CONSUS

REAL ESTATE

INTERIM REPORT JANUARY – SEPTEMBER 2019

INTERIM REPORT
JANUARY – SEPTEMBER 2019

CONSUS
REAL ESTATE

CONTENT

Picture on the left:
Holsten Quartier, Hamburg

SELECTED MILESTONES – NINE MONTHS OF SUCCESS

Some milestones reached in the first three quarters of 2019

01 02 03 04 05 06

JANUAR

In January, the company sold the "Mannheim Nr.1" office and hotel building located directly at the Mannheim's central station to an institutional buyer in a forward sale deal. with a transaction volume of approximately EUR 100 million.

FEBRUARY

In February, Consus closed the successful forward sale deal of its "Franklin-Haus" project in Berlin, selling the exclusive business address – which is to be ranked LEED Gold – to BNP Paribas REIM.

MARCH

On the 21st of March, a study conducted by the European analysis company bulwiengesa named Consus as the leader in real estate development in Germany's top nine cities.

APRIL

In April, Consus was granted building permits for the first 220 flats of COLOGNEO, Consus' biggest neighbourhood development in Cologne.

MAY

In May, VAI CAMPUS in Stuttgart Vaihingen, an ambitious residential quarter on the site the Egon-Eiermann-designed former IBM Campus was nominated as an official quarter for the IBA 2027.

JUNE

June saw the laying of the foundation stone at the "Quartier Hoym" residential project in Dresden.

07

JULY

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

08

AUGUST

In August, CONSUS subsidiary CG Gruppe and Berlin-based GASAG AG began construction on what will potentially be the city's largest roof-mounted photovoltaic system on the roofs of the "Kunst- und Gewerbehöfe Plagwitz".

09

SEPTEMBER

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

CONSUS – THE FACTS AND THE FIGURES

Excellent portfolio focused on Top 9 cities

As the market leader in the German real estate development sector, CONSUS Real Estate is shaping the present and building the future.

TOTAL GROSS FLOOR AREA

2.2 *million* m^2

TOTAL GROSS FLOOR AREA RESIDENTIAL

1.2 *million* m^2

TOTAL GROSS FLOOR AREA RETAIL, OFFICE AND HOTEL

830 *thousand* m^2

CONSUS
REAL ESTATE

CURRENT REAL ESTATE PORTFOLIO

67

Projects

PROJECT DEVELOPMENT WITH A GDV OF

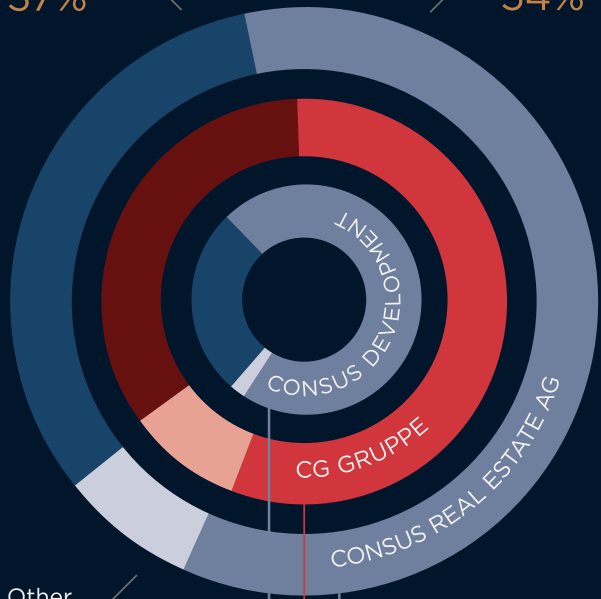
€ 10.3

billion

AN UNRIVALLED PROJECT VOLUME AS A GUARANTEE OF SUCCESS

Office & Commercial
37%

Residential
54%



Other
9 %

CONSUS DEVELOPMENT
€ 3.8 bn.

CG GRUPPE
€ 6.5 bn.

CONSUS
€ 10.3 bn.

INTERIM MANAGEMENT REPORT

KEY EVENTS DURING THE REPORTING PERIOD

The Consus Group has had a successful first three quarters of 2019. Overall performance of € 608.7 million increased significantly year-on-year by 86%, and revenue of € 525.0 million by over 200%. Our key performance indicator, EBITDA pre-PPA and pre-one-offs (Adjusted EBITDA), reached € 285.2million (Q3 2018: € 93.4 million), leading to an adjusted EBITDA pre-PPA margin of 54%. The company reports its figures on a pre purchase price allocation ('PPA') and pre-one-off basis in order to remove the accounting impact of the acquisitions and highlight the underlying business performance.

Due to the acquisition of SSN in November 2018, Consus group provide pro forma financials for the last twelve months ('LTM') to fully reflect the increased scale of the business. Pro forma LTM Adjusted EBITDA reached € 438 million (Q3 2018: € 93 million), the very strong increase resulted from a combination of the successful upfront sale in Leipzig which closed in Q3, which was a material transaction for the group, and further income from property development.

Consus delivered material deleveraging in the third quarter. Net debt/Pro Forma LTM Adjusted EBITDA reduced to 5.7x as at September 30, 2019 reflecting the very strong increase in Adjusted EBITDA.

The significant rise in the Q3 LTM Adjusted EBITDA reflects both the strong performance in the third quarter of 2019, as well as the benefit in Q4 2018 from an upfront sale. The full year 2019 Adjusted EBITDA will not reflect the benefit of the Q4 2018 upfront sale, and therefore will be below Q3 LTM Adjusted EBITDA.

Consus is pleased to have achieved again excellent growth and the reduction in leverage from another strong quarter.

PORTFOLIO DEVELOPMENT

Consus continued its momentum in residential real estate development in Q3 2019. Three additional LOIs were signed post September 30, 2019 bringing the total of both forward sales signed and LOI signed to € 418 million for the year to date. Four forward sales with a total Gross Development Value (GDV) of € 250 million were signed in the first half. Six projects are currently in negotiation for a forward sale with a total GDV of c. € 650 million with five of these projects expected to be signed in the first half of 2020.

As of September 30, 2019, the volume of projects forward sold amounts to approximately € 2.8 billion corresponding to 27% of the total project pipeline of € 10.3 billion. Forward sold projects are either contracted, signed with LOIs or in negotiation with major institutional buyers.

The upfront sale in Leipzig (GDV of € 880m) which closed in mid-July, resulted in an initial reduction of net debt of c. € 162 million, with some further payments expected in early 2020. Consus is also in discussions for a further upfront sale, which would deliver a GDV of circa € 1.8 billion. This project would be sold prior to construction and the contract is expected to be signed in Q1 2020.

Consus has continued to demonstrate that it can continue to organically source new development projects. As of September 30, via its operational subsidiaries CG Group and SSN Group, Consus had signed purchase agreements for four projects. The newly acquired development projects, which have a combined initial GDV of € 1.2 billion, are 'Benrather Gärten' in Duesseldorf, the 'Wachendorff Quartier' in Bergisch Gladbach (Cologne area), the 'Braugold-Quartier' in Erfurt (Leipzig area), and Otto-Quartier in Wendlingen (Stuttgart area). The company is demonstrating its clear ability to continue to source attractive projects at the right volume and in the right locations to maintain and grow the business's performance over the longer term.

Consus has a GDV of € 10.3 billion across 67 development projects as of September 30, 2019. The Gross Asset Value (GAV) according to IFRS amounting to € 3,01 billion increased by roughly € 320 million from December 31, 2018 primarily due to increases in inventory, with a portion of the increase due to capital expenditure on investment and contract assets. Net contract assets increased to € 307.8 million due to the development progress. The Company's market gross asset value (Market GAV) increased to € 3.39 billion (Q2 2019: € 3.28 billion) following further development and construction work on the company's projects; no adjustments were made for the increase in general market values.

DEVELOPMENT OF KEY PERFORMANCE INDICATORS (KPIS) AND RESULTS

in k€	Q3 2019	Q3 2018	Change in %
Total income	**525,040**	170,619	207.7
– Income from letting activities	**13,702**	19,864	-31.0
– Income from real estate inventory disposed of	**186,535**	19,334	864.8
– Income from property development	**313,725**	131,421	138.7
– Income from service, maintenance and management activities	**11,079**	–	>100
Change in project related inventory	**83,613**	156,928	-46.7
Overall performance	**608,653**	327,546	85.8
EBITDA (Earnings before interest, taxes, depreciation and amortization)	**220,187**	37,681	484.3
Adjusted EBITDA (pre PPA and one-off expenses)	**285,192**	93,441	205.2
Adjusted EBITDA margin	**54.3**	54.8	-0.4 pp
Financial result	**-172,166**	-63,110	+172.8

RESULTS FROM OPERATIONS

In the first three quarters of 2019, the Group generated revenue of € 525.0 million (Q3 2018: € 170.6 million).

The company's development projects are progressing, with 67 different projects contributing to our project development earnings, with seven of these projects structured as sales of apartments direct to individuals. Around 22% of revenue is attributable to condominium sales. One project was handed over in Q3.

Revenues from letting activities and services provided € 13.7 million (Q3 2018: € 19.9 million) which have reduced materially year on year, reflecting the company's transition to a focused development business, and the disposal of its commercial buy-and-hold activities. The Adjusted EBITDA (pre-purchase price allocation and one-off expenses) amounted to € 285.2 million at the end of the third quarter of 2019 (Q3 2018: € 93.4 million), based off a reported EBITDA of € 220.2 million (Q3 2018: € 37.7 million). The EBITDA contribution came from the successful upfront sale in Leipzig and from the development projects reporting under IFRS 15 and capitalised interest, with a small contribution from the letting activities and services.

Financial expenses of € 194.6 million reflect the increased interest costs due to the issuance of the senior secured bond and due to an increase in the volume of project loans in the business, which primarily financed four acquisitions. Financial income of € 22.4 million reflects primarily gains from derivatives and Income from loans.

Other operating expenses were € 48.8 million in Q3 and are in line with prior year Q3, (€42 million). When compared to Q2, it increased according to expectations.

Consolidated Net Income was € 29.3 million in the first three quarters of 2019 (Q3 2018: € -17.3 million).

Pro forma Adjusted LTM EBITDA as of September 30, 2019 reached € 438 million (Q3 2018: € 93 million) with the increase primarily from the upfront sale in Leipzig and the growth in project development revenue of forward sold projects. Pro forma LTM Adjusted Net Income was € 127 million. The very strong rise in the Q3 LTM Adjusted EBITDA reflects both the strong results in Q3, and also the benefit in Q4 2018 from an upfront sale. The full year Adjusted EBITDA will not reflect the benefit of the Q4 2018 upfront sale, and therefore will be below Q3 LTM Adjusted EBITDA.

BALANCE SHEET REVIEW

The balance sheet increased as the company invested in the business, with total assets increasing from € 4.04 billion as at year-end to € 4.52 billion as at September 30, 2019. Investment properties increased from € 328.0 million as at year end to € 390.1 million which consisted of project acquisitions which included investment properties, capital expenditure and gains on revaluation on existing projects. Financial assets increased to € 92.7 million from € 48.5 million as at December 31, 2018 due primarily to an increase in derivatives related to the senior secured bond plus the inclusion of cash and cash equivalents not available to Consus. The increase in inventory was due to the net impact of costs incurred on development projects netted off against forward sales, where projects move out of inventory and in to contract assets, with the increase in part reflecting the funds spent on the development projects prior to sale. Total contract assets net of contract liabilities increased to € 274.8 million from € 189.4 million as of December 31, 2018 reflecting forward sales in prior quarters plus the work in progress on existing forward sales, with prepayments related to forward sales increasing from € 502.9 million as of December 31, 2018 to € 686.6 million. The increase in current contract assets was driven by the forward sold projects Dresden (Residenz am Postplatz) and Leipzig (Residenz am Waldplatz) that are planned to complete in this year. Total cash increased to € 158.4 million (FY 2018: € 91.6 million), through prepayments from forward sales, successful re-financings at the project level and the issuance of the senior secured bond.

In the first three quarters of 2019, Consus Group has received a total of € 750.5 million (FY 2018: € 557.2 million) in prepayments from forward sales including advanced payments on land. Prepayments related to land and construction increased as projects were forward sold and constructed, demonstrating the strength of our forward sale focussed business model.

Trade payables increased to € 78.4 million (FY 2018: € 41.9 million) as construction work further increased.

Total Financing liabilities increased to € 2,638 million (FY 2018: € 2,196 million), mainly due to new investments in projects, which are reflected in an increase in the gross asset value by € 320 million. Net debt increased to € 2,480 million (FY 2018: € 2,104 million) with the increase in cash reducing the increase in net debt. Consus' equity amounted to € 1,137 million (FY 2018: € 1,154 million) at the reporting date.

Net debt/Adjusted LTM EBITDA as at 30 September 2019, stood at 5.7x due to the strong increase in the pro forma Adjusted EBITDA, offset by the increase in net debt compared to FY 2018. The very strong rise in the Q3 LTM Adjusted EBITDA reflects both the strong results in Q3 2019, as well as the benefit in Q4 2018 from an upfront sale. The full year 2019 Adjusted EBITA will not reflect the benefit of the Q4 2018 upfront sale, and therefore will be below Q3 LTM Adjusted EBITA. Net debt/Market GAV reduced to c. 73%, (Q2 2019: 76 %).

CASHFLOW

Consus achieved net cashflow from operating activities of € 123.4 million as of September 30, 2019 (Q3 2018: € -0.7 million), reflecting the ramp-up of our business and increasing forward sales and related prepayments; in addition the cashflow benefited from the Leipzig upfront sale. During the first nine months, Consus has received prepayments of € 193.3 million, demonstrating the strength of the underlying business model. During this period, Consus invested strongly in growth, with € 196.0 million of investments made which primarily relate to the acquisition of GEM Ingenieur GmbH Müller & Partners ('GEM') and further development projects. From a financing perspective, € 1,075 million of debt was repaid, with a further € 1,409 million being raised as the company finances its significant expansion, with cash growing by € 66.8 million over the year to date.

RECENT DEVELOPMENTS

Following the expansion of our portfolio, Consus is now executing the plan to further integrate our operating subsidiaries. In the third quarter, SSN Group made the change to operate under the Consus brand, and all reporting lines are now direct to Consus with the projects now managed directly by Consus.

In October, three further forward projects LOIs were signed for a total GDV of € 169.0 million, and in addition, two potential project development acquisitions were signed with an expected GDV of c. € 1.02 billion. Six projects, with a total GDV of c. EUR 650 million, are currently in negotiation for a forward sale. The LOIs are expected to be converted into forward sales in the near term.

Consus, in October, finalised the acquisition of the 'Benrather Gärten' project in Duesseldorf with financing at an average interest rate of 5.1%. This, again, demonstrates the progress to reduce average interest costs and finance our projects efficiently.

In October, Consus undertook a 'tap' of its existing senior secured bond in order to reduce the average interest rate of its debt going forward through refinancing expensive mezzanine project finance debt and other subsidiary debt that required refinancing at high levels. An amount of € 50.0m was issued at 96.5%.

Consus has decided to dispose of one of the Consus investment properties as part of the ongoing Development programme of disposing of investment properties which no longer support the development business.

OUTLOOK

Consus continues to target an Adjusted EBITDA of EUR 450 million in 2020 and an Adjusted EBITDA margin of around 20% in the medium term. The very strong rise in the Q3 LTM Adjusted EBITDA reflects both the strong results in Q3 2019, as well as the benefit in Q4 2018 from an upfront sale. The full year 2019 Adjusted EBITA will not reflect the benefit of the Q4 2018 upfront sale, and therefore will be below Q3 LTM Adjusted EBITA.

Over time, Consus is aiming for a significant reduction in junior and mezzanine financing at the project level, either through refinancing at project level, repayment or replacement by cheaper and more attractive financing instruments at the corporate level of Consus Real Estate AG. Significant progress is being made, with a reduction in expensive mezzanine debt of circa € 125 million to circa € 400 million in the last quarter. Three development projects with € 420 million of debt have been refinanced with the average interest rate for that debt moving from c13% to c7% and a new acquisition financing of €110 million with an average interest rate of 5.1% has been concluded in Q4. The average as of September 30, 2019 was 7.9%, versus an average run-rate interest rate of 8.5% as of June 30, 2019.

Consus is targeting a reduction of its leverage over the medium term to a ratio of net debt / Adjusted EBITDA of circa 3.0x and a reduction of the average cost of debt by 200 basis points.

RISK MANAGMENT

The risk profile of Consus remains unchanged and in line with the risks and opportunities outlined in our Annual Report dated 31 December 2018.

Berlin, Germany, 12th December 2019.

CONSUS
REAL ESTATE

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

January – September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME[1)]

	Notes	01.01.–30.09.2019	01.01.–30.09.2018	01.07.–30.09.2019	01.07.–30.09.2018
		in k€	in k€	in k€	in k€
Income from letting activities	2.7.1	13,702	19,864	4,978	4,802
Income from real estate inventory disposed of		186,535	19,334	184,135	8,280
Income from property development	2.7.2	313,725	131,421	121,626	43,028
Income from service, maintenance and management activities		11,079	–	3,956	–
Total income		**525,040**	**170,619**	**314,694**	**56,110**
Change in project related inventory	2.7.2	83,613	156,928	-39,668	53,100
Overall performance		**608,653**	**327,546**	**275,026**	**109,209**
Expenses from letting activities	2.7.1	-6,756	-9,393	-1,916	-2,669
Cost of materials		-304,340	-218,491	-136,267	-67,407
Net income from the remeasurement of investment properties		7,620	5,000	-782	5,000
Net result from the disposal of investment properties		–	–	–	–
Other operating income		13,318	5,473	4,836	833
Personnel expenses		-49,534	-23,477	-20,152	-9,094
Other operating expenses	2.7.3	-48,774	-48,977	-17,146	-15,547
EBITDA (Earnings before interest, taxes, depreciation and amortization)		**220,187**	**37,681**	**103,598**	**20,326**
Depreciation and amortization		-6,053	-1,418	-2,734	-565
EBIT* (Earnings before interest and taxes)		**214,135**	**36,263**	**100,864**	**19,761**
Financial income	2.7.4	22,393	9,064	9,201	3,240
Financial expenses	2.7.4	-194,559	-72,174	-74,435	-27,708
EBT (Earnings before taxes)		**41,969**	**-26,847**	**35,630**	**-4,707**
Income tax expenses	2.7.5	-12,643	8,098	-10,734	1,420
Net income (Earnings after taxes) from continued operations		**29,326**	**-18,749**	**24,897**	**-3,288**
Discontinued operations					
Net income (Earnings after taxes) from discontinued operations		0	1,464	0	20
Consolidated net income		**29,326**	**-17,285**	**24,897**	**-3,268**
Other comprehensive income		439	–	172	–
thereof non-recycling		–	–	–	–
thereof will be reclassified to profit or loss		439	–	172	–
Total comprehensive income		**29,765**	**-17,285**	**25,068**	**-3,268**
Of the net income from continuing operations for the period, the following is attributable to:					
Non-controlling interests		15,237	3,327	9,481	1,341
Shareholders of the parent company		14,089	-22,077	15,416	-4,629
Of the total comprehensive income from continuing operations for the period, the following is attributable to:					
Non-controlling interests		15,237	3,327	9,557	1,341
Shareholders of the parent company		14,528	-22,077	15,512	-4,629
Total comprehensive income for the period attributable to shareholders of the parent company arises from:					
Continuing operations		14,528	-22,077	15,512	-4,629
Discontinued operations		–	816	–	20
Total comprehensive income for the period attributable to non-controlling arises from:					
Continuing operations		15,237	3,327	9,557	1,341
Discontinued operations		–	648	–	–
Earnings per share (basic) in EUR	2.7.6	**0.13**	**-0.26**	**0.11**	**-0.05**
Earnings per share (diluted) in EUR	2.7.6	**0.13**	**-0.26**	**0.11**	**-0.05**

*including interest expenses that are capitalized in accordance with IAS 23

[1)] The figures presented for all periods have been adjusted in accordance with IAS 8.
Please refer to section 2.5.2 Changes in accounting policies and other adjustments subsections ii) and iii).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION[2)]

	Notes	30.09.2019	31.12.2018
		in k€	in k€
Non-current assets			
Investment property		390,101	328,027
Property, plant and equipment		10,270	8,771
Right-of-use asset	2.7.11	12,955	
Goodwill		1,093,381	1,032,480
Other intangible assets		6,379	6,158
Investments accounted for using the equity method		20,891	21,590
Financial assets		61,601	10,037
Contract assets	2.7.7	109,930	23,096
Total non-current assets		**1,705,508**	**1,430,158**
Current assets			
Work-in-progress including acquired land and buildings	2.7.8	2,284,056	2,139,761
Trade and other receivables		52,514	53,933
Receivables from related parties	2.10	38,731	62,853
Tax receivables		9,804	8,644
Financial assets		31,123	38,439
Other assets	2.7.9	16,784	15,499
Contract assets	2.7.7	197,913	198,505
Cash and cash equivalents	2.7.12	158,365	91,603
Assets held for sale		28,330	1,329
Total current assets		**2,817,620**	**2,610,565**
Total Assets		**4,523,128**	**4,040,723**
Equity			
Subscribed capital		136,582	134,040
Capital reserves		863,618	904,233
Other Reserves		-19,114	-33,008
Non-controlling interests		155,617	148,705
Total Equity		**1,136,702**	**1,153,970**
Non-current liabilities			
Financing liabilities		1,748,430	1,049,150
Provisions		1,902	1,712
Other liabilities		10,987	15,017
Deferred tax liabilities		128,825	111,475
Total non-current liabilities		**1,890,143**	**1,177,355**
Current liabilities			
Financing liabilities		889,757	1,146,374
Provisions		9,811	4,735
Trade payables		78,398	41,913
Liabilities to related parties	2.10	23,923	43,196
Tax payables		44,512	44,389
Prepayments received	2.9.2	328,807	323,986
Other liabilities		72,982	72,647
Contract liabilities		33,093	32,158
Liabilities included in a disposal group classified as held for sale		15,000	0
Total current liabilities		**1,496,284**	**1,709,399**
Total equity and liabilities		**4,523,128**	**4,040,723**

[2)] The figures presented for all periods have been adjusted in accordance with IAS 8. Please refer to section 2.5.2 Changes in accounting policies and other adjustments subsections ii) and iii).

CONSOLIDATED CASH FLOW STATEMENT[3)]

	Notes	01.01.-30.09.2019	01.01.-30.09.2018
		in k€	in k€
Operating activities			
Net profit		29,326	-17,285
Tax expense	2.7.5	12,643	-7,648
Profit (loss) before tax		**41,969**	**-24,933**
Less profit from discontinued operations		–	-1,894
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment		3,346	1,418
Amortisation and impairment of intangible assets		93	
Depreciation on right-of-use asset	2.7.11	2,613	
Valuation gains on financial assets		–	–
Valuation gains on investment property		-7,620	-5,000
Financial income	2.7.4	-22,393	-9,064
Financial expenses	2.7.4	194,559	72,174
Transition Adjustments IFRS 15		0	11,746
Other non-cash adjustments		2,296	10,426
		214,863	**54,874**
Working capital adjustments			
Decrease / (increase) in rent and other receivables		14,110	34,689
Decrease / (increase) prepayments, accrued income and other assets		-1,055	-14,786
Decrease / (increase) in inventories and contract assets	2.7.7	-285,733	-224,751
(Decrease) / increase in prepayments on development projects		193,303	130,882
Decrease in inventory property		-34,377	–
(Decrease) / increase in trade, other payables and accruals, contract liabilities and other liablities		19,546	20,498
Income tax paid		2,695	-3,470
Net cash flow from operating activities of discontinued operations			1,395
Net cash flow from operating activities		**123,354**	**-669**
Investing activities			
Acquisition of consolidated entities, net of cash acquired		-65,238	–
Prepayments on financial assets		–	-28,096
Purchase of investment property		-55,632	–
Loans granted		-7,500	-5,050
Capital expenditure on investment property		-25,036	-6,428
Proceeds from the sale of PPE & intangibles		0	241
Expenditure on other fixed assets		-1,162	-1,277
Sale of subsidiary, net of cash		0	56,501
Interest received	2.7.3	1,597	–
Change in financial assets		-43,041	–
Net cash flow from investing activities of discontinued operations		–	-1,561
Net cash flow from investing activities		**-196,010**	**14,330**
Financing activities			
Proceeds from issue of share capital		–	131,360
Transaction costs on the issue of shares		–	-9,407
Proceeds from borrowings		1,409,185	392,472
Repayment of borrowings		-1,075,093	-507,693
Acquisition of additional shares in consolidated entities		-13,650	–
Principal elements of lease payments		-2,805	–
Interest paid	2.7.3	-178,218	-42,755
Net cash flow from financing activities of discontinued operations		–	-2,920
Net cash flow from financing activities		**139,419**	**-38,944**
Net increase / (decrease) in cash and cash equivalents		66,762	-25,283
Cash and cash equivalents at the beginning of the year		91,603	71,340
Cash and cash equivalents at 30 September		**158,365**	**46,057**

[3)] The figures presented for all periods have been adjusted in accordance with IAS 8. Please refer to section 2.5.2 Changes in accounting policies and other adjustments subsections ii) and iii).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[4)]

	Subscribed capital	Capital reserves	Retained earnings	Other reserves
	in k€	in k€	in k€	in k€
Adjusted 01.01.2019	**134,040**	**904,233**	**-22,531**	**-8,649**
IAS 8 Effect (IAS 23 Update)	–	–	-1,969	–
Adjusted balance at January 1, 2019	**134,040**	**904,233**	**-24,500**	**-8,649**
Profit for the period	–	–	14,089	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**14,089**	**–**
Issue of share capital	–	–	–	–
Conversion Notice Convertible Loan	2,541	16,436	–	–
Transation costs for the issuance of share capital, net of tax	–	–	–	–
Transactions with minority shareholders without change of control	–	-57,051	–	–
Consolidation of entities with minority interest	–	–	–	–
Deconsolidation of entities with minority interest	–	–	–	–
First Time Consolidation	–	–	–	–
Effects from PPA finalization	–	–	–	1,335
Share transfer	–	–	–	–
30.09.2019	**136,582**	**863,618**	**-10,412**	**-7,314**

	OCI	Total	NCI	Total Equity
	in k€	in k€	in k€	in k€
Adjusted 01.01.2019	**-1,828**	**1,005,265**	**148,705**	**1,153,970**
IAS 8 Effect (IAS 23 Update)	–	-1,969	-105	-2,074
Adjusted balance at January 1, 2019	**-1,828**	**1,003,295**	**148,600**	**1,151,895**
Profit for the period	–	14,089	15,237	29,326
Other comprehensive income	439	439	–	439
Total comprehensive income for the period	**439**	**14,528**	**15,237**	**29,765**
Issue of share capital	–	–	–	–
Conversion Notice Convertible Loan	–	18,977	–	18,977
Transation costs for the issuance of share capital, net of tax	–	–	–	–
Transactions with minority shareholders without change of control	–	-57,051	-9,879	-66,930
Consolidation of entities with minority interest	–	–	3,622	3,622
Deconsolidation of entities with minority interest	–	–	–	–
First Time Consolidation	–	–	–	–
Effects from PPA finalization	–	1,335	-1,963	-628
Share transfer	–	–	–	–
30.09.2019	**-1,389**	**981,085**	**155,617**	**1,136,702**

[4)] The figures presented for all periods have been adjusted in accordance with IAS 8.
Please refer to section 2.5.2 Changes in accounting policies and other adjustments subsections ii) and iii).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[4)]

	Subscribed capital	Capital reserves	Retained earnings	Other reserves
	in k€	in k€	in k€	in k€
01.01.2018	**79,850**	**574,714**	**-8,456**	**–**
Adjustment on intitial application of IFRS 15 (net of tax)	–	–	–	6,141
Adjustment in accordance with IAS 8.41	–	–	-3,431	–
Adjusted balance at January 1, 2018	**79,850**	**574,714**	**-11,887**	**6,141**
Adjusted profit for the period	–	–	-21,260	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**-21,260**	**–**
Transactions with owners in their capacity as owners:				
Issue of share capital	27,315	104,045	–	–
Conversion Notice Convertible Loan	–	6,423	–	–
Transation costs for the issuance of share capital, net of tax	–	–	–	-6,573
Transactions with minority shareholders without change of control	–	30,279	–	–
Consolidation of entities with minority interest	–	–	–	–
Deconsolidation of entities with minority interest	–	–	–	–
30.09.2018	**107,165**	**715,461**	**-33,148**	**-432**

	OCI	Total	NCI	Total Equity
	in k€	in k€	in k€	in k€
01.01.2018	**–**	**646,108**	**169,901**	**816,009**
Adjustment on intitial application of IFRS 15 (net of tax)	–	6,141	4,870	11,011
Adjustment in accordance with IAS 8.41	–	-3,431	-3,431	-6,862
Adjusted balance at January 1, 2018	**–**	**648,818**	**171,340**	**820,158**
Adjusted profit for the period	–	-21,260	3,975	-17,285
Other comprehensive income	–	-	–	–
Total comprehensive income for the period	**–**	**-21,260**	**3,975**	**-17,285**
Transactions with owners in their capacity as owners:				
Issue of share capital	–	131,360	–	131,360
Conversion Notice Convertible Loan	–	6,423	–	6,423
Transation costs for the issuance of share capital, net of tax	–	-6,573	-	-6,573
Transactions with minority shareholders without change of control	–	30,279	-30,279	-
Consolidation of entities with minority interest	–	–	8,172	8,172
Deconsolidation of entities with minority interest	–	–	-26,861	-26,861
30.09.2018	**–**	**789,047**	**126,347**	**915,394**

[4)] The figures presented for all periods have been adjusted in accordance with IAS 8.
Please refer to section 2.5.2 Changes in accounting policies and other adjustments subsections ii) and iii).

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS OF 2019

2.1 INFORMATION ON THE COMPANY

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

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

The condensed interim consolidated financial statements as at and for the nine months ended September 30, 2019, comprise the Company and its subsidiaries.

2.2 BUSINESS ACTIVITIES

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

The Group focuses its business activities primarily on the functions of real estate development as well as some investment property, in which it covers the entire value chain together with experienced partners.

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

The Group's principal subsidiaries as at 30 September, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

*75% on a fully diluted basis

General information on The Condensed Interim Consolidated Financial Statements

The Condensed Interim Consolidated Financial Statements of Consus Real Estate AG have been prepared in accordance with the provisions of International Financial Reporting Standards (IFRS) for interim reporting adopted and issued by the International Accounting Standards Board (IASB), as adopted by the European Union. Based on the option under IAS 34.10, the notes to the financial statements were presented in condensed form.

They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended December 31, 2018. Selected explanatory notes are included to explain events and transactions that are significant for understanding the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2018.

2.3 ACCOUNTING POLICIES

2.3.1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT

The Condensed Interim Consolidated Financial Statements have been prepared in thousands of Euro (€). Rounding differences may occur in respect of individual amounts or percentages. The Condensed Interim Consolidated Financial Statements are comprised of the Condensed Interim Consolidated Statements of Comprehensive Income, the Condensed Interim Consolidated Statements of Financial Position, the Condensed Interim Consolidated Statements of Changes in Equity and the Condensed Interim Consolidated Statements of Cash Flows as at and for the nine months period ended September 30, 2019.

The Condensed Interim Consolidated Statement of Comprehensive Income is prepared according to the nature of expense method. The presentation of the Condensed Interim Consolidated Statement of Financial Position distinguishes between current and non-current assets and current and non-current liabilities. Assets and liabilities falling due within one year are classified as current.

The Company's condensed interim consolidated financial statements and those of its subsidiaries are prepared according to uniform accounting policies. In the process, the principles are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards, interpretations and amendments adopted with effect from January 1, 2019. In addition, the assessment of the number of performance obligations for revenue recorded under IFRS 15, as well as the treatment of PPA adjustments have changed. Both modifications have been adjusted accordingly. Further details regarding the implementation of IFRS 16 and IFRIC Update IAS 23, as well as regarding the changes to IFRS 15 can be found in chapters 2.5.1, 2.5.2 respectively.

2.4 FAIR VALUE MEASUREMENTS

The application of some of the Group's accounting policies and accompanying notes requires determination of the fair value of financial assets and financial liabilities as well as non-financial assets and liabilities.

The fair value is defined as the price that could be received when selling an asset or has to be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

The fair value hierarchy can be summarized as follows:

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

2.5 CHANGES IN ACCOUNTING POLICIES AND OTHER ADJUSTMENTS

2.5.1 IFRS 16 'LEASES' (EFFECTIVE AS OF JANUARY 1, 2019)

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

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

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

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

Leases in which Consus is a lessee

Consus will recognise new assets and liabilities for its operating leases of office space, vehicles, office and other equipment. The nature of expenses related to those leases will now change because Consus will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities (January 1, 2019: k€ 12,133).

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

There is no significant impact to the Group's finance leases.

Leases in which Consus is a lessor

There are no material changes for lease agreements in which the Group acts as the lessor.

Consus has applied IFRS 16 as of January 1, 2019, using the modified retrospective approach.

Consus applies the practical expedient to grandfather the definition of a lease on transition for which the group acts as lessee. This means that it applies IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Please refer to chapter 2.7.11 for the impact on the 2019 opening balance and the reconciliations.

2.5.2 CHANGES IN ACCOUNTING POLICIES AND OTHER ADJUSTMENTS

i) IFRIC Update: over time transfer of constructed goods – IAS 23 'borrowing costs'

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

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

With the March 2019 IFRIC Update (Agenda Paper 3), Consus will only change the treatment of borrowing costs.

Consus previously capitalised interest for each unit in a residential multi-unit real estate development until the unit was sold or development was completed, but going forward the Group will only recognise borrowing costs for inventory (work-in-progress) related to residential multi-unit real estate development until the first unit of the total project is sold (relevant date).

The impact of the IFRIC Update for IAS 23 on the opening balances in 2019 relate to
(1) Reversal of interest against contractual assets for FY2018 relating to units that have been sold after the first unit of the total project had been sold;
(2) Decrease in revenues as calculated project progress is reduced due to not capitalizing interest. Additionally, planned project costs decrease, thereby increasing the project margin;
(3) Deferred tax effect; and
(4) Calculated delta booked against equity.
The table below shows the impact of the IFRIC Update for IAS 23 for the following balance sheet items as at December 31, 2018:

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

ii) Changes in the application of IFRS 15 'revenue from contracts with customers' in accordance with IAS 8.41

Consus differentiates between two different types of development projects for which revenue is recognized over time, forward sales to institutions and the forward sale of freehold flats. In the past, both types were treated as if they only contain one material performance obligation. In Q2 2019 the accounting treatment was changed. Forward sales to institutions are now separated into two material performance obligations, one involving the sale of land and the other representing the development work performed. Whereas the development work continues to be accounted for on a percentage of completion basis, revenue for the sale of the land is now recognized at the point when the customer obtains control over the land, typically at the end of the forward sale.

The accounting for forward sales of freehold flats is still treated as if they only contain one material performance obligation, as per IASB guidance.

In line with these changes, the fair value step-up on the development work performed is now expensed over the project period for both forward sales to institutions and forward sales of freehold flats.

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

In the Q3 2019 reporting this impacts the prior year periods 1.1.-30.09.2018 and 1.7.-30.09.2018

The following table summarizes the impact of the changes in the application of IFRS 15 to the Statement of Comprehensive Income for the 9 months and 3 months period ending as of September 30, 2018. Line items not presented are not affected.

	01.01.–30.09.2018 (as originally presented)	Changes from adjustments during the year 2018	01.01.–30.09.2018
	in k€	in k€	in k€
Income from property development	248,291	-116,871	131,421
Change in project related inventory	61,760	95,168	156,928
Other operating expenses	-42,084	-6,893	-48,977
Financial result	-62,613	-498	-63,110
Income tax expenses	-674	8,772	8,098
Consolidated net income	**3,037**	**-20,322**	**-17,285**

	01.07.–30.09.2018 (as originally presented)	Changes from adjustments during the year 2018	01.07.–30.09.2018
	in k€	in k€	in k€
Income from property development	51,271	-8,243	43,028
Change in project related inventory	42,458	10,642	53,100
Other operating expenses	-8,653	-6,893	-15,547
Financial result	-23,998	-470	-24,468
Income tax expenses	-77	1,497	1,420
Consolidated net income	**200**	**-3,468**	**-3,268**

iii) Changes in the presentation of contract assets in accordance with IAS 8.41

The Company considers contract assets which are realized within a period of one-year from the reporting date as current, whereas contract assets which are realized after more than one year are classified as non-current. Previously, Consus has used the expected completion date of the respective projects to determine if contract assets related to these projects are current or non-current. In order to increase transparency, Consus will now classify contract assets based on the expectation of when the contract assets will be recovered in cash. Based on this re-assessment as of December 31, 2018 contract assets with an amount of k€ 194,383 have been re-classified from non-current into current.

2.5.3 OTHER STANDARDS

The IASB has also revised, amended or issued the following standards and interpretations that must be applied as of January 1, 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in Associates and Joint-Ventures

However, these will either have no material effect on the Group's consolidated financial statements or the assessment of potential impacts is still on-going.

2.6 SCOPE OF CONSOLIDATION

2.6.1 BUSINESS COMBINATIONS

On June 3, 2019, the Group acquired 89.9% of the share capital of GEM Ingenieur GmbH Müller + Partner ("GEM") through its subsidiary CG Gruppe AG for a total consideration of € 31.36 million, of which € 1.36 million is payable in kind, in form of the transfer of a building, and € 1.5 million as variable purchase price part of the consideration transferred.

The takeover occurred by settling the cash purchase price of € 28.5 million and transferring the building of € 1.36 million. As a result of the transaction, the CONSUS Group indirectly controls all relevant GEM decisions.

	Fair Value after acquisition
	in k€
Intangible assets and property, plant and equipment	57
Other financial assets	20
Work-in-progress, including acquired land and buildings	73,100
Trade and other receivables	495
Other assets	613
Cash and cash equivalents	1,772
Financing liabilities	-60,243
Prepayments received	-12,308
Trade payables and other payables	-2,073
Liabilities to related parties	-395
Net assets	**1,038**
Consideration transferred	**31,360**
thereof cash consideration	28,500
thereof contingent consideration	1,500
thereof payment in kind	1,360
Non-controlling interests	4,572
Goodwill	**34,894**

Goodwill has been calculated using the Partial-Goodwill Method in accordance with IFRS 3.19b.

Due to the short period of time between acquisition, the reporting date and the outstanding PPA opinions, the Group retains the option to make retrospective adjustments. Open key issues include reviewing how the fair values of property development projects, contract assets, financing liabilities, consideration and variable purchase price, non-controlling interests, intangible assets and the resulting deferred taxes are measured. Therefore, the disclosures are provisional in terms of IFRS 3.45.

Apart from the acquisition of GEM there were no changes in the scope of consolidation in the reporting for the nine months period ended as of September 30, 2019.

2.6.2 FINALIZATION SSN PURCHASE PRICE ALLOCATION

The Group gained control over SSN as defined by IFRS 10 on December 3, 2018. The Group acquired two loan receivables. For accounting purposes December 1, 2018 was used for initial consolidation of SSN as subsidiary.

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

The purchase price allocation was finalized within the second quarter of the financial year 2019.

The purchase price has been reduced by k€ 2,6 as a loan obligation in the same amount had previously not been considered as part of the assets acquired and liabilities assumed by the Group.

In the second quarter of 2019, SSN signed a purchase agreement to acquire the limited partner's shares in the indirect subsidiary SG München Schwabing GmbH & Co. KG, Düsseldorf ("Schwabing KG") from the two former limited partners of the company. Under the agreement to purchase and assign the limited partner shares, the direct parent company, SG München Schwabing Investitionsgesellschaft UG, Düsseldorf ("Schwabing UG"), holds 100% of the shares in Schwabing KG. SG München Schwabing Verwaltungs GmbH, Düsseldorf, is the general partner.

The contractual purchase price for the limited partner's shares amounted to k€ 18,770, some was already paid per limited partner and the remaining purchase price of k€ 13,200 was paid in 2019.

The transaction resulted in an adjustment of the preliminary purchase price allocation as of December 1, 2018. Taking into account the advance payments made, the liabilities from non-controlling interests in partnerships are recognized directly in equity, increasing goodwill.

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

	Fair Value after final PPA
	in k€
Intangible assets and property, plant and equipment	4,621
Investment property, including prepayments	28,689
Contract assets	11,525
Other financial assets	1,642
Work-in-progress, including acquired land and buildings	908,300
Trade and other receivables	16,215
Cash and cash equivalents	37,491
Receivables from related parties	20,493
Tax receivables	4,125
Other assets	28
Financial assets	31,511
Assets held for sale	1,329
Financial liabilities	-749,193
Provisions and other non-financial liabilities	-75,768
Trade payables and other payables	-9,249
Liabilities to related parties	-59,205
Tax payables	-1,545
Deferred tax liability	-69,249
Net assets	**101,758**
Consideration transferred	**411,297**
thereof cash consideration	195,650
thereof equity interest	215,647
Non-controlling interests	21,163
Goodwill	**330,702**

As part of the acquisition of SSN Group, Consus assumed responsibility for two loan receivables against SSN, and thereby the total cash consideration is shown net of the €k 47,055 loans assumed.

2.7 SELECTED EXPLANATORY NOTES

2.7.1 RESULT FROM LETTING ACTIVITIES

The following breakdown shows the result from letting activities for the nine months ended September 30, 2019.

	01.01.–30.09.2019	01.01.–30.09.2018
	in k€	**in k€**
Rental income	13,702	19,156
Income from recharged operating costs	0	690
Income from other goods and services	0	18
Income from letting activities	**13,702**	**19,864**
Expenses from operating costs	-6,756	-7,962
Maintenance expenses	0	-432
Other services	0	-999
Expenses related to letting activities	**-6,756**	**-9,393**
Net operating income from letting activities	**6,946**	**10,471**

The reduced rental income in the nine months of 2019 in comparison to the prior year is due to the change of the business model with the main focus on property development.

2.7.2 INCOME FROM PROPERTY DEVELOPMENT / CHANGE IN PROJECT RELATED INVENTORY

During the nine months of 2019 income from property development was materially affected by the building permits received for several material projects, which initiated the over-time revenue recognition upon the later of the close of a contract with customer and receipt of a building permit ("Baugenehmigung").

Moreover, during the nine months of 2019, the following projects were included in the over-time recognition treatment:
- Artists Living Ostplatz (k€ 2,673),
- Hamburg/Dessauer Straße (k€ 4,445),
- Palaisplatz (k€ 14,889) and
- Franklinstraße (k€ 36,949)
- Hofgarten Karree (k€ 10,411)
- Erfstadt/Kruggenberg (k€ 683)

The change in inventory relates to the capitalized production costs for the inventory properties, which include k€ 81,458,922 in capitalized interest on borrowed capital.

2.7.3 OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

	01.01.–30.09.2019	01.01.–30.09.2018
	in k€	**in k€**
Write-offs and allowances on receivables	-1,006	-23
Consulting and audit fees	-13,189	-11,930
Admin expenses	-3,452	-13,689
Utility expenses for office space	-3,184	-1,345
Marketing expenses	-15,576	-3,426
Car and travel expenses	-5,433	-2,992
Other taxes	-6,127	-2,400
Other expenses	-808	-13,171
Expenses arising from the change in estimation	0	0
Total	**-48,774**	**-48,977**

During the comparative period nine months 2018, other operating expenses include significant consulting and audit fees which can mainly be traced to portfolio transactions, accounting advisory, and other project related work of which some is unique in its nature. The nine months 2019 were impacted by the consultancy work relating to the placement of the senior secured bond, an increase in marketing expenses related to the increase in our condominium sale activities as well as the inclusion of the related expenses for the SSN Swiss Finance subsidiary.

2.7.4 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial result can be broken down as follows:

	01.01.–30.09.2019	01.01.–30.09.2018
	in k€	in k€
Interest income from bank deposits	13	0
Income from fair value changes of derivatives	6,575	4,504
Income from derecognition of derivatives	-60	0
Interest income from late payments	39	0
Interest income from loans	2,013	360
Interest recorded from forward sales contracts	0	0
Other financial income	13,813	4,201
Total financial income	**22,393**	**9,064**
Expense from fair value measurement of interest derivatives	-4,782	0
Interest expense from interest derivatives	0	0
Interest expense from loans	-177,209	-71,620
– thereof capitalised interest	0	0
Interest expense from pension provisions	0	0
Interest expense on lease liabilities	-320	0
Other financial expenses	-12,248	-554
Total financial expenses	**-194,559**	**-72,174**
Financial result	**-172,166**	**-63,110**

In the reporting period for the nine months ended September 30, 2019 the financial income is driven by other financial income which includes € 7.4 million resulting from the acquisition of the minority interest in Schwabing KG in the second quarter of 2019. The income recognised represents the difference between the amortised carrying amount of the liability to minority shareholders per 30 September 2019 and the purchase price paid. For further information refer to note 2.6.2. The financial expenses include a significant increase in the interest expense from loans compared to the nine months 2018 due to the acquisition and consolidation of SSN Group.

2.7.5 INCOME TAXES

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

	01.01.–30.09.2019	01.01.–30.09.2018
	in k€	in k€
Current income taxes for the period	-1,718	-674
Deferred taxes	-10,925	8,772
Tax result	**-12,643**	**8,098**

2.7.6 EARNINGS PER SHARE

Basic earnings per share from continuing operations is calculated by dividing the income/loss from continuing operations attributable to the shareholders of the parent company by the weighted average number of undiluted shares in the respective financial year. Basic earnings per share from continuing and discontinued operations is calculated by dividing the consolidated income/loss for the period attributable to shareholders of the parent company by the undiluted weighted average number of shares in the respective financial year. The weighted average number of ordinary shares is calculated from the number of shares in circulation at the beginning of the period adjusted by the number of shares issued during the period and multiplied by a time-weighting factor. The time-weighting factor reflects the ratio of the number of days on which shares were issued and the total number of days in the period.

	01.01.–30.09.2019	01.01.–30.09.2018
	in k€	**in k€**
Consolidated net income/loss for the period from continuing operations	29,326	-18,749
Income/loss from continuing operations attributable to non-controlling interests	15,237	3,327
Income/loss from continuing operations attributable to shareholders	**14,089**	**-22,077**
Weighted average number of shares issued, in thousands	107,466	85,514
Basic earnings per share from continuing operations in EUR	**0.13**	**-0.26**
Number of dilutive potential shares, in thousands	-	
Diluted earnings per share from continuing operations in EUR	**0.13**	**-0.26**
Consolidated net income/loss for the period from discontinued operations attributable to shareholders	-	816
Weighted average number of shares issued, in thousands	107,466	85,514
Basic earnings per share from discontinued operations in EUR	**-**	**0.01**
Number of dilutive potential shares, in thousands	-	
Diluted earnings per share from discontinued operations in EUR	**-**	**0.01**
Consolidated net income/loss for the period from continuing and discontinued operations attributable to shareholders	14,089	-22,077
Weighted average number of shares issued, in thousands	107,466	85,514
Basic earnings per share from continuing and discontinued operations in EUR	**0.13**	**-0.26**
Number of dilutive potential shares, in thousands	-	
Diluted earnings per share from continuing and discontinued operations in EUR	**0.13**	**-0.26**

2.7.7 CONTRACT BALANCES

The timing of revenue recognition, invoicing and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Statement of Financial Position. Development activities are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, the Group sometimes receives advances or deposits from its customers before revenue is recognized, resulting in contract liabilities. These assets and liabilities are reported in the Consolidated Statement of Financial Position on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances during the nine-month period ended September 30, 2019, were not materially impacted by any other factors.

The judgement regarding the project progress of projects in scope of IFRS 15 over-time revenue is regularly reviewed. Following an updated business plan for the CG division, project revenues and expenses were updated and the progress and expected outcome over-time revenue updated with the result of an overall net positive impact on revenue and earnings.

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

	Book value as of:	
	30.09.2019	31.12.2018
	in k€	in k€
Net contract assets – non-current	**109,930**	**23,096**
Gross contract assets – current	586,491	399,536
Prepayments received on current contract balances	-388,578	-201,032
Net contract assets – current	**197,913**	**198,504**
Contract liabilites – current	**-33,093**	**-32,158**
Net contract assets (liabilities)	**274,750**	**189,442**

2.7.8 WORK-IN-PROGRESS AND ACQUIRED LAND AND BUILDINGS

Work-in-progress includes acquired land and buildings and can be broken down as follows:

	30.09.2019	31.12.2018
	in k€	in k€
Carrying amount of inventories	**2,284,056**	**2,139,761**
– thereof Real Estate 'Institutional'	1,141,808	1,165,307
– thereof Real Estate 'Parking'	16,173	14,610
– thereof Real Estate 'Apartments for sale'	1,056,101	869,169
– thereof Real Estate 'Other construction work'	69,974	90,675

A significant part of the inventory is pledged as underlying security provided for loan agreements.

2.7.9 OTHER ASSETS

Other Assets can be broken down as follows:

	30.09.2019	31.12.2018
	in k€	in k€
Accruals	1,707	2,339
Receivables from other taxes	3,229	1,784
Prepayments made	924	326
Assets recognized from costs to obtain or fulfill a contract	9,921	10,143
Other assets	1,004	908
Total	**16,784**	**15,499**

Assets recognized from costs to obtain or fulfil a contract constitute an intermediation commission paid to the Helvetic Financial Services AG for arranging a contract and are subject to depreciation.

Financial assets can be broken down as follows:

	30.09.2019		31.12.2018
	current	non-current	
	in k€	in k€	in k€
Other loans	2,555	10,680	21,495
Deposits	162	62	75
Derivative financial instruments	4,413	10,937	2,677
Other financial assets	23,993	39,598	23,904
Shares in non-consolidated companies	0	325	324
Total	**31,123**	**61,601**	**48,475**

2.7.10 FINANCIAL INSTRUMENTS

The company had previously issued a € 200 million convertible bond for which it had received conversion notices and subsequently converted a nominal amount of € 26.3 million into equity, with a nominal amount of € 173.7 million of the € 200 million convertible bond remaining outstanding as of the balance sheet date. An impact on equity of k€ 18,977 was accounted for in the 9 months 2019.

The following abbreviations are used for the measurement categories:

- FVTPL: Financial assets at FVTPL
- AC: Financial assets at amortised cost
- Debt FVOCI: Debt investments at FVOCI
- Equity FVOCI: Equity investments at FVOCI
- AC: Financial liabilities at amortised cost

Financial assets and liabilities by measurement category and class are shown in the following table:

	Category acc. to IFRS 9	Carrying value as of 30.09.2019	Nominal value	Amortised costs
	in k€	in k€	in k€	in k€
Other non-current financial assets (investments)		0	0	0
Non-current financial assets: Investments	FVOCI – equity	316	0	0
Non-current financial assets: Other	Amortised cost	50,349	0	50,349
Other non-current financial assets (derivatives)	FVTPL	10,937	0	0
Trade and other receivables	Amortised cost	52,514	0	52,514
Other current financial assets	FVOCI – debt instrument	0	0	0
Other current financial assets	FVOCI – equity instrument	0	0	0
Current financial assets: Other	Amortised cost	36,808	0	36,808
Other current financial assets; Derivatives	FVTPL	4,413	0	0
Receivables from related entities	Amortised cost	28,632	0	28,632
Cash and cash equivalents	Amortised cost	158,365	104,877	53,489
Total financial assets		**342,335**	**104,877**	**221,792**
Financing liabilities	Amortised cost	2,630,700	0	2,630,700
Trade payables	Amortised cost	78,398	0	78,398
Liabilities to related entities	Amortised cost	23,923	0	23,923
Financing liabilities: Derivatives	FVTPL	7,487	0	0
Other liabilities	Amortised Cost	47,841	0	47,841
Total financial liabilities		**2,788,349**	**0**	**2,780,862**
Financial Assets measured at fair value through OCI – debt instrument	FVOCI-debt instrument	0	0	0
Financial Assets measured at fair value through OCI – equity instrument	FVOCI-equity instrument	316	0	0
Financial Asset measured at fair value throught profit and loss	FVTPL	15,350	0	0
Financial asset measured at amortised cost	Amortised cost	326,669	104,877	221,792
Financial Liabilities at cost	Amortised cost	2,780,862	0	2,780,862
Financial Liabilities held for trading	FVTPL	7,487	0	0

	Fair value through P/L	Fair value through equity	Fair value as of 30.09.2019	Fair value hierarchy level
	in k€	**in k€**	**in k€**	**in k€**
Other non-current financial assets (investments)	0	0	0	0
Non-current financial assets: Investments	0	316	316	3
Non-current financial assets: Other	0	0	50,349	2
Other non-current financial assets (derivatives)	10,937	0	10,937	0
Trade and other receivables	0	0	52,514	2
Other current financial assets	0	0	0	0
Other current financial assets	0	0	0	0
Current financial assets: Other	0	0	36,808	2
Other current financial assets; Derivatives	4,413	0	4,413	3
Receivables from related entities	0	0	28,862	2
Cash and cash equivalents	0	0	158,365	1
Total financial assets	**15,350**	**316**	**342,565**	
Financing liabilities	0	0	2,042,576	2
Trade payables	0	0	78,398	2
Liabilities to related entities	0	0	23,916	2
Financing liabilities: Derivatives	7,487	0	7,487	3
Other liabilities	0	0	47,841	2
Total financial liabilities	**7,487**	**0**	**2,200,217**	
Financial Assets measured at fair value through OCI – debt instrument	0	0	0	
Financial Assets measured at fair value through OCI – equity instrument	0	316	316	
Financial Asset measured at fair value throught profit and loss	15,350	0	15,350	
Financial asset measured at amortised cost	0	0	326,898	
Financial Liabilities at cost	0	0	2,192,731	
Financial Liabilities held for trading	7,487	0	7,487	

	Measurement category (IAS 39)	Carrying value as of 31.12.2018	Nominal value	Amortised costs
	in k€	in k€	in k€	in k€
Non-current financial assets: Investments	FVOCI – equity instrument	324	0	0
Non-current financial assets: Other	Amortised cost	9,713	0	9,713
Other non-current financial assets (derivatives)	FVTPL	0	0	0
Trade and other receivables	Amortised cost	53,933	0	53,933
Other current financial assets	FVOCI – debt instrument	0	0	0
Other current financial assets	FVOCI – equity instrument	0	0	0
Current financial assets: Other	Amortised cost	35,762	0	35,762
Other current financial assets; Derivatives	FVTPL	2,677	0	0
Receivables from related entities	Amortised cost	62,853	0	62,853
Cash and cash equivalents	Amortised cost	91,603	91,603	0
Total financial assets		**256,865**	**91,603**	**162,260**
Financing liabilities	Amortised cost	2,181,462	0	2,181,462
Trade payables	Amortised cost	41,913	0	41,913
Liabilities to related entities	Amortised cost	43,196	0	43,196
Financing liabilities: Derivatives	FVTPL	14,062	0	0
Other financial liabilities	Amortised cost	66,866	0	66,866
Total financial liabilities		**2,347,500**	**0**	**2,333,438**
Financial Assets measured at fair value through OCI – debt instrument	FVOCI – debt instrument	0	0	0
Financial Assets measured at fair value through OCI – equity instrument	FVOCI – equity instrument	324	0	0
Financial Asset measured at fair value throught profit and loss	FVTPL	2,677	0	0
Financial asset measured at amortised cost	Amortised cost	253,863	91,603	162,260
Financial Liabilities at cost	Amortised cost	2,333,437	0	2,333,437
Financial Liabilities held for trading	FVTPL	14,062	0	0

	Fair value through P/L	Fair value through equity	Fair value as of 31.12.2018	Fair value hierarchy level
	in k€	in k€	in k€	in k€
Non-current financial assets: Investments	0	324	324	3
Non-current financial assets: Other	0	0	9,713	2
Other non-current financial assets (derivatives)	0	0	0	0
Trade and other receivables	0	0	53,933	2
Other current financial assets	0	0	0	0
Other current financial assets	0	0	0	0
Current financial assets: Other	0	0	35,762	2
Other current financial assets; Derivatives	2,677	0	2,677	3
Receivables from related entities	0	0	62,853	2
Cash and cash equivalents	0	0	91,603	1
Total financial assets	**2,677**	**324**	**256,865**	
Financing liabilities	0	0	2,183,989	2
Trade payables	0	0	41,913	2
Liabilities to related entities	0	0	43,196	2
Financing liabilities: Derivatives	14,062	0	14,062	3
Other financial liabilities	0	0	66,866	2
Total financial liabilities	**14,062**	**0**	**2,350,027**	
Financial Assets measured at fair value through OCI – debt instrument	0	0	0	
Financial Assets measured at fair value through OCI – equity instrument	0	324	324	
Financial Asset measured at fair value throught profit and loss	2,677	0	2,677	
Financial asset measured at amortised cost	0	0	253,863	
Financial Liabilities at cost	0	0	2,335,964	
Financial Liabilities held for trading	14,062	0	14,062	

Liquidity risk exposure for the Group was as follows:

	Carrying value as of 30.09.2019	Maturities		
		< 1 year	1–5 years	> 5 years
	in k€	in k€	in k€	in k€
Liabilities to financial institutions	2,638,187	1,046,412	1,889,757	120,544
Trade payables	78,398	78,398	0	0
Liabilities to related parties	23,923	23,923	0	0
Other financial liabilities	47,841	44,455	3,386	0
Total	**2,788,349**	**1,193,188**	**1,893,142**	**120,544**

	Carrying value as of 31.12.2018	Maturities		
		< 1 year	1–5 years	> 5 years
	in k€	**in k€**	**in k€**	**in k€**
Financing liabilities	2,181,462	1,168,777	1,173,781	28,343
Derivatives	14,062	0	0	0
Trade payables	41,913	41,912	1	0
Liabilities to related parties	43,196	43,196	0	0
Other financial liabilities	66,866	51,650	15,216	0
Total	**2,347,500**	**1,305,537**	**1,188,998**	**28,343**

2.7.11 LEASE INFORMATION (IFRS 16)

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

	01.01.2019
	in k€
Reconciliation lease liabilities IFRS 16	
(+) Operating Lease commitments as at December 31.2018 (IAS 17)	17,694
(-) Discounted using the lessee's incremental borrowing rate	-1,687
(-) Exemptions	-3,874
(+) Finance leases as at December 31, 2018 (IAS 17)	
Total lease liabilities (IFRS 16)	**12,133**

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

	30.09.2019	01.01.2019
	in k€	**in k€**
Right-of-use assets		
Properties	10,535	11,738
Equipment	0	0
Cars	1,598	1,217
Others	0	0
Total right-of-use assets	**12,133**	**12,955**

IFRS 16 does not require a lessee to recognise assets and liabilities for (a) short-term leases and (b) leases of low value assets.

	Book value as of:	
	30.09.2019	01.01.2019
	in k€	in k€
Lease liabilities		
current lease liabilities	3,020	3,723
non-current lease liabilities	9,113	9,369
Total lease liabilities	**12,133**	**13,092**

2.7.12 CASH AND CASH EQUIVALENTS

The cash and cash equivalents disclosed in the balance sheet and in the statement of cash flows include k€ 142,482 restricted cash.

Restricted cash and cash equivalents are subject to restrictions, particularly with regard to their use for the financed properties and as a minimum to secure future interest payments. A smaller proportion is subject to transfer controls, i.e. these funds must be held by certain group companies in accordance with the respective loan agreement.

2.8 SEGMENT INFORMATION

2.8.1 OPERATING SEGMENTS

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

- Consus: Principal business activities included previously the letting of real estate, mainly for commercial use, and is now focussed on supporting the subsidiaries through head office functions
- CG: Principal business activities include the development of real estate for residential use as well as commercial use. Furthermore, CG is engaged in the letting of commercial and residential real estate as well as complementary services
- SSN: Principal business activities include the development of real estate for residential as well as commercial use complemented by some letting activities

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

NET LOAN TO VALUE (NET LTV) 30.09.2019

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
Investment property (IAS 40)	0	389,346	755	0	390,101
Non-current assets held-for-sale (IFRS 5)	0	0	28,330	0	28,330
Inventory (IAS 2) – Property under construction	0	1,328,036	956,021	0	2,284,056
Contract assets	0	220,323	87,519	0	307,842
Real Estate assets	**0**	**1,937,705**	**1,072,624**	**0**	**3,010,329**
Liabilities to financial institutions	603,783	1,124,130	883,822	26,453	2,638,187
Cash and cash equivalents	5,959	53,489	98,917	1	158,365
Net debt	**597,824**	**1,070,641**	**784,904**	**26,452**	**2,479,822**
Net loan to Value (Net LTV) in %	**0%**	**55%**	**73%**		**82%**

NET LOAN TO VALUE (NET LTV) 31.12.2018

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
Investment property (IAS 40)	0	299,337	28,689	0	328,027
Non-current assets held-for-sale (IFRS 5)	0	0	1,329	-	1,329
Inventory (IAS 2) – Property under construction	0	1,207,227	932,534	-	2,139,761
Contract assets	0	190,847	30,754	-	221,600
Real Estate assets	**0**	**1,697,412**	**993,305**	**0**	**2,690,715**
Liabilities to financial institutions	459,429	947,990	754,713	33,393	2,195,525
Cash and cash equivalents	2,672	51,514	37,399	17	91,603
Net debt	**456,757**	**896,476**	**717,314**	**33,375**	**2,103,922**
Net loan to Value (Net LTV) in %	**0%**	**53%**	**72%**		**78%**

NET ASSET VALUE (NAV) 30.09.2019

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
Equity	978,159	357,861	440,690	-640,008	1,136,701
Deferred tax liabilities	0	62,596	73,962	-7,733	128,824
Goodwill	-3,582	-759,097	-330,702	0	-1,093,381
Net Asset Value (NAV)	**974,576**	**-338,640**	**183,950**	**-647,742**	**172,144**

NET ASSET VALUE (NAV) 31.12.2018

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
Equity	979,584	327,685	434,095	-587,395	1,153,970
Deferred tax liabilities	0	51,246	63,134	-2,905	111,475
Goodwill	-3,582	-724,634	-305,127	-864	-1,034,207
Net Asset Value (NAV)	**976,002**	**-345,703**	**192,102**	**-591,163**	**231,238**

2.8.2 DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by timing of revenue recognition including a reconciliation of the disaggregated revenue to the Group's reportable segments.

Materially all revenue for financial year 2019 and previous year were generated in Germany.

Due to the Group's business model, which is mainly based on the sale of larger development projects, the number of customers is limited. This indicates a certain dependence on individual larger customers.

01.01.–30.09.2019

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
Total income	**668**	**446,289**	**78,698**	**-615**	**525,040**
Products transferred at a point in time	668	192,538	5,023	-615	197,614
Products and services transferred over time	–	253,751	73,676	–	327,428

01.01.-30.09.2018

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
Total income	**5,842**	**164,777**	**–**	**–**	**170,619**
Products transferred at a point in time	708	81,093	–	–	81,802
Products and services transferred over time	5,134	83,683	–	–	88,817

2.8.3 SEASONALITY OF OPERATIONS

The Group's segments are not exposed to material seasonality or cyclicality in its operations.

2.8.4 ADJUSTED EBITDA CALCULATION

The following Adjusted EBITDA table reflects EBITDA calculated on a cost basis, and removing the impact of the inventory revaluations (PPA) which occurred on the acquisition of CG Group and SSN Group by Consus. The adjusted EBIT reverses the asset value step-up and thereby reduces the book value while retaining the costs actually incurred.

ADJUSTED EBITDA CALCULATION 01.01.–30.09.2019

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
unadjusted EBITDA Q3 2019 YTD	**-9,427**	**151,005**	**78,609**	**–**	**220,187**
Effect of Business Plans including PPA	–	-4,309	1,874	–	-2,435
Income from projects disposed of (PPA)	–	65,112	–	–	65,112
One-offs	–	2,328	–	–	2,328
adjusted EBITDA Q3 2019 YTD	**-9,427**	**214,136**	**80,483**	**–**	**285,192**

ADJUSTED EBIT CALCULATION 01.01.–30.09.2019

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
unadjusted EBIT Q3 2019 YTD	**-9,444**	**145,895**	**77,683**	**–**	**214,135**
Effect of Business Plans including PPA	–	-4,309	1,874	–	-2,435
Income from projects disposed of (PPA)	–	65,112	–	–	65,112
One-offs	0	2,328	0	0	2,328
adjusted EBIT Q3 2019 YTD	**-9,444**	**209,026**	**79,557**	**–**	**279,140**

ADJUSTED EBITDA CALCULATION 01.01.–31.12.2018

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
unadjusted EBITDA FY 2018 YTD	**-10,950**	**110,268**	**8,583**	**–**	**107,901**
Reduction of changes in inventory (PPA)	–	78,694	3,568	–	82,262
One-offs	10,506	–	2,987	–	13,493
adjusted EBITDA FY 2018 YTD	**-444**	**188,962**	**15,138**	**–**	**203,656**

ADJUSTED EBIT CALCULATION 01.01.–31.12.2018

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
unadjusted EBITDA FY 2018 YTD	**-10,955**	**108,186**	**8,494**	**–**	**105,726**
Reduction of changes in inventory (PPA)	–	78,694	3,568	–	82,262
Elimination of Step Up amortisation	–	202	–	–	202
One-offs	10,506	-	2,987	–	13,493
adjusted EBIT FY 2018 YTD	**-449**	**187,083**	**15,050**	**–**	**201,684**

The one-offs relate to additions to provisions, specific allowances for impairment losses, the reversal of penalties paid and cost related to HFS loans.

2.9 CAPITAL MANAGEMENT

2.9.1 CAPITAL MANAGEMENT

The aim of the Group's capital management is to secure the continued existence of the company as a going concern while generating income for its shareholders and providing all other stakeholders with benefits to which they are entitled. The overriding objective is to ensure the Group's creditworthiness in order to foster the further growth of the Group.

The Group monitors capital on the basis of loan-to-value (LTV). LTV describes the ratio of net debt to the fair value of investment property. Net debt is calculated by deducting cash and cash equivalents from financial liabilities.

The Group's goal is to maintain an appropriate level of leverage in order to ensure continued access to debt financing in the long term at economically appropriate costs. LTV as at September 30, 2019, and December 31, 2018, is calculated as follows:

	30.09.2019	31.12.2018
	in k€	**in k€**
Real Estate held as Investment property (IAS 40)	390,101	328,027
Current assets held-for-sale	28,330	1,329
Inventory	2,284,056	2,139,761
Contract assets	307,842	221,600
Total Real Estate Assets	**3,010,330**	**2,690,716**
Payables/loans to financial institutions	2,638,187	2,195,525
Cash and cash equivalents	158,365	91,603
Net debt	**2,479,822**	**2,103,922**
Net Loan to Value (Net – LTV)	**82%**	**78%**

2.9.2 PREPAYMENTS

Prepayments received by the Group on either contract assets/liabilities or land (under the scope of IFRS 15) or on inventory (under the scope of IAS 2) are included in the balances of the respective asset or liability positions. Since these prepayments constitute an important source of liquidity for the Group the following table provides a comprehensive overview.

Following the IAS 8 adjustment, prepayments received on land as part of forward sale arrangements are now shown separately from the prepayments received on the construction part of the project. Prepayments received on the construction development are netted against the contractual assets, whereas prepayments received on land are shown as liabilities and therefore are not offset against inventories. For further information please refer to note 2.5.2.

Other prepayments received include those prepayments received on inventories, other than land, that do not satisfy the offsetting criteria under IAS 32.

	30.09.2019	31.12.2018
	in k€	**in k€**
Prepayments included in contract assets/liabilities	421,671	233,190
Prepayments received on land	264,975	269,699
Other prepayments received	63,832	54,286
Total	**750,479**	**557,175**

2.10 RELATED PARTIES

2.10.1 KEY MANAGEMENT PERSONNEL REMUNERATION

The members of Group's Supervisory Board and Management Board are the management of the Group in key positions within the meaning of IAS 24.9. The following tables provide an overview of the remuneration of the Management and the Supervisory Board.

BOARD REMUNERATION – NINE-MONTHS 2019

	Accounted	Paid out
	in k€	in k€
Management Board	**1,180**	**918**
Short-term benefits	1,180	918
Supervisory Board	**135**	**181**
Short-term benefits	135	181

BOARD REMUNERATION – NINE-MONTHS 2018

	Accounted	Paid out
	in k€	in k€
Management Board	**1,108**	**1,559**
Short-term benefits	1,108	1,559
Supervisory Board	**134**	**9**
Short-term benefits	134	9

2.10.2 OTHER RELATED PARTY TRANSACTIONS

Transactions with shareholders for the nine months ended September 30, 2019 (nine months ended September 30, 2018) were as follows:

OTHER RELATED PARTY TRANSACTIONS

	30.09.2019	30.09.2018
	in k€	in k€
Interest income	1,489	1,015
Income	2,400	99
Expenses	-21,656	345
Interest expenses	-3,021	-1,857
Financing receivables	38,187	40,447
Trade receivables	544	-145
Other liabilities	-3,954	0
Financing liabilities, including derivatives	-19,969	-17,449

2.11 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

2.11.1 OBLIGATIONS TO ACQUIRE LONG-TERM ASSETS

As of September 30, 2019 there are no significant obligations to acquire investment property (December 31, 2018: k€ 0).

2.11.2 OTHER FINANCIAL OBLIGATIONS

Other financial obligations include future obligations from pending share purchase agreements in an amount of k€ 117,920 as of September 30, 2019 (December 31, 2018: k€ 84,070). The other agreements primarily relate to the provision of insurance services and other obligations. The following table provides an overview of the aggregated amount of other financial obligations:

OTHER FINANCIAL OBLIGATIONS – 2019

	< 1 year	1–5 years	> 5 years	Total
	in k€	in k€	in k€	in k€
Financial obligations as of 30.09.2019	**122,435**	**5,192**	**–**	**127,627**
Insurance contracts	514	388	–	901
Car insurance contracts	368	13	–	380
Office Rent	2,344	3,347	–	5,692
Leasing	1,289	1,444	–	2,734
Future obligations from pending share purchase agreements	117,920	–	–	117,920

OTHER FINANCIAL OBLIGATIONS – 2018

	< 1 year	1–5 years	> 5 years	Total
	in k€	in k€	in k€	in k€
Financial obligations as of 31.12.2018	**90,497**	**10,193**	**3,032**	**103,722**

2.12 EVENTS AFTER THE REPORTING PERIOD

In October, Consus issued a further € 50 million nominal of its € 400 million Senior Secured Notes at 96.5 with the proceeds to be used for refinancing.

There were no further significant events after the reporting period.

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the Condensed Interim Consolidated Financial Statements for the period from January 1 to September 30, 2019 present a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the interim management report presents a fair review of the development and performance of the business and the position of the Group, together with a description of the material risks and opportunities of the expected development of the Group.

Berlin, 12th December 2019

ANDREAS STEYER
Chief Executive Officer

BENJAMIN LEE
Chief Financial Officer

THEODORUS GORENS
Chief Risk Officer ,
Deputy Chief Financial Officer

CONSUS

REAL ESTATE

Kurfürstendamm 188-189 | 10707 Berlin
investors@consus.ag
+49 30 965 357 90 260