Corestate Capital Junior BondCo S.à r.l.	Luxembourg	100.00%	100.00%
CORESTATE Capital Partners GmbH	Zug/Switzerland	100.00%	100.00%
CORESTATE Capital Partners UK Limited	London/United Kingdom	100.00%	100.00%
Corestate Capital Sales Holding S.à r. l.	Luxembourg	100.00%	100.00%

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Capital Senior BondCo S.à r. l.	Luxembourg	100.00%	100.00%
Corestate Capital Services GmbH	Wollerau/Switzerland	100.00%	100.00%
CORESTATE Capital Transactions AG	Zug/Switzerland	100.00%	100.00%
Corestate CAPTIVE PropCo V S.à r. l.	Luxembourg	100.00%	100.00%
CORESTATE CIV GmbH	Frankfurt am Main/Germany	100.00%	100.00%
Corestate Condor PropCo GmbH	Vienna/Austria	100.00%	100.00%
Corestate Condor TopCo GmbH	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE ENERGY HoldCo S.à r.l. i.L.	Luxembourg	100.00%	n. a.
Corestate FIF Portfolio Verwaltung GmbH	Hamburg/Germany	100.00%	100.00%
Corestate Marketing GmbH	Frankfurt am Main/Germany	100.00%	100.00%
Corestate Shelf 11 S.à r. l.	Luxembourg	100.00%	100.00%
Corestate Shelf 15 S.à r. l.	Luxembourg	100.00%	n. a.
Corestate Shelf 18 S.à r. l.	Luxembourg	100.00%	n. a.
Corestate Shelf 19 S.à r. l.	Luxembourg	100.00%	n. a.
Corestate Student Home Holding S.à r.l.	Luxembourg	100.00%	100.00%
Corestate ZGE Feeder GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
Court PropCo S.à r.l.	Luxembourg	100.00%	n. a.
CRM Students Ltd	Oxford/United Kingdom	100.00%	100.00%
Dedan HoldCo S.à r.l.	Luxembourg	100.00%	n. a.
DONALD HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Echo HoldCo S.à r. l.	Luxembourg	100.00%	100.00%
Frankfurt Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
GENOST Consulting GmbH	Leipzig/Germany	100.00%	100.00%
Ginova AIF S.à r.l. (prev. Highstreet Giessen HoldCo S.à r. l.)	Luxembourg	100.00%	100.00%
Ginova PropCo S.à r.l. (prev. Highstreet Giessen PropCo S.à r.l.)	Luxembourg	100.00%	100.00%
Grindel AcquiCo II S.à r. l.	Luxembourg	100.00%	100.00%
Hannover Leasing Verwaltungsgesellschaft mbH	Pullach/Germany	100.00%	100.00%
HARBOUR AcquiCo 1 AIF S.à r.l.	Luxembourg	100.00%	100.00%
Hartly Invest, S. L.	Madrid/Spain	100.00%	100.00%
HFS Helvetic Financial Services AG	Wollerau/Switzerland	100.00%	100.00%
Highstreet IX HoldCo S.à r.l	Luxembourg	100.00%	100.00%
Highstreet IX TopCo Ltd. (prev. Highstreet GI TopCo Ltd)	Guernsey	100.00%	100.00%
Highstreet Premium II AcquiCo Limited	Guernsey	100.00%	100.00%
Iberian HoldCo II S.à r. l.	Luxembourg	100.00%	100.00%
Iberian HoldCo II S. L.	Madrid/Spain	100.00%	100.00%
Iberian Investment II HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Iberian PropCo II S.L.	Madrid/Spain	100.00%	100.00%
ISARTAL Beteiligungsverwaltungs GmbH	Frankfurt am Main/Germany	100.00%	100.00%
Mainz Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Manneken AIF S.à r.l.	Luxembourg	100.00%	100.00%
Manneken HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Marburg TopCo Ltd	Guernsey	100.00%	100.00%
Micro Living Properties Spain S.L.U.	Madrid/Spain	100.00%	100.00%
MicroLiving Service zwei GmbH	Vienna/Austria	100.00%	100.00%

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Plutos HoldCo S.á r.l. (prev. Corestate Shelf 3 S.à r. l.)	Luxembourg	100.00%	100.00%
Potsdam Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Project AcquiCo III S.à r.l.	Luxembourg	100.00%	100.00%
RECAP FinCo II S.à r.l.	Luxembourg	100.00%	100.00%
RECAP FinCo VI S.à r.l.	Luxembourg	100.00%	100.00%
ROSE HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Stadttor Düsseldorf AcquiCo S.à r. l.	Luxembourg	100.00%	100.00%
Squirrel AcquiCo I S.à r.l.	Luxembourg	100.00%	n. a.
Tempelhof Twins HoldCo S.à r.l. (prev. Corestate Shelf 13 S.à r.l.)	Luxembourg	100.00%	n. a.
Tempelhof Twins TopCo S.à r.l. (prev. Tempelhof Twins PropCo S.à r.l.)	Luxembourg	100.00%	n. a.
Court HoldCo GmbH (prev. TRIIIPLE TopCo GmbH)	Frankfurt am Main/Germany	100.00%	100.00%
TURBO FRA AcquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
UPARTMENTS Real Estate GmbH	Leipzig/Germany	100.00%	100.00%
Urban Micro Estate Immobilienverwaltung GmbH	Wien/Switzerland	100.00%	n. a.
Wallhalla HoldCo S.á r.l. (prev. Corestate Shelf 5 S.à r.l.)	Luxembourg	100.00%	100.00%
Wallhalla PropCo S.á r. l. (prev. Roman HoldCo S.à r.l.)	Luxembourg	100.00%	100.00%
LOMBARDO Verwaltungsgesellschaft mbH	Pullach/Germany	89.58%	89.58%
PALMYRA Verwaltungs GmbH & Co. Vermietungs KG	Pullach/Germany	89.58%	89.58%
CORESTATE MCIF GmbH & Co. KG	Frankfurt am Main/Germany	86.67%	86.67%
PALMYRA Verwaltungs GmbH & Co. Verm. KG S.e.n.c	Luxembourg	84.92%	84.92%
CORESTATE MCIF Germany GmbH & Co. KG	Frankfurt am Main/Germany	83.87%	83.87%
Corestate Capital Vorratsgesellschaft mbH 1	Frankfurt am Main/Germany	merged	100.00%
Corestate Capital Vorratsgesellschaft mbh EINS & Co. KG	Frankfurt am Main/Germany	merged	100.00%
Corestate Investment 1 S.à r.l.	Luxembourg	merged	100.00%
Corestate Sailing HoldCo S.à r.l.	Luxembourg	merged	100.00%
Corestate SAND HoldCo S.à r.l.	Luxembourg	merged	69.74%
Crown PropCo GmbH	Frankfurt am Main/Germany	merged	100.00%
Energy AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	merged	100.00%
Highstreet IX PropCo S.à r. l	Luxembourg	merged	100.00%
Isabela HoldCo AIF S.à r. l.	Luxembourg	merged	100.00%
King HoldCo S.à r.l.	Luxembourg	merged	100.00%
RECAP FinCo III S.à r.l.	Luxembourg	merged	100.00%
RECAP FinCo IV S.à r.l.	Luxembourg	merged	100.00%
RECAP FinCo V S.à r.l.	Luxembourg	merged	100.00%
Soest HoldCo S.à r. l.	Luxembourg	merged	100.00%
VITU AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	merged	100.00%
Bochum PropCo S.à r. l. (prev. Highstreet Premium II PropCo III S.à r.l.)	Luxembourg	sold	100.00%
Echo HoldCo 2 AIF S.à. r.l. (prev. Project AcquiCo IV S.à r.l.)	Luxembourg	sold	100.00%
Echo PropCo S.à r.l.	Luxembourg	sold	100.00%
ACROSS HoldCo S.à r.l.	Luxembourg	liquidated	100.00%

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Cassandra HoldCo S.à r. l. (prev. Spain Shelf I HoldCo S.à r.l.)	Luxembourg	sold	100.00%
Cassandra HoldCo S.L.U. (prev. Spain Shelf I HoldCo I S. L.)	Spain	sold	100.00%
Cassandra PropCo S. L.U. (prev. Spain Shelf I PropCo I S. L.)	Spain	sold	100.00%
CORESTATE FMCG Fonds I	Pullach/Germany	sold	100.00%
Corestate Shelf 7 S.à r. l.	Luxembourg	sold	100.00%
Leonia sp. z o. o.	Warsaw/Poland	sold	100.00%
Müller34 Student Home Projektentwicklung- und Verwaltung GmbH	Frankfurt am Main/Germany	sold	100.00%
Plutos PropCo S.à r.l. (prev. Corestate Shelf 4 S.à r.l.)	Luxembourg	sold	100.00%
RECAP FinCo S.à r.l.	Luxembourg	liquidated	100.00%
Tablas HoldCo S.à r. l. (prev. Corestate PropCo Shelf I S.a r. l.)	Luxembourg	sold	100.00%

Group entities (Sub Group Hannover Leasing)

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
Hannover Leasing GmbH & Co. KG	Pullach/Germany	94.90%	94.90%
Accontis GmbH Finanzanlagen und Beteiligungen	Frankfurt am Main/Germany	94.90%	94.90%
AKANTHUS Verwaltungsgesellschaft mbH	Pullach/Germany	89.21%	89.21%
BERYTOS Verwaltungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
CAMPANULA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	78.00%	94.90%
Delta Vermietungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
DIRAN Verwaltungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
DIV Deutsche Immobilienfonds GmbH	Pullach/Germany	94.90%	94.90%
Freizeitgeräte Leasing GmbH	Pullach/Germany	94.90%	94.90%
FRICTION Verwaltungsgesellschaft mbH	Pullach/Germany	62.63%	89.21%
Galena Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94.59%	94.90%
GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	86.43%	94.90%
GORDION Verwaltungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Automotive GmbH	Pullach/Germany	84.15%	84.15%
HANNOVER LEASING Belgien Beteiligungs GmbH & Co. KG	Pullach/Germany	94.90%	94.90%
Hannover Leasing Beteiligungs GmbH & Co. KG	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Investment Beteiligungs GmbH	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Private Invest Beteiligungs GmbH	Pullach/Germany	86.60%	86.43%
HANNOVER LEASING Private Invest II GmbH & Co. KG	Pullach/Germany	86.60%	84.15%
HANNOVER LEASING Treuhand GmbH	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Wachstumswerte Europa Beteiligungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
HANNOVER LEASING Wachstumswerte Europa VI GmbH & Co. KG i.L.	Pullach/Germany	94.90%	94.90%

		31 Dec 2019	31 Dec 2018
Name	Seat and Country of incorporation	% equity interest	% equity interest
HANNOVER LEASING Wachstumswerte Europa VIII GmbH & Co. KG i.L.	Pullach/Germany	47.49%	86.62%
HANNOVER-LEASING Treuhand-Vermögensverwaltung GmbH	Pullach/Germany	94.90%	94.90%
HERSCHEL Verwaltungsgesellschaft mbh	Pullach/Germany	62.63%	86.62%
IKARIA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94.90%	n.a.
KERA Verwaltungsgesellschaft mbH	Pullach/Germany	62.63%	94.90%
MERIT Beteiligungsgesellschaft mbH i. L.	Pullach/Germany	94.90%	94.90%
NIGRESCO Verwaltungsgesellschaft mbH	Pullach/Germany	94.90%	94.90%
NOVELLINO Geschäftsbesorgungs GmbH & Co. Verwaltungs KG	Pullach/Germany	94.90%	47.49%
ORION Verwaltungsgesellschaft mbH & Co. Beteiligungs KG	Pullach/Germany	94.90%	94.90%
SINGULI Verwaltungsgesellschaft mbH	Pullach/Germany	62.63%	94.90%
VANESSA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	94.90%	94.90%
HL Hotel Ulm GmbH & Co. geschlossene Investment-KG	Pullach/Germany	sold	53.63%
HL Quartier West Darmstadt GmbH & Co. Geschlossene Investment - KG (prev. STYLOS Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	sold	94.90%
LIBANUS Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	sold	94.90%
PERNILLA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach/Germany	sold	94.90%

I.7 Deconsolidation

	Echo HoldCo2 AIF S.á r.l.	Echo PropCo S.à r.l.	Corestate Opportunity I Master S.à r.l.	Bochum PropCo S.à r.l.	Corestate Residential Germany Fund III	Across HoldCo S.à r.l.	RECAP FinCo S.à r.l.	Clouth 104 PropCo S.à r.l.	Cassandra HoldCo AIF2 S.à r.l.	Cassandra HoldCo S.à r.l.
Date of sale	26.06.2019	26.06.2019	11.06.2019	28.06.2019	12.04.2019	16.07.2019	16.07.2019	02.09.2019	26.09.2019	28.12.2018
Total proceeds from sale	27	20,005	10	13,355	1	-	-	12	12	5,131
thereof sales prices (cash)	-	18,087	10	12,331	-	-	-	12	12	5,131
Shares in Associates	-	-	-	-	-	-	-	-	-	-
Advance Payments for Property Purchase Prices	-	-	-	-	-	-	-	-	-	-
Inventories	-	43,844	-	28,100	-	-	-	-	-	-
Receivables	-	475	-	920	-	-	-	-	-	-
Other assets	-	-	0	125	-	4	-	0	-	-
Cash and cash equivalents	-	2,979	10	507	1	33	19	4	12	4,619
Total assets	**-**	**47,298**	**10**	**29,652**	**1**	**37**	**19**	**4**	**12**	**4,619**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Financial liabilities due to banks	1	28,004	-	17,663	-	-	-	-	-	-
Other provisions	-	132	-	150	-	11	8	-	-	-
Trade payables	16	79	-	99	-	10	5	-	-	9
Other payables	-	136	-	1,048	-	38	0	-	-	0
Total liabilities	**16**	**28,351**	**-**	**18,961**	**-**	**59**	**14**	**-**	**-**	**9**
Fair value of net assets sold	**(16)**	**18,946**	**10**	**10,691**	**1**	**(22)**	**6**	**4**	**12**	**4,610**
Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Gain/(loss) from deconsolidation	**43**	**1,059**	**0**	**2,664**	**-**	**22**	**(6)**	**8**	**-**	**521**
Revenues generated until deconsolidation	**-**	**300**	**-**	**1,030**	**-**	**-**	**-**	**-**	**-**	**-**
Profit/(loss) until date of deconsolidation	**(11)**	**(623)**	**(1)**	**337**	**-**	**(52)**	**(12)**	**(8)**	**-**	**(6)**

	Cassandra HoldCo S.L.U.	Cassandra PropCo S.L.U.	Plutos PropCo S.à r.l.	Plutos HoldCo AIF S.à r.l.	Tempelhof Twins HoldCo 2 S.à r.l. o	Tempelhof Twins TopCo AIF S.à r.l.	Tablas HoldCo AIF S.à rl	Tablas HoldCo S.à r.l.	Tablas HoldCo S.L.U.	Tablas Microliving PropCo S.L.U.	Corestate FMCG Fonds I
Date of sale	30.09.2019	30.09.2019	27.09.2019	27.09.2019	15.11.2019	15.11.2019	27.12.2019	30.12.2019	30.12.2019	30.12.2019	13.12.2019
Total proceeds from sale	-	-	18,420	12	-	12	12	14,138	-	-	26,022
thereof sales prices (cash)	-	-	16,660	-	-	12	7	14,138	-	-	26,022
Shares in Associates	-	-	-	-	-	-	-	-	-	-	99
Advance Payments for Property Purchase Prices	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	46,213	-	-	-	-	-	-	10,547	47,547
Receivables	-	-	115	-	-	-	-	-	-	-	-
Other assets	2	5	244	0	1,761	-	-	2	1	2,304	103
Cash and cash equivalents	1	2	1,381	8	12	9	12	19	29	304	364
Total assets	**3**	**7**	**47,953**	**8**	**1,773**	**9**	**12**	**21**	**30**	**13,155**	**48,112**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	6
Financial liabilities due to banks	-	-	30,073	-	-	1,747	-	-	-	-	22,058
Other provisions	-	-	-	-	-	-	-	-	-	-	-
Trade payables	-	-	49	-	-	-	-	-	4	1,095	477
Other payables	0	0	112	-	-	-	-	1	0	-	173
Total liabilities	**0**	**0**	**30,233**	**-**	**-**	**1,747**	**-**	**1**	**5**	**1,095**	**22,714**
Fair value of net assets sold	**3**	**7**	**17,720**	**8**	**1,773**	**(1,738)**	**12**	**20**	**26**	**12,060**	**25,399**
Non-controlling interests	-	-	-	-	(12)	(12)	-	-	-	-	-
Gain/(loss) from deconsolidation	**(3)**	**(7)**	**700**	**4**	**(1,761)**	**1,762**	**0**	**14,118**	**(26)**	**(12,060)**	**624**
Revenues generated until deconsolidation	**-**	**-**	**546**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit/(loss) until date of deconsolidation	**(7)**	**(5)**	**323**	**(4)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Muller 34 Student Home Projekt-entwicklung- und verwaltungs GmbH	Pallars AIF HoldCo S.à r.l.	Pallars HoldCo S.à r.l.	Pallars HoldCo S.L.	Pallars PropCo S.L.	BCC Investments S.à r.l.	Corestate Shelf 7 S.à r.l.	Mariggo Investements sp. z o. o.	Leonia Sp. Z o. o.	Den Developments Sp. z o. o.	**Total**
Date of sale	13.12.2019	27.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	30.12.2019	
Total proceeds from sale	20	12	2,728	-	-	7,696	-	-	-	-	107,625
thereof sales prices (cash)	20	7	2,728	-	-	6,930	-	-	-	-	102,107
Shares in Associates	-	-	-	-	-	-	-	-	-	-	99
Advance Payments for Property Purchase Prices	-	-	-	-	483	-	-	-	-	-	483
Inventories	-	-	-	-	8,854	-	-	-	4,537	9,573	199,215
Receivables	-	-	-	-	-	-	5	-	-	-	1,516
Other assets	-	-	0	0	132	-	1	2	272	2.374	7,333
Cash and cash equivalents	27	7	39	21	703	371	389	18	1,149	1	13,048
Total assets	**27**	**7**	**39**	**21**	**10,172**	**371**	**395**	**20**	**5,958**	**11,948**	**221,692**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	6
Financial liabilities due to banks	-	-	-	-	7,718	-	-	-	-	-	107,263
Other provisions	-	-	-	-	-	-	-	-	-	-	302
Trade payables	11	-	3	3	583	-	12	8	494	325	3,283
Other payables	-	-	-	0	-	10,369	-	-	1	-	11,880
Total liabilities	**11**	**-**	**3**	**3**	**8,300**	**10,369**	**12**	**8**	**495**	**325**	**122,734**
Fair value of net assets sold	**16**	**7**	**36**	**17**	**1,872**	**(9,998)**	**382**	**12**	**5,462**	**11,623**	**98,958**
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(24)
Gain/(loss) from deconsolidation	**4**	**5**	**2,692**	**(17)**	**(1,872)**	**17,694**	**(382)**	**(12)**	**(5,462)**	**(11,623)**	**8,690**
Revenues generated until deconsolidation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,876**
Profit/(loss) until date of deconsolidation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(68)**

During the financial year 2018, the following companies were deconsolidated, primarily in relation to the Group's warehousing activities:

	HL Denkmal Münster KG	Marburg HoldCo S.à r.l	ROSE OpCo S.à r.l. (Corestate Shelf 6 S.à r.l.)	HIGH-STREET VIII TopCo Limited	HIGH-STREET VIII TopCo II Limited	HIGH-STREET VIII HoldCo S.à r.l.	HIGH-STREET VIII AcquiCo S.à r.l.	HIGH-STREET VIII PropCo I S.à r.l.	HIGH-STREET VIII PropCo II S.à r.l.	HIGH-STREET VIII PropCo III S.à r.l.	HIGH-STREET VIII Parking GmbH (TRIIIPLE HoldCo GmbH)	Squirrel AcquiCo II GmbH & Co. KG	Corestate Shelf 6 S.à r.l.	Corestate Shelf 10 S.à r.l.	Bassano GmbH	HL Hotel Ulm KG	Pernilla KG	**Total**
Date of sale	29/03/2018	20/02/2018	07/11/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	28/12/2018	31/12/2018	07/11/2018	09/10/2018	31/07/2018	30/11/2018	31/12/2018	
Total proceeds from sale	7,161	-	12	32,676	138	-	-	-	-	-	-	-	12	12	25	7,967	1,633	**49,668**
thereof sales prices (cash)	1,960	32	12	16,168	68	-	-	-	-	-	-	-	12	12	25	7,967	1,633	**27,889**
thereof other consideration transferred	5,201	-	-	16,508	70	-	-	-	-	-	-	-	-	-	-	-	-	**21,779**
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6	21	-	27
Shares in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,964	-	12,964
Shares in Associates	-	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
Inventories	20,732	-	-	-	-	-	-	50,188	76,906	3,938	-	-	-	-	-	-	8,534	160,298
Receivables	-	-	-	-	-	-	-	451	187	-	-	-	-	-	-	-	-	638
Receivables from affiliated companies	-	-	-	39,041	-	69,523	61	109	34,997	-	-	-	-	-	-	-	-	143,731
Derivatives	-	-	-	-	-	-	-	295	424	408	-	-	-	-	-	-	-	1,127
Other assets	-	-	0	-	-	-	-	643	623	323	16	-	-	-	-	1	-	1,607
Cash and cash equivalents	1,377	30	6	134	5	6,748	238	26,915	4,883	248	44	1	6	12	-	949	344	41,938
Total assets	**22,110**	**45**	**6**	**39,175**	**5**	**76,270**	**298**	**78,601**	**118,020**	**4,916**	**60**	**1**	**6**	**12**	**6**	**13,935**	**8,878**	**362,344**
Deferred tax liability	70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	156	226
Financial liabilities due to banks	9,219	-	-	-	-	-	-	39,997	52,739	144	-	-	-	-	-	-	6,863	108,962
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	178	178
Current tax liabilities	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31	31
Liabilities from affiliated companies	-	-	-	735	61	39,053	204	33,846	65,144	5,380	109	-	-	-	-	-	-	144,532
Trade payables	24	6	6	43	28	78	5	3,028	241	16	7	5	6	-	2	-	8	3,504
Other payables	6,385	-	-	-	-	37,229	1	1,161	114	55	17	1	-	-	(63)	6,486	-	51,756
Total liabilities	**15,698**	**6**	**6**	**778**	**89**	**76,361**	**211**	**78,031**	**118,238**	**5,595**	**133**	**6**	**6**	**-**	**(61)**	**6,486**	**7,236**	**309,188**
Fair value of net assets sold	**6,412**	**39**	**(0)**	**38,397**	**(84)**	**(91)**	**88**	**570**	**(218)**	**(678)**	**(73)**	**(5)**	**(0)**	**12**	**67**	**7,449**	**1,642**	**53,155**
Non-controlling interests	(320)	-	-	(10,066)	215	(161)	(103)	(287)	115	280	71	-	-	-	(2)	-	47	(10,212)
Gain/(loss) from deconsolidation	**429**	**(7)**	**12**	**4,345**	**7**	**252**	**16**	**(284)**	**103**	**399**	**3**	**5**	**12**	**-**	**(40)**	**518**	**(57)**	**6,084**
Revenues generated until deconsolidation	**294**	**-**	**-**	**-**	**-**	**-**	**16**	**-**	**3,483**	**399**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,192**
Profit/(loss) until date of deconsolidation	**(6)**	**-**	**(1)**	**(501)**	**(19)**	**(1,007)**	**(11)**	**(73)**	**2,326**	**(260)**	**(2)**	**2**	**(0)**	**-**	**(1)**	**16**	**289**	**755**

J. REPORT ON BUSINESS RELATIONSHIPS WITH STRUCTURED ENTITIES

Disclosures on unconsolidated structured entities

The fund business and other operating activities of the Group companies give rise to various business relationships with structured entities within the meaning of IFRS 12. A structured entity is an entity that has been designed so that the exercise of voting or similar rights under company law is not the dominant factor in deciding who controls the entity as defined by IFRS 10.

The unconsolidated structured entities with which Corestate has business relationships are funds divided into the asset classes' media, real estate and large-scale facilities.

The extent of the structured entities is based on the amount of historical fund assets under management and as of 31 December 2019 (31 December 2018) the extent of the unconsolidated structured entities of Corestate are as follows:

€ thousand	Media	Real estate	Rail vehicles	Large-scale plants	**Total**
Fund volume 2019	1,830,589	576,049	0	188,314	**2,594,952**
Fund volume 2018	1,830,589	576,049	-	188,314	**2,594,952**

As of 31 December 2019, advances to unconsolidated structured entities and revenues generated from such entities are not material.

Disclosures on consolidated structured entities

If a structured entity is included in the basis of consolidation in accordance with IFRS 10, the business relationships with other consolidated entities are subject to the normal consolidation requirements. As of 31 December 2019, two structured entities were consolidated in accordance with IFRS 10 and affect all real estate funds. Corestate participates in these companies only with equity.

Sponsored unconsolidated entities in which Corestate holds no shares as at the reporting date

As a sponsor Hannover Leasing Group has often been involved in incorporating and marketing a large number of structured entities. Structured entities are considered sponsored by Hannover Leasing Group if they can be associated with and supported by Hannover Leasing Group.

Revenues generated from transactions with unconsolidated entities in which Corestate holds no shares as at the reporting date, were not material.

K. SIGNIFICANT EVENTS AFTER THE REPORTING DATE (SUBSEQUENT EVENTS)

As per 15 January 2020, Corestate Capital Holding S.A. closed the acquisition of STAM Europe, Paris, after the French regulatory authority AMF gave its approval (see section C.3 "Business Combination"). Corestate's assets under management (AuM) thus grow by c. € 2 bn to € 28 bn. On closing the transaction, Corestate will be expanding its product range, in particular its very successful micro living platform, into France. Simultaneously, the company will offer an enhanced market access to its clients as well as extending its institutional investor base.

We also refer to our disclosure in Note A. Corporate information in relation to the Corona-Virus outbreak.

Luxembourg, 23 March 2020

Lars Schnidrig Chairman of the Management Board and Chief Executive Officer	**Thomas Landschreiber** Member of the Management Board and Chief Investment Officer

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Corestate Capital Holding S.A.
4, rue Jean Monnet
L-2180 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Impairment test of the goodwill and other intangible assets with indefinite useful lives

Description

As part of the business combinations, the Group recorded goodwill and other intangible assets with indefinite useful lives, such as trademarks, amounting in total to EUR 613,245 thousand and representing more than 43% of the total Group's consolidated assets as of 31 December 2019. Goodwill and trademarks with indefinite useful life are subject to an annual impairment test.

We considered the annual impairment test for goodwill and trademarks to be a key audit matter because the assessment process is complex, involves significant management judgement and is based on assumptions that are affected by projected cash flows, growth rates, discount rates and overall future market and economic conditions. Based on the impairment test, including sensitivity tests, management concluded that no impairment of goodwill and trademarks was necessary.

Auditor's response

Our audit procedures included a reconciliation of the projected EBITDA in the management's impairment test models to the management's business plan. In addition, we made an assessment of the plausibility of cash flows used in calculations by comparing them to actual historical data and prior year business plans and checked mathematical accuracy of the calculations.

We involved our internal specialist to assist us in evaluating appropriateness of valuation methodologies selected by management for impairment test and technical accuracy of the calculation, and whether applied parameters, including the growth rates and the discount rates used in the impairment test model are reasonable. We also assessed the adequacy of the related disclosures in the consolidated financial statements concerning those key assumptions to which the outcome of the impairment test is most sensitive.

b) Fair value of investment properties held by associates

Description

The Group has significant investments in associates amounting to EUR 113,115 thousand as of 31 December 2019. The main activity of the Group's associates is developing or holding investment properties that represent therefore their main assets.

The investments in associates are accounted for using the equity method. In accordance with the Group accounting policies, the investment properties owned by associates are initially recognised at cost and subsequently measured at fair value at each reporting date. Thus, the Group's share in the net assets and financial performance of the associates is significantly impacted by the fair value of investment properties that they own. The fair values are determined based on a periodic valuation, performed mainly by accredited independent valuers applying a valuation model recommended by the International Valuation Standards Committee (Red Book).

The valuation of the investment properties is a significant estimate and is underpinned by a number of factual inputs and assumptions. The valuation is inherently subjective due to, among other factors, the individual nature of each property, the location and the estimate of expected cash flows generated by future rentals. The valuation models apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the fair value.

Auditor's response

As part of our audit procedures over the valuation of investment properties owned by Group's associates, we evaluated the competence, capabilities and objectivity of the valuers and read the terms of engagement of the valuers to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. For a sample of the valuations, we traced the inputs used in the valuation process to corresponding lease agreements and other relevant documentation. We involved our real estate specialist to assist us in assessing the methodologies and assumptions used in the valuation models. In particular, we assessed whether the applied valuation methods are appropriate for the purpose of the valuation of the underlying investment properties.

We also challenged the assumptions used in valuation models including capitalisation, discount and terminal yields by comparing market rents and gross multipliers against available market data.

We assessed the adequacy of the related disclosures in the consolidated financial statements in relation to the valuation of the investment properties held by associates.

Other information

The Management Board is responsible for the other information. The other information comprises the information included in the Group management report and the report on corporate governance but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and of those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.

- Conclude on the appropriateness of Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 2 6 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

The Group Management Report, which is the responsibility of the Management Board, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying Report on Corporate Governance is the responsibility of the Management Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We provided the following permitted services in addition to the statutory audit:

– review of the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019.

Other matter

The report on corporate governance includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young

Société anonyme

Cabinet de révision agréé

Pavel Nesvedov

Responsibility Statement

To the best of our knowledge we confirm, that the consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries ("the Group") which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and the annual accounts of Corestate Capital Holding S.A. ("the Company") which have been prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company, and that the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities, uncertainties and risks associated with the expected development of the Group.

Corestate Capital Holding S.A., Luxembourg, 23 March 2020

20. RECENT DEVELOPMENTS AND OUTLOOK

20.1 Recent Developments

On 27 November 2020, the Management Board obtained knowledge that certain shareholders, who held significant stakes in the Company, sold almost all of their Shares. In connection therewith, Vestigo acquired and, as of the same date, held 9.90% of the Shares.

On 30 November 2020, in connection with the acquisition of Shares by Vestigo, several members of the Supervisory Board at that time (*i.e.*, Timothy Blackwell, Dr Gabriele Apfelbacher and Olaf Klinger) handed in their resignation from their positions as members of the Supervisory Board at the occasion of a meeting of the Supervisory Board. At the occasion of the same meeting, the remaining members of the Supervisory Board (*i.e.* Dr Georg Allendorf and Marc Drießen), appointed three new members (*i.e.* Friedrich Munsberg, Prof Dr Hermann Wagner and Dr Friedrich Oelrich) by way of co-optation, and subsequently resigned from their positions as members of the Supervisory Board. The co-optation of the three new members will need to be formally confirmed at the next (ordinary or extraordinary) general meeting of the shareholders of the Company, at which the final appointment shall be made.

On 1 December 2020, the Company announced that the Supervisory Board appointed René Parmantier as the new Chairman of the Management Board (CEO) and Lars Schnidrig, who previously held the function of Chairman of the Management Board, as chief financial officer of the Company. Furthermore, it was announced that Klaus Schmitt, who was originally appointed Chairman of the Management Board (CEO) with effect as of 1 January 2021, by the Supervisory Board's decision on 6 October 2020, will not take up his office.

On 14 January 2021, the Company announced the AFS Acquisition (for a more detailed explanation of the AFS Acquisition, please refer to section "*9.5 AFS Acquisition*" above) and, in connection with the AFS Acquisition, the Supervisory Board appointed Sebastian Ernst and Johannes Märklin, managing partners and shareholders of AFS, as additional members to the Management Board with effect as of the same date. The closing of the AFS Transaction occurred on 25 May 2021.

On 31 March 2021, we have terminated and repaid in full our revolving credit facility.

On 30 May 2021, the Company announced that Lars Schnidrig resigned as CFO from the Management Board effective 31 May 2021. The Supervisory Board has reached an agreement with Lars Schnidrig on the termination of his employment contract as of 31 July 2021. The resignation occured at the request of Lars Schnidrig, for personal reasons, on the best of terms. The process of finding a successor was initiated immediately. The Company˙s chief executive officer, Rene Parmantier, assumes the duties of the CFO on an interim basis with immediate effect.

Other than described above, between 1 January 2021 and the date of the Prospectus, there have been no significant changes in our financial performance and operating results.

20.2 Outlook

We aim to become a manager of the entire value-chain for real estate equity and real estate debt investments, from project management to sale and plan to selectively combine forces and, where it makes sense for our shareholders and clients, strengthen our operations. This encompasses the bundling and fostering of the sales force under a new well-known and experienced head of sales. This comes along with a consistent focus of our investment portfolio on sustainable, future-proof asset classes to create new opportunities for our clients not only in city quarters, residential properties andlogistics, but also in office, PBSA and experience-oriented, flexible retail spaces. Moreover, to be even more focused for our clients, we aim to reduce complexity, and enhance operational excellence.

We expect that the Group will increase its business operations in the course of 2021, driven by strong real estate market sector fundamentals, an increasingly active private debt sector and investment pressure post COVID-19. Moreover, underlying real estate market trends, such as urbanization and demographic shifts, are expected to support our growth prospects. Although we will continue focusing on core/core+ assets, we intend to generate revenue from opportunistic transactions, especially due to repricing in subsectors of the real estate market. We expect our total assets under management to increase by 5% to 10% in 2021.

We expect a gradual recovery of the COVID-19 pandemic based on the progress made in the production and distribution of a COVID-19 vaccine, including timely national distribution strategies.Though we expect that the impacts of COVID-19 will continue to weigh on some parts on the real estate transaction markets in the first half of 2021, we, however, anticipate a recovery of our market environment in the course of the second half of 2021.

Against this background, the Company's financial outlook for 2021 foresees Aggregate Revenues and Gains/(Losses) of between EUR 235 and EUR 240 million, Adjusted EBITDA of between EUR 90 and 115 million and an Adjusted Net Profit of between EUR 50 and 75 million. For additional information and especially the underlying assumptions, please see "*8 Profit Forecast*" above.

Following a successful integration of AFS, the Company is looking to implement the strategy pursued with the AFS Acquisition and reinforce its position as a real estate debt asset manager with strengthened origination and execution capabilities on the back of a complementary product offering and customer base in order to leverage the potential synergies (see "*9.5 Business—AFS Acquisition*"). In particular, through the AFS Acquisition, the Company has gained access to AFS' highly regarded management platform with significant experience in debt/credit trading and structuring and, ultimately, enhances the Company's capabilities and access to clients and capital. We expect a strong transactional pipeline for AFS in 2021 and new business opportunities emerging as a result of a fully-licensed securities trading bank to support our growth in terms of number of transactions and revenue as well as the generation of additional income. In particular, we believe that, through the AFS Acquisition, we may experience a significant growth of our external client base and ultimately be able to increase the HFS fund size by EUR 500 million by the end of 2021. We believe to be in a position to utilize the potential synergies from the AFS Acquisition in order to drive earnings per share accretion for our shareholders. As of the date of this Prospectus and as a result of the AFS Acquisition, we expect an annual run-rate of at least EUR 10 million revenue and cost synergies within the next three years.

Additionally, as a part of our ordinary course of business, we are involved in a variety of non-binding negotiations regarding the potential sale or acquisition of products as part of our real estate investment management business. However, it is actually not foreseeable to what extent these negotiations are successful and result in the conclusion of a contractual documentation for any potential transaction.

We are currently involved in non-binding negotiations, which could, *inter alia* lead to a sale of a minority stake in HLI to a third party in order to address the risk that RETT might be triggered if the HLI Put Option is exercised and to ensure utmost flexibility in the future. These negotiations have not yet led to the conclusion of a contractual documentation for any potential transaction. However, as of the date of this Prospectus, it is expected that a contractual documentation will be signed on 28 June 2021.

As of the date of this Prospectus, it is envisaged, that the Company will issue 32,477 new shares of the Company by way of a capital increase against cash contribution from its authorized capital to fulfil its obligations under the respective LTIs and under the CRM SPA by end of June 2021.

Certain statements in this section, including, in particular the expectations and targets described above, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance, and the Group's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including factors described under "*4.3 Forward-Looking Statements*" and "*3. Risk Factors*".

21. GLOSSARY

We, us, our, the Group and Corestate

Corestate Capital Holding S.A. together with its consolidated subsidiaries.

Admission

The admission of the New Shares contemplated by this Prospectus.

Adjusted EBITDA

EBITDA adjusted for specific exceptional items.

Adjusted Net Profit or ANP

Net profit/(loss) for the period attributable to shareholders of the parent company adjusted for certain exceptional items.

AFS

Aggregate Financial Services GmbH, Frankfurt am Main, Germany, whose legal name was changed to CORESTATE Bank GmbH on 17 June 2021.

AFS Acquisition

The acquisition of all shares in AFS by the Company. For a more detailed explanation of the AFS Acquisition, please refer to section "*9.5 AFS Acquisition*" above.

AFS Authorized Capital Issuance

On 25 May 2021, the Management Board authorized the issuance of eight million five hundred thousand (8,500,000) New Shares with no par value in connection with the AFS BCA, for an aggregate subscription price of six hundred thirty seven thousand five hundred euro and nine cent (EUR 637,500.09) (entirely contributed to the share capital account), in order to bring the share capital of the Company from an amount of one million nine hundred twenty-four thousand nine hundred fifty-two euro and fifteen cent (EUR 1,924,952.15), up to a new amount of two million five hundred sixty-two thousand four hundred fifty-two euro and twenty-four cent) (EUR 2,562,452.24) represented by thirty-four million one hundred sixty-six thousand twenty-five (34,166,025) shares with no par value.

AFS BCA

On 14 January 2021, the Company entered into a business combination agreement with the shareholders of AFS to acquire all shares in AFS.

AFS Capital Increase

Capital increase against contribution in kind in connection with the AFS Acquisition.

AFS Shares

100% of the ordinary shares in AFS.

Aggregate Holdings

Aggregate Holdings 2 S.A., Luxembourg.

AIF

Alternative investment fund under the AIFM Act.

AIFM

Manager of an AIF.

AIFM Act

Luxembourg act of 12 July 2013 on alternative investment fund managers, as amended, transposing the AIFMD into Luxembourg Law with effect as of 22 July 2013.

AIFMD and Directive 2011/61/EU

Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and regulations (EC) No 1060/2009 and (EU) No 1095/2010.

AIFM Rules

AIFMD and the relevant transpositions into national law.

Alignment Capital Management and Alignment Capital Management Segment

It is an integral part of our business model to co-invest alongside our clients through our alignment capital investments. Accordingly, we make investments with our own funds into the same products that our clients invest in and under the same terms and conditions applicable to all investors underpinning the alignment of our interest with the one of our clients. As of 31 December 2020, we have invested EUR 145.0 million (equity and loans) through our alignment capital investments. Typically, alignment capital investments range between 5% and 10% (with certain exceptions for particular transactions) of the total equity capital invested into an investment product and depending on our clients' requirements and product structuring.

As a result, in addition to the fee-based income generated through our real estate investment management services, we also participate in the performance of the investment products through dividend payments and we realise capital gains upon successful exit from alignment capital investments.

Allocation Committee

The allocation committee of the Company, which decides about the allocation of certain assets after the Allocation Policy.

Allocation Policy

The allocation policy of the Company, which sets out minimum standards and procedures based on objective criteria for the allocation of certain assets to avoid conflicts of interest when advising clients and investment funds.

ALT

Advanced leadership team.

AMF

Autorité des marchés financiers, the French financial supervisory authority.

APMs

Alternative performance measures.

Articles of Association

The articles of association of the Issuer.

Asset Management

Value-driven management and/or optimisation of real estate investments through letting management, refurbishment, repositioning and tenant management.

Assets Under Management, AuM

Assets under management are determined based on the projected development costs for project developments for which building phase has not yet been launched, the construction costs for project developments for which the building phase has been launched but has not yet been completed, the real estate valuation for project developments for which the building phase has been completed, and the real estate valuation for standing assets. Assets under management only take into account those transactions which are secured by binding contracts.

ATOS Authorized Capital Issuance

On 25 September 2017, the Management Board authorized the issuance of in total two hundred forty-two thousand five hundred forty-four (242,544) new Shares with no par value to ATOS Sellers, for an aggregate subscription price of twelve million eight thousand three hundred fifty-five Euro (EUR 12,008,355) whereof eighteen thousand one hundred ninety Euro and eighty cent (EUR 18,190.80) were allocated to the share capital account of the Company and eleven million nine hundred ninety thousand one hundred sixty-four Euro and twenty cent (EUR 11,990,164.20) were allocated to the share premium account of the Company, in order to bring the share capital of the Company from an amount of one million five hundred seventy-four thousand four hundred fifty-six Euro and seventy cent (EUR 1,574,456.70), up to a new amount of one million five hundred ninety-two thousand six hundred forty-seven Euro and fifty Cent (EUR 1,592,647.50), represented by twenty-one million two hundred thirty-five thousand two hundred ninety-nine (21,235,299) shares with no par value.

Audited Consolidated Financial Statements

The Company's audited consolidated financial statements as of and for the financial years ended 31 December 2020 and 31 December 2019, each prepared in accordance with IFRS.

Audited Consolidated Financial Statement 2020

Refers to the Company's audited consolidated financial statements prepared in accordance with IFRS for the financial year ended 31 December 2020.

Audited Consolidated Financial Statement 2019

Refers to the Company's audited consolidated financial statements prepared in accordance with IFRS for the financial year ended 31 December 2019.

BaFin

Bundesanstalt für Finanzdienstleistungsaufsicht, the German Federal Financial Supervisory Authority.

Bayerische Versorgungskammer

Bayerische Versorgungskammer, Munich, Germany.

BeNeLux Countries

Belgium, the Netherlands and Luxembourg collectively.

BEPS

Base erosion and profit shifting.

BER REV HoldCo

BER REV HoldCo S.à.r.l., Luxembourg.

BER REV 99

BER REV 99 S.à r.l., Luxembourg.

BIL

Banque Internationale à Luxembourg S.A., Luxembourg.

Borrower

Prime Partners GmbH, Frankfurt am Main, Germany, as new borrower related to the Prime Loan Agreement.

Capera

Capera Immobilien Service GmbH, Neu-Isenburg, Germany.

Cash Flow

Indicator that shows the net inflow and outflow of cash from operating activities, investing activities and financing activities during a given period.

Capital Gain

Profit that results from the disposal of capital assets (*e.g.* Alignment Capital Investments) where the amount realised on the disposal exceeds the purchase price or the initial Alignment Capital Investment amount, respectively.

CCAG

Corestate Capital AG, Baar, Switzerland.

CCCTB

Common consolidated corporate tax base.

CCP (UK) Ltd.

Corestate Capital Partners (UK) Ltd., London, United Kingdom.

CCTAG

Corestate Capital Transactions AG, Baar, Switzerland.

Chateauneuf

Chateauneuf Finance SARL, Paris, France.

Companies Register

Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*, Luxembourg).

Consolidated EBITDA

EBITDA on a consolidated basis.

Convertible Bonds

The Company's 1.375% convertible bonds due 2022.

CORECAM

CORECAM Capital Partners Pte. Ltd., Singapore.

Corestate and the Company

Corestate Capital Holding S.A., Luxembourg, Grand Duchy of Luxembourg.

Corestate AIFM

Corestate Capital Fund Management S.à r.l., Luxembourg, fully owned by the Company, was authorized by the CSSF on 21 January 2015 as an AIFM.

Corestate Capital Advisors

Corestate Capital Advisors GmbH, Frankfurt am Main, Germany.

Corestate Capital Fund Management

Corestate Capital Fund Management S.à r.l., Luxembourg.

Corporate Bonds

The Company's 3.50% Notes due 2023.

Coupon-participation Fee

The performance fee of the Company is based on the amount by which the annual performance of a particular fund at the year-end (including distributions and tax payments) exceeds a specified hurdle rate on the average bound capital in the calculation period.

Co-Investor(s)

A client or several clients in our Investment Structures.

CEO

Chief Executive Officer.

Credit Rating

Credit rating by Standard & Poor's Rating Services.

CRM

CRM Students Limited, London, United Kingdom.

CRM Acquisition

On 4 October 2018, the Company purchased CRM.

CRM Shares

All shares in CRM comprising its entire share capital.

CRM SPA

On 4 October 2018, the Company as buyer and several natural persons as sellers entered into a share purchase agreement with the purpose of acquiring the entire issued share capital of CRM, as (partially) amended, supplemented and/or modified from time to time, as the case may be.

CSSF

Commission de Surveillance du Secteur Financier, the Luxembourg financial supervisory authority.

DACH

The principal German-speaking countries of Europe, comprising Germany, Austria and Switzerland.

Dematerialization Law

Luxembourg law dated 6 April 2013 on dematerialized securities.

DS Authorized Capital Issuance

On 28 September 2016, the Management Board has also authorized the issuance to Daniel Schoch of seventy-eight thousand three hundred twenty-seven 78,327 new Shares with no par value for an aggregate subscription price of five thousand eight hundred seventy-four Euro and fifty-three cent (EUR 5,874.53) (to be entirely contributed to the share capital account), in order to bring the share capital of the Company from an amount of nine hundred thirty-nine thousand nine hundred twenty-six Euro and sixty-one cent (EUR 939,926.61) up to a new amount of nine hundred forty-five million eight hundred one Euro and fourteen cent (EUR 945,801.14) represented by twelve million six hundred ten thousand six hundred eighty-one (12,610,681) shares with no par value.

DS 2 Authorized Capital Issuance

On 11 July 2017, the Management Board authorized the issuance of twenty thousand five hundred (20,500) new Shares with no par value to Daniel Schoch, for an aggregate subscription price of one thousand five hundred thirty-seven Euro and fifty cent (EUR 1,537.50) (to be entirely contributed to the share capital account), in order to bring the share capital of the Company from an amount of one million five hundred seventy-two thousand nine hundred nineteen Euro and twenty cent (EUR 1,572,919.25), up to a new amount of one million five hundred seventy-four thousand four hundred fifty-six Euro and seventy cent (EUR 1,574,456.70), represented by twenty million nine hundred ninety-two thousand seven hundred fifty-five (20,992,755) Shares with no par value.

Due diligence

Careful analysis, assessment and valuation with respect to, *inter alia*, financial, legal, tax, or environmental risks.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

EEA

European Economic Area.

ESG

Environment, social affairs and corporate governance.

ESMA

European Securities and Markets Authority.

ESMA Guidelines

Guidelines on alternative performance measures of October 5, 2015 issued by ESMA on 5 October 2015.

EURIBOR

Euro Interbank Offered Rate. A reference rate determined on a daily basis reflecting the average interest rates at which banks offer to lend unsecured funds to other banks in the euro money market.

EU Short Selling Regulation

EU Short Selling Regulation means the Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps.

EUR, Euro, €

EUR, Euro, € means the European single currency in certain member states of the European Union, including Germany.

E&Y

Ernst & Young S.A., 35E avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

Fair value

Price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

FCA

Financial Conduct Authority, the British financial supervisory authority.

February 2017 Authorized Capital Issuance

On 24 February 2017, the Management Board also authorized the issuance to domestic and international institutional investors outside the United States of nine hundred ninety-six thousand three hundred eighteen (996,318) new Shares with no par value for an aggregate subscription price of seventy-four thousand seven hundred twenty-three Euro and eighty-six cent (EUR 74,723.86) (to be entirely contributed to the share capital account), in order to bring the share capital of the Company from an amount of nine hundred forty-five million eight hundred one Euro and fourteen cent (EUR 945,801.14) up to a new amount of one million twenty thousand five hundred twenty-five Euro (EUR 1,020,525) represented by thirteen million six hundred six thousand nine hundred ninety-nine (13,606,999) shares with no par value.

Feldmannhof

Feldmannhof Capital GmbH, Waakirchen, Germany.

Financial year 2021

The financial year ended 31 December 2021.

Financial year 2020

The financial year ended 31 December 2020.

Financial year 2019

The financial year ended 31 December 2019.

FRED

FRED Developers BV., Amsterdam, the Netherlands.

FTEs

Full time equivalents.

Funds

Corestate AIFM is appointed by Universal to provide certain investment advisory services on behalf of Universal and for the account and to the benefit of several (reserved) alternative investment sub-funds managed by Universal.

GDPR

Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (EU General Data Protection Regulation).

General Meeting

Means the general meeting of shareholders, either for ordinary or extraordinary matters. The general meeting shall meet at least once a year for an annual general shareholders' meeting. This meeting elects the Supervisory Board and the balance sheet auditor. It passes resolutions on the appropriation of the reported annual profit, on measures for raising capital, on changes to the Articles of Association and other fundamental issues; it is the only body which can approve the decisions made by the Supervisory Board and the Management Board.

German CFC rules

German Controlled Foreign Companies Rules.

GewO

German Industrial Code (*Gewerbeordnung).*

GmbH

German limited liability company (*Gesellschaft mit beschränkter Haftung*).

GSO

Group sustainability officer.

Hannover Leasing AIFM

Hannover Leasing Investment GmbH, Pullach, Germany, a subsidiary of Hannover Leasing.

Hauck & Aufhäuser

Hauck & Aufhäuser Privatbankiers Aktiengesellschaft, Frankfurt am Main, Germany.

HFS

HFS Helvetic Financial Services AG, Wollerau, Switzerland.

HFS Acquisition

The acquisition of HFS on 1 July 2017.

HFS Authorized Capital Issuance

On 4 July 2017, the Management Board of the Issuer authorized the issuance of an aggregate of seven million three hundred sixty-five thousand two hundred fifty-six (7,365,256) new Shares with no par value to (i) Norbert Ketterer, (ii) Christoph Meyer, (iii) Marcellino Graf zu Hoensbroech and (iv) Sandra Ketterer, for an aggregate subscription price of three hundred thirty-one million four hundred thirty-six thousand five hundred twenty Euro (EUR 331,436,520) (of which five hundred fifty-two thousand three hundred ninety-four Euro and twenty-five cent (EUR 552,394.25) were allocated to the share capital account and three hundred thirty million eight hundred eighty-four thousand one hundred twenty-five Euro and eighty cent (EUR 330,884,125.80) were allocated to the share premium account), in order to bring the share capital of the Issuer from an amount of one million twenty thousand five hundred twenty-five Euro (EUR 1,020,525), up to a new amount of one million five hundred seventy-two thousand nine hundred nineteen Euro and twenty-five cent (EUR 1,572,919.25), represented by twenty million nine hundred seventy-two thousand two hundred fifty-five (20,972,255) Shares with no par value.

Highstreet Master Agreement

On 24/25 May 2017, Corestate AIFM as investment advisor and Universal as AIFM entered into a master agreement concerning investment advice, as amended by the supplemental agreement no. 1 dated 24/26 November 2020.

HL Group

Hannover Leasing together with its subsidiaries.

HLI Put Option

The right of a third party we do not control to dispose of its shares or interest in an entity (directly or indirectly) holding German real estate in connection with our past acquisition of an indirect 94.9% stake in Hannover Leasing Investment GmbH, Pullach, Germany, which was consummated on 7 July 2017.

IAS

International Accounting Standard(s).

IFD

Directive (EU) 2019/2034 on the prudential supervision of investment firms.

IFR

Regulation (EU) 2019/2033 on the prudential requirements for investment firms.

IFRS

International Financial Reporting Standards as adopted by the European Union.

Interest Coverage Ratio

As of any date of determination, the ratio of (a) the aggregate amount of Consolidated EBITDA in the Relevant Period to (b) the aggregate amount of Consolidated Net Interest in the Relevant Period.

Investment Committee

The investment committee of the Company, which takes major buying and selling decisions insofar as no AIFM is involved.

Investment Structures or individually Investment Structure

In the Real Estate Investment Management segment our activities encompass the sourcing and acquisition of relevant real estate opportunities and investments, structuring and implementing investment products, performing management services for real estate investments held in separate vehicles established by respective clients together with Corestate, and the provision of real estate mezzanine financing (*i.e.* financing, that ranks below loans and above ordinary shareholders' equity).

IPO

Initial public offering.

Issuer

Corestate Capital Holding S.A., with its seat in 4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés, Luxembourg) under number B 199780.

IT

Abbreviation of information technology, which refers to the application of computers and telecommunications equipment in order to store, retrieve, transmit and manipulate data, often in the context of a business.

Joint venture

Legally independent entity formed between two or more parties to undertake economic activity together. It is jointly controlled by the parties under a contractual arrangement whereby decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each party's consent.

JVA

Joint venture vehicle.

KAGB

German Capital Investment Act (*Kapitalanlagegesetzbuch).*

KapMug

Capital Market Investors' Model Proceedings Act (*Gesetz über Musterverfahren in kapitalmarktrechtlichen Streitigkeiten*).

KWG

German Banking Act (*Kreditwesengesetz*).

LEI

Legal Entity Identifier.

Leonis Capital Management

Leonis Capital Management GmbH, Bad Homburg v.d. Höhe, Germany.

Loan Transfer Date

The commencement of the Restated Prime Loan Agreement was subject to certain conditions precedent, which have been fulfilled by 2 November 2020.

LTI

Long-term incentive.

LuxCSD

LuxCSD S.A., 42 Avenue J.F. Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg.

Luxembourg Mandatory Squeeze-Out and Sell-Out Law

Luxembourg law of 21 July 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer.

Luxembourg Transparency Law

Luxembourg law of 11 January 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended.

Luxembourg Takeover Law

Luxembourg law of 19 May 2006 on takeover bids, as amended, implementing Directive 2004/25/EC of the European Parliament and the Council of 21 April 2004 on takeover bids.

Management Board

The management board of the Issuer.

Managers' Transactions

Notifications published by the Company pursuant to Article 19 MAR of transactions by persons discharging managerial responsibilities and persons closely associated with them.

MAR

Regulation (EU) No 569/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Market Value or MV

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion (PS 3.2 of the Appraisal and Valuation Standards issued by The Royal Institution of Chartered Surveyors).

Master Agreements

The Highstreet Master Agreement together with the Residential Master Agreement.

MB Authorized Capital Issuance

On 18 January 2019, the Management Board authorized the issuance of twenty-five thousand (25,000) new Shares with no par value to Micha Blattman, for an aggregate subscription price of one thousand eight hundred seventy-five euro (EUR 1,875) (entirely contributed to the share capital account), in order to bring the share capital of the Company from an amount of one million five hundred ninety-nine thousand seven hundred and six euro and fifty-five cent (EUR 1,599,706.55), up to a new amount of one million six hundred and one thousand five hundred eighty-one euro and fifty-five cent (EUR

1,601,581.55), represented by twenty-one million three hundred fifty-four thousand four hundred seventeen (21,354,417) shares with no par value.

MDR

The "Mandatory Disclosure Regime" based on Council Directive 2011/16/EU on administrative cooperation in the field of taxation.

Micro living

Student homes and serviced living.

MiFID II

Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended.

MPTC

MPTC S.à r.l., Luxembourg.

Net Financial Debt

Sum of long-term financial liabilities to banks, other long-term financial liabilities, short-term financial liabilities to banks, other short-term financial liabilities, less cash, cash equivalents and restricted cash.

New Shares

8,500,000 ordinary shares in dematerialized form with no par value.

Notenstein La Roche

Notenstein La Roche Privatbank AG, Genève, Switzerland.

NPP

Net purchase price.

OLG Frankfurt

The Higher Regional Court of Frankfurt am Main being the appeal court (*Oberlandesgericht Frankfurt am Main*).

Passiva Participations

Passiva Participations S.à r.l., Luxembourg.

PBSA

Purpose built student accommodation.

PP Investors

The Private Placement Authorized Capital Issuance was implemented through two contributions in cash effected by the investors taking part in the private placement.

PRI

United Nations Principles for Responsible Investments.

Prime Capital AG

Prime Capital AG, Frankfurt am Main, Germany.

Prime Loan Agreement

On 18 July 2018, the Company as lender entered into a German law loan agreement with WGS as original borrowers, providing for an aggregate principal amount of EUR 14,000,000.

Private Placement Authorized Capital Issuance

On 28 September 2016, the Management Board authorized the issuance to new investors of two million five hundred thirty-two thousand three hundred fifty-four (2,532,354) new shares with no par value for an aggregate subscription price of one hundred eighty-nine thousand nine hundred twenty-six Euro and sixty-one cent (EUR 189,926.61) (to be entirely recorded in the share capital account), in order to bring the share capital of the Company from an amount of seven hundred and fifty thousand Euro (EUR 750,000) up to a new amount of nine hundred thirty-nine thousand nine hundred twenty-six Euro and sixty-one cent (EUR 939,926.61) represented by twelve million five hundred thirty-two thousand three hundred fifty-four (12,532,354) shares with no par value.

Promote and Promote Fee

Remuneration for the success of the structures upon the sale of underlying investments.

Property Management

Property management is the management of real estate assets including the processes, systems and manpower required to manage the life cycle of a building.

Prospectus Regulation

Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

PRUNA

PRUNA Betreiber GmbH, Grünwald, Germany.

RAIF

Luxembourg Reserved Alternative Investment Fund.

Real Estate Investment Management

In the Real Estate Investment Management segment our activities encompass the sourcing and acquisition of relevant real estate opportunities and investments, structuring and implementing investment products, performing management services for real estate investments held in separate vehicles established by respective clients together with Corestate, and the provision of real estate mezzanine financing (*i.e.* financing, that ranks below loans and above ordinary shareholders' equity). Moreover, we perform real estate investment management services as well as for assets held for warehousing purposes and – to a lesser extent – assets owned by non-client third parties, with the aim of actively value-enhancing and optimizing the assets and, ultimately, structuring the exit from such real estate investments.

Real Estate Operations and Warehousing

Real Estate Operations and Warehousing means acquiring assets for our own account and on our own balance sheet for a period of typically three to twelve months in order to realise short-term real estate investment opportunities and build up sizeable seed portfolios for clients who seek to invest in already existing assets.

Related Party Transaction

Transactions with individuals or entities that control or are controlled by the Company.

Remuneration Policy

Remuneration policy of the Company dated 5 May 2020.

Rental yield

Key performance indicator which determines the contracted rent in relation to the market value of the property at a specified point in time.

Residential Master Agreement

Following the disposal of four developed student homes in Germany and a developed student home in Vienna (Project Turbo VIE), to a fund of Bayerische Versorgungskammer, Corestate AIFM as investment advisor and Universal as AIFM on 3 July 2017 entered into a further master agreement concerning investment advice, as amended by the supplemental agreement no. 1 dated 15/19 December 2017.

Restated Prime Loan Agreement

The Prime Loan Agreement, as amended and restated.

RETT

German real estate transfer tax.

RETT Blocker

Structures designed to avoid RETT.

Revolving Credit Facility Agreement

On 1 April 2019, the Company as borrower entered into a revolving credit facility agreement with a syndicate of banks arranged by BIL and with BIL as facility agent.

SCC France

SCC France 1998 LLC, Los Angeles, United States.

SCORE

SCORE S.à r.l., Luxembourg.

SCP

SCP Group S.à r.l., Luxembourg, formerly Sistema Capital Partners S.à r.l.

Share

The term share describes both the membership rights (holding in the stock corporation) and the security which embodies these rights. The holder of a share is a shareholder in the assets of the stock corporation.

Shareholder Rights Law

Luxembourg law dated 1 August 2019 in relation with the exercise of certain shareholder rights in listed companies.

Shares

New Shares together with the existing shares of the Company.

Share capital

Capital stipulated in a stock corporation's articles of association. The articles of association also specify the number of shares into which the share capital is divided. The Issuer issues shares in the amount of its share capital.

Specific Financial Instruments

Notification requirements also apply to a natural or legal person holding, directly or indirectly, financial instruments listed under the Luxembourg Transparency Law.

Sqm

Square meters.

STAM

STAM Europe, Paris, France.

STAM AMF

STAM France Investment Managers S.A.S, Paris, France.

STAM Acquisition

The acquisition of STAM by the Company on 8 July 2019.

STAM Authorized Capital Issuance

On 15 January 2020, the Management Board authorized the issuance of one hundred twenty-five thousand two hundred twenty-six (125,226) new Shares with no par value whereby (i) 16,501 Shares have been issued to Thomas Landschreiber in accordance with the terms of his service agreement for an aggregate subscription price of one thousand two hundred thirty-seven euro and fifty-eight cent (EUR 1,237.58) and (b) 108,725 Shares have been issued to one of the STAM Sellers, *i.e.* Chateauneuf Finance for an aggregate subscription price of eight thousand one hundred fifty-four euro and thirty-seven and a half cent (EUR 8,154.375) (in each case (i) and (ii) entirely contributed to the respective share capital account), in order to bring the share capital of the Company from an amount of one million six hundred and one thousand five hundred eighty-one euro and fifty-five cent) (EUR 1,601,581.55), up to a new amount of one million six hundred ten thousand nine hundred seventy-three euro and fifty cent) (EUR 1,610,973.50), represented by twenty-one million four hundred seventy-nine thousand six hundred forty-three (21,479,643) shares with no par value.

STAM AIFM

STAM France Investment Managers S.A.S, a subsidiary of STAM Europe S.A.S.

STAM Europe

STAM Europe, a French *société par actions simplifiée*, Paris, France.

STAM Sellers

SCC France 1998, Chateauneuf and one natural person as sellers in relation to the STAM SPA.

STAM SPA

The share purchase agreement entered by Corestate Capital France HoldCo S.A.S., Paris, France, a direct wholly owned subsidiary of the Company, as buyer and the STAM Sellers as sellers.

STAM Shares

100% of the ordinary shares in STAM Europe.

Statutory Conditions

Statutory conditions of the acquisition of the Company's own shares either by itself or through a person acting in its own name but on the Company's behalf.

Supervisory Board

The supervisory board of the Company.

SW Authorized Capital Issuance

On 17 April 2018, the Management Board authorized the issuance of thirty-five thousand two hundred ninety-four (35,294) new Shares with no par value to Sascha Wilhelm, for an aggregate subscription price of two thousand six hundred forty-seven euro and five cent (EUR 2,647.05) (entirely contributed to the share capital account), in order to bring the share capital of the Company from an amount of one million five hundred ninety-seven thousand fifty-nine euro and fifty cent (EUR 1,597,059.50), up to a new amount of one million five hundred ninety-nine thousand seven hundred and six euro and fifty-five cent (EUR 1,599,706.55), represented by twenty-one million three hundred twenty-nine thousand four hundred seventeen (21,329,417) shares with no par value.

TL Authorized Capital Issuance

On 19 October 2017, the Management Board authorized the issuance of fifty-eight thousand eight hundred twenty-four (58,824) new Shares with no par value to Thomas Landschreiber, for an aggregate subscription price of four thousand four hundred and twelve euro (EUR 4,412) (entirely contributed to the share capital account), in order to bring the share capital of the Company from an amount of one million five hundred ninety-two thousand six hundred forty-seven euro and fifty cent

(EUR 1,592,647.50), up to a new amount of one million five hundred ninety-seven thousand fifty-nine euro and fifty cent (EUR 1,597,059.50), represented by twenty-one million two hundred ninety-four thousand one hundred twenty-three (21,294,123) shares with no par value.

Unaudited Consolidated Quarterly Statement

The Company's unaudited consolidated quarterly statement as of and for the three months ended 31 March 2021.

Universal

Universal-Investment-Luxembourg S.A., Luxembourg.

Vacancy

Sum of all lettable space that is not let.

VAT

Value added tax.

Vestigo

Vestigo Immobilien Investments Limited Partnership, Guernsey.

vitB AG

Investment company seated in Zug, Switzerland, wholly owned by Ralph Winter (renamed to W5 Group GmbH).

Warehousing Margin

In certain cases Corestate acquires real estate objects via fully owned subsidiaries and then transfers the shares in such subsidiaries into the Investment Structures. The capital gain resulting from such share transfer reflects the Company's chances and risks in connection with holding of such real estate object on our balance sheet.

WGS

WGS Private Equity Beteiligungs GmbH, Königstein i. Taunus, Germany together with WGS Management GmbH, Schmallenberg, Germany and WGS Verwaltungs GmbH, Königstein i. Taunus, Germany.

W5 Group

W5 Group GmbH, Zug, Switzerland.

1915 Companies Act

Luxembourg law dated 10 August 1915 on commercial companies, as amended.

2020 Authorized Capital Issuance

On 11 September 2020, the Management Board authorized the issuance of four million one hundred eighty-six thousand three hundred eighty-two (4,186,382) new Shares with no par value to Joh.

Berenberg, Gossler & Co. KG, to be subsequently offered to several institutional investors, for an aggregate subscription price of seventy-four million six hundred and one thousand three hundred twenty-seven euro and twenty-four cent (EUR 74,601,327.24) (of which three hundred thirteen thousand nine hundred seventy-eight euro and sixty-five cent (EUR 313,978.65) were contributed to the share capital account and seventy-four million two hundred eighty-seven thousand three hundred forty-eight euro fifty-nine (EUR 74,287,348.59) to the share premium account of the Company), in order to bring the share capital of the Company from an amount of one million six hundred ten thousand nine hundred seventy-three euro and fifty cent (EUR 1,610,973.50), up to a new amount of one million nine hundred twenty-four thousand nine hundred fifty-two euro and fifteen cent (EUR 1,924,952.15), represented by twenty-five million six hundred sixty-six thousand twenty-five (25,666,025) shares with no par value.

2021 Forecast

The 2021 Forecast states that the Adjusted EBITDA and the Adjusted Net Profit will range between EUR 90 million and EUR 115 million and between EUR 50 million and EUR 75 million, respectively, in the financial year ending 31 December 2021 and includes the respective explanatory notes.