Consus Real Estate AG

Condensed Interim Consolidated Financial Statements

For the period from January 1, 2018 to March 31, 2018

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Income Statement **in TEUR**	**Notes**	**01.01. - 31.03.2018**	**01.01. - 31.03.2017**
Income from letting activities	7.1	11,398	-
Change in project related inventory		1,280	-
Income from property development		75,661	-
Overall performance	8.2	**88,339**	**-**
Expenses from letting activities	7.1	-3,869	-14
Cost of materials		-37,621	
Net income from the remeasurement of investment properties		-	-
Other operating income		986	-
Personnel expenses		-6,720	-
Other operating expenses	7.2	-12,558	-4,424
EBITDA* (Earnings before interest, taxes, depreciation and amortisation)	**8.4**	**28,557**	**-4,438**
Depreciation and amortisation		-513	-
EBIT* (Earnings before interest and taxes)	**8.4**	**28,044**	**-4,438**
Financial income	7.3	6,047	-
Financial expenses	7.3	-26,128	-
Share of profit or loss of associates accounted for using the equity method		-	-
EBT (Earnings before taxes)	**8.4**	**7,963**	**-4,438**
Income tax expenses	7.4	-3,068	-6
Net income (Earnings after taxes)		**4,894**	**-4,444**
Other comprehensive income		-	-
thereof non-recycling		-	-
thereof will be reclassified to profit or loss		-	-
Total comprehensive income		**4,894**	**-4,444**
Of the consolidated net income for the period, the following is attributable to:			
Non-controlling interests		*3,435*	*-*
Shareholders of the parent company		*1,460*	*-4,444*
Of the total comprehensive income for the period, the following is attributable to:			**-**
Non-controlling interests		*3,435*	*-*
Shareholders of the parent company		*1,460*	*-4,444*

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in TEUR		Notes	31.03.2018	31.12.2017
A.	**Non-current assets**			
I.	Investment property	7.6	534,141	527,350
II.	Advance payments on investment property	7.6	12,032	10,532
III.	Property, plant and equipment		4,707	4,940
IV.	Goodwill		700,076	700,076
V.	Other intangible assets		2,863	2,886
VI.	Financial assets	7.11	5,000	5,000
VII.	Contract assets	5, 7.7	91,780	-
B.	**Current assets**			
I.	Work-in-progress including acquired land and buildings	7.8	1,040,332	1,211,827
II.	Trade and other receivables	7.11	17,873	56,017
III.	Receivables from related parties	10.2	40,994	27,840
IV.	Tax receivables		382	275
V.	Financial assets	7.11	-	2,584
VI.	Other assets	7.9	17,114	5,375
VII.	Contract assets	5, 7.7	53,061	-
VIII.	Cash and cash equivalents		48,701	71,340
Total Assets			**2,569,058**	**2,626,042**

A.	**Equity**			
I.	Subscribed capital		79,850	79,850
II.	Capital reserves		574,714	574,714
III.	Other reserves		-23,616	-8,456
IV.	Non-controlling interests		159,530	169,901
B.	**Non-current liabilities**			
I.	Financing liabilities	7.11	1,000,054	1,013,617
II.	Provisions	7.10	-	-
III.	Other liabilities		6,462	8,386
IV.	Contract liabilities	5, 7.7	32,824	-
V.	Deferred tax liabilities		106,530	103,723
C.	**Current liabilities**			
I.	Financing liabilities	7.11	519,710	575,929
II.	Provisions	7.10	3,150	3,370
III.	Trade payables	7.11	50,527	46,244
IV.	Liabilities to related parties	10.2	4,964	5,953
V.	Tax payables		17,404	17,441
VI.	Received prepayments		266	311
VII.	Other liabilities		36,689	35,058
Total Equity and Total Liabilities			**2,569,058**	**2,626,042**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TEUR	Subscribed capital	Capital reserves	Retained earnings	Other reserves	Total	NCI	Total Equity
01.01.2017	**22,000**	**-**	**56**	**-**	**22,056**	**-**	**22,056**
Profit for the period	-	-	-4,444	-	-4,444	-	-4,444
Total comprehensive income for the period	**-**	**-**	**-4,444**	**-**	**-4,444**	**-**	**-4,444**
Transactions with owners in their capacity as owners:							
Issue of share capital	2,200	30,800	-	-	33,000	-	33,000
31.03.2017	**24,200**	**30,800**	**-4,388**	**-**	**50,612**	**-**	**50,612**
01.01.2018	**79,850**	**574,714**	**-8,456**	**-**	**646,108**	**169,901**	**816,009**
Profit for the period	-	-	1,460	-	1,460	3,435	4,894
Total comprehensive income for the period	**-**	**-**	**1,460**	**-**	**1,460**	**3,435**	**4,894**
Adjustment on intitial application of IFRS 15 (net of tax)	-	-	-	-16,620	-16,620	-13,806	-30,426
Adjusted balance at 1 January 2018	**79,850**	**574,714**	**-8,456**	**-16,620**	**629,488**	**156,095**	**785,584**
Transactions with owners in their capacity as owners:							
Issue of share capital	-	-	-	-	-	-	-
31.03.2018	**79,850**	**574,714**	**-6,996**	**-16,620**	**630,948**	**159,530**	**790,478**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

in TEUR	Notes	01.01. - 31.03.2018	01.01. - 31.03.2017
Operating activities			
Net profit		4,894	-4,444
Tax expense	7.4	3,068	6
Profit (loss) before tax		**7,963**	**-4,438**
Adjustments to reconcile profit before tax to net cash flows:			-
Depreciation and impairment of property, plant and equipment		513	-
Financial income	7.3	-6,047	-
Financial expenses	7.3	26,128	-
Transition Adjustments IFRS 15	5.	-32,503	-
Other non-cash adjustments		-2,869	-4
		-6,816	**-4,442**
Working capital adjustments			
Decrease/ (increase) in rent and other receivables		38,479	-116
Decrease / (increase) prepayments, accrued income and other assets		-8,959	114
Decrease/ (increase) in inventories and contractual assets		-26,976	-
(Decrease) / increase in prepayments on development projects	9.2	86,452	-
(Decrease) / increase in trade, other payables and accruals, contractual liabilities and other liablities		5,465	2,387
Income tax paid		-1,526	-
Net cash flow from operating activities		**86,121**	**-2,056**
Investing activities			
Acquisition of subsidiaries, net of cash acquired		-56	-
Purchase of investment property	7.6	-1,500	-30,730
Loans granted	10.2	-5,050	-
Capital expenditure on investment property		-2,428	-
Proceeds from the sale of PPE & intangibles		232	-
Proceeds from investment in trade securities		26	-
Expenditure on other fixed assets		-404	-
Net cash flow from investing activities		**-9,179**	**-30,730**
Financing activities			
Proceeds from borrowings		25,323	-
Repayment of borrowings		-114,761	-
Proceeds from issue of share capital		-	32,998
Interest paid		-10,142	-
Net cash flow from financing activities		**-99,580**	**32,998**
Net increase / (decrease) in cash and cash equivalents		-22,638	211
Cash and cash equivalents at the beginning of the year		71,340	17,632
Cash and cash equivalents at the end of year		**48,701**	**17,844**

Notes to the condensed interim consolidated financial statements

1. The Consus Real Estate AG

1.1. General information

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 191887 in the commercial register of the district court of Berlin-Charlottenburg.

The condensed interim consolidated financial statements of the Company as at and for the three months ended March 31, 2018, comprise the Company and its subsidiaries.

1.2. Business activities

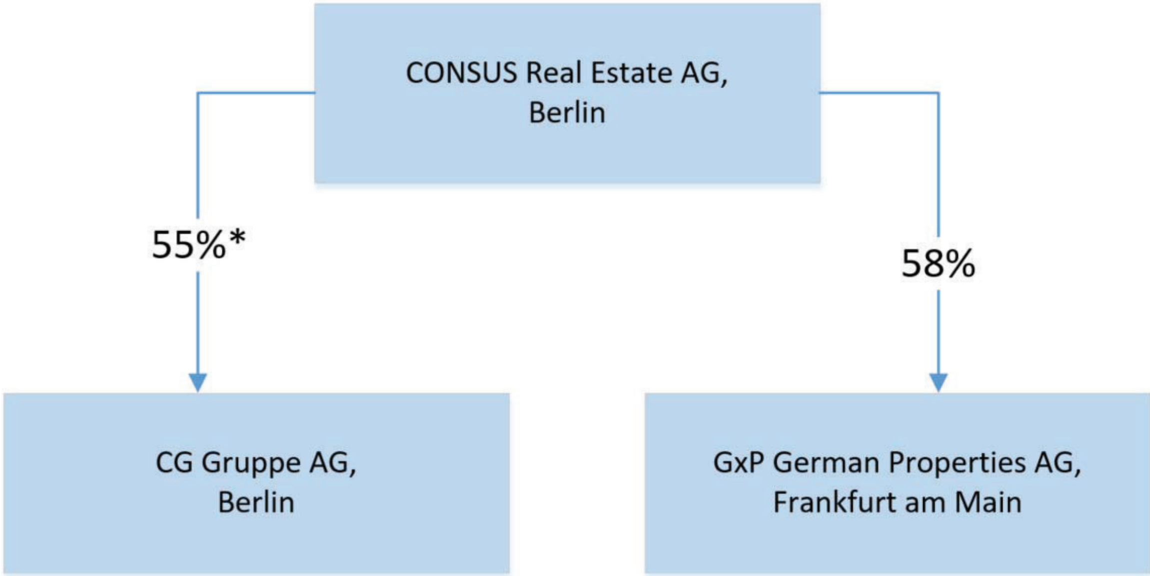
The Company specializes in the acquisition, development, management, use and sale of real estate and land rights in Germany.

The Company has established shareholdings to achieve the new business purpose. The (reorganized) Group focuses its business activities on the function of real estate development and real estate portfolio holder, in which it covers the entire value chain together with experienced partners.

The Company has been operating as a real estate company since November 2016.

As of March 31, 2018, Consus Real Estate AG held two real estate investment companies ("CCP 1", "CCP 2") as wholly owned subsidiaries as well as another wholly owned subsidiary ("CCP Objektholding"), which as an intermediate holding in turn holds 100% of the various other real estate holding companies accounted for under financial assets. Additionally the Company directly holds 58% of the outstanding shares of GxP German Properties AG ("GxP"), Frankfurt am Main. Through its subsidiaries, GxP is invested in commercial real estate located across Germany, in cities such as Berlin, Dresden, Leipzig, Erfurt and Hanover.
The Company furthermore indirectly holds 55% outstanding shares of CG Gruppe AG ("CG"), Berlin which operates through its subsidiaries in project development, construction and remediation as well as services around real estate and has the right to increase its holding to 59.1% via the mandatory convertible bond it holds in CG.

The Group's principal subsidiaries at 31 March 2018 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.



*Additionally, the Company possesses convertible notes of CG that will be converted to shares of CG reflecting about 4.09% additional of the total shares in CG on a fully diluted basis.

2. The Condensed Interim Consolidated Financial Statements

The Condensed Interim Consolidated Financial Statements of Consus Real Estate AG were prepared in condensed form in accordance with IAS 34 Interim Financial Reporting and comply with the International Financial Reporting Standards (IFRS) adopted and issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

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, 2017. Selected explanatory notes are included to explain events and transactions that are significant to 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 2017.

3. Accounting policies

3.1. Basis of preparation of the consolidated financial statement

The Condensed Interim Consolidated Financial Statements have been prepared in thousands of euros (EUR/ €). 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 three months period ended March 31, 2018.

The statement of 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 or 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, 2017, except for the adoption of new standards, interpretations and amendments adopted with effect from January 1, 2018.

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 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.

For information on the measurement of investment property, financing liabilities and derivatives please refer to the Group's consolidated financial statements for the year ended December 31, 2017, chapter 3.3 as well as 9.1 and 9.12.

The fair value hierarchy can be summarized as follows:

Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**
Purchase price allocation in the context of business combinations			X
Investment properties			X
Financing liabilities		X	
Derivatives			X

5. Changes in accounting policies

The following new and amended standards have been used for the first time in the reporting period:

IFRS 9 "Financial Instruments" (on/after January 1, 2018)
In July 2014, the final version of IFRS 9 "Financial Instruments" has been publicized by the IASB, replacing IAS 39. IFRS 9 contains revised requirements for the classification and measurement of financial assets and a new loss allowance model, also taking expected losses in the calculation of loss allowances into account. It contains the new hedge accounting regulations published in November 2013. The standard replaces all prior published versions of IFRS 9 and is effective for the first time for reporting periods beginning on or after January 1, 2018. It was endorsed by the EU in November 2016.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:
Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income,

foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

in TEUR	Notes	Measurement category (IAS 39)	Measurement category (IFRS 9)	Carrying amount under IAS 39	Carrying amount under IFRS 9
Other non-current financial assets (investments)	a)	AfS	FVOCI - equity instrument	1,153	1,153
Other non-current financial assets	b)	LaR	Amortised cost	3,883	3,883
Trade receivables	b)	LaR	Amortised cost	56,017	56,017
Other current financial assets	b)	LaR	Amortised cost	2,584	2,584
Receivables from related entities	b)	LaR	Amortised cost	27,840	27,840
Cash and cash equivalents		LaR	Amortised cost	71,340	71,340
Total financial assets				**162,816**	**162,816**

a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

b) Financial assets that were classified as loans and receivables under IAS 39 are now classified at amortised cost. These financial assets do not include contractual asset that were recognised at 1 January 2018 on the adoption of IFRS 15 (see below, section "IFRS 15 "Revenue from Contracts with Customers), for which an immaterial additional impairment amount was recognised.

IFRS 15 "Revenue from Contracts with Customers" (on/after January 1, 2018)

In May 2014, the IASB issued the new standard IFRS 15 "Revenue from Contracts with Customers". The new standard IFRS 15 replaces IAS 18, Revenue, and IAS 11, Construction contracts and related interpretations, including IFRIC 15, Agreements for the construction of real estate. The goal of the new standard on revenue recognition is to compile currently existing guidance and interpretations into a uniform model of revenue recognition. IFRS 15 disclosures will include qualitative and quantitative information about the Group`s contracts with customers, significant judgements made, changes in those judgements, and contract cost. The Group has applied IFRS 15 with a date of initial application of January 1, 2018.

The Group has applied IFRS 15 using the cumulative effect approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of 1 January 2018 and that comparatives will not be restated and continue to be reported as presented in the previous financial year. The details of the significant changes and quantitative impact of the changes are set out below.

The Group mainly generates income from the sale of property development and constructions contracts and recognizes income from letting activities of real estate space.

Revenue regarding the sale of property development and construction contracts by the Group subsidiary CG was previously recognized when the risks and rewards of the developed and constructed property have been transferred and the group does not retain either continuing managerial involvement to the degree usually associated with ownership, or effective control over the property sold. This was generally the point in time when the property in its entirety is accepted by the customer.

Under IFRS 15 the Group distinguishes between:

a) Property development and construction contracts for which the criteria of IFRS 15.35 (b) and/or (c) are fulfilled revenue and costs are recognized over time in proportion to the stage of completion of the project using the stage of completion method. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs. When the outcome of these contracts cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that is likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.
b) For all other property development and construction contracts which do not fulfil the criteria of IFRS 15.35 revenue is recognized in accordance with the point in time method.

The accounting of letting activities of real estate space is based on IAS 17 or, in the future, on IFRS 16 and is not subject to the requirements of IFRS 15.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The following table summarizes the impact, net of tax, of transition to IFRS 15 on retained earnings and non-controlling interest at January 1, 2018.

In TEUR	Impact of adopting IFRS 15 at 1 January 2018
Other reserves	
Development projects: Forward sales	-17,718
Development projects: Freehold flat	1,098
Impact at 1 January 2018	**-16,620**
Non-controlling interests	
Development projects: Forward sales	-14,846
Development projects: Freehold flat	1,040
Impact at 1 January 2018	**-13,806**

Impacts from the first time application of IFRS 15 on the Group's equity resulted from two different types of development project for which the criteria of IFRS 15.35 (b) and/or (c) are fulfilled. Instead of capitalization of expenses incurred in relation to the projects beginning from January 1, 2018 revenue and expenses are recognized over time in proportion to the stage of completion of the project using the stage of completion method. Those two groups of development projects are:

a) Forward Sales: An integrated element of CONSUS' business and financial strategy, with high quality institutional investors purchasing primarily rental apartment blocks from CONSUS as long- term counterparties and repeat clients. Advance payments are contractually agreed upon.

b) Freehold flats (*Eigentumswohnungen*): Housing units (condominiums) sold to individual buyers.

The impact on retained earnings reflects the difference between the book value of the inventory related to the projects before application of IFRS 15 and the progress of the project that is recognized in accordance with IFRS 15 in equity on the transition date. Progress of the project is measured using the relation of expenses incurred as of balance sheet date compared to total projected expenses according to the most recent business plan, disregarding interest expenses. In the Group's view interest expenses do not accurately portray development progress which should be independent from the type of financing elected by the Company. The change in non-controlling interest relates to the above described changes in net assets from the transition to IFRS 15 of the joint-stock company invested in the project that now falls under the scope of IFRS 15.

The following table presents a comprehensive overview of the transition adjustments related to IFRS 15 as of January 1, 2018. Line items not presented were not affected by the transition to IFRS 15.

In TEUR		31.12.2017	Transition adjustments	01.01.2018
A.	**Non-current assets**			
VII.	Contract assets	-	83,375	83,375
B.	**Current assets**			
I.	Work-in-progress including acquired land and buildings	1,211,827	-163,033	1,048,793
VI.	Other assets	5,375	3,400	8,774
VII.	Contract assets	-	43,756	43,756
Total Assets		**2,626,042**	**-32,503**	**2,593,538**
A.	**Equity**			
III.	Other reserves	-8,456	-16,620	-25,076
IV.	Non-controlling interests	169,901	-13,806	156,095
C.	**Current liabilities**			
VII.	Other liabilities	35,058	-2,078	32,980
Total Equity and Total Liabilities		**2,626,042**	**-32,503**	**2,593,538**

As of January 1, 2018 inventory of projects that now fall under the scope of IFRS 15 are derecognized and reclassified as contract assets. As such they are recognized according to the project progress and presented net of prepayments received. The step-up resulting from the purchase price allocation of CG Gruppe AG last year and which related to the future project progress was derecognized as part of the inventories and recognized under other assets and is amortized over the development period in accordance with the project progress. The decrease in other liabilities is a result of the reduction of net assets explained in the table above. Since the group treats participatory interests in business partnerships as financial liabilities the reduction of net assets as a result from the transition to IFRS 15 results in a decreased liability towards these minority shareholders.

The following table demonstrates the impact of the adoption of IFRS 15 on the net income of the Group for the first quarter of 2018:

In TEUR	**31.03.2018 incl. IFRS 15**	**IFRS 15 adjustments**	**31.03.2018 excl. IFRS 15**
Income from letting activities	11,398		11,398
Change in project related inventory	1,280	71,117	72,397
Income from property development	75,661	-75,661	-
Overall performance	**88,339**	**-4,544**	**83,794**
Expenses from letting activities	-3,869		-3,869
Cost of materials	-37,621		-37,621
Other operating income	986		986
Personnel expenses	-6,720		-6,720
Other operating expenses	-12,558		-12,558
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	**28,557**	**-4,544**	**24,012**
Depreciation and amortisation	-513	95	-418
EBIT (Earnings before interest and taxes)	**28,044**	**-4,450**	**23,594**
Financial income	6,047		6,047
Financial expenses	-26,128		-26,128
EBT (Earnings before taxes)	**7,963**	**-4,450**	**3,513**
Income tax expenses	-3,068		-3,068
Net income (Earnings after taxes)	**4,894**	**-4,450**	**445**

Revenue under IFRS 15 is recognized over-time based on the project progress of the development. During the first quarter of 2018 one development project (Artists Living Köln StG GmbH & Co.KG) was granted a building permit. This resulted in the recognition of revenue based on the project progress when receiving the building permit and planned development margin. Expenses incurred in relation with the development of the project are recognized when occurred during the period. Further non-cash expenses result from the amortization of the future part of the step-up resulting from the CG purchase price allocation.

The IASB has published the following IFRSs and IFRICs that were endorsed by the EU but are not yet effective, and that will be relevant for the Group:

IFRS 16 "Leases" (on/after January 1, 2019)

IFRS 16 "Leases" was published in January 2016 which applies in principle to all leases and involves recognizing a right of use asset and an associated leasing liability on the lessee's balance sheet as well as extensive disclosures in the notes. The impact on the Group's financial statements is currently examined. The Group expects the first-time application of IFRS 16 to slightly extend the balance sheet as well as to marginally change EBIT. The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of EUR 9,871 thousand. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. We expect no material changes for lease agreements in which the Group acts as the lessor.

At this stage, the group does not intend to adopt the standard before its effective date.

The IASB has also revised, amended or issued further standards and interpretations that must be applied in future periods. 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.

6. Scope of consolidation

There were no changes in the scope of consolidation in the reporting for the three months period ended as of March 31, 2018.

7. Selected Explanatory Notes

7.1. Result from letting activities

The following breaks down the result from letting activities for the three months ended March 31, 2018. The Group did not hold any real estate property during the three months ended March 31, 2017. At that point of time only prepayments for 12 objects were made, totalling EUR 36,477 thousand.

in TEUR	**01.01. - 31.03.2018**	**01.01. - 31.03.2017**
Rental income	10,333	-
Income from recharged operating costs	1,040	-
Income from other goods and services	25	-
Income from letting activities	**11,398**	**-**
Expenses from operating costs	-3,523	-14
Maintenance expenses	9	-
Other services	-356	-
Expenses related to letting activities	**-3,869**	**-14**
Net operating income from letting activities	**7,528**	**-14**

7.2. Other operating expenses

Other operating expenses break down as follows:

in TEUR	**01.01. - 31.03.2018**	**01.01. -31.03.2017**
Consulting and audit fees	-5,180	-792
Admin expenses	-3,490	-20
Utility expenses for office space	-398	-
Marketing expenses	-814	-
Car and travel expenses	-1,197	-
Other taxes	-357	-12
Other expenses	-1,123	-3,600
Total	**-12,558**	**-4,424**

Other expenses during the reporting period 2018 include significant expenses from consulting and audit fees which are mainly due to portfolio transactions, transition to IFRS and first time consolidation, and other project related work of which some is unique in its nature (TEUR 3,100).

During the first quarter of 2017, other operating expenses mainly relate to the preparation of the initial public offering of CONSUS (at that time: Consus Commercial Property AG, Leipzig) that took place on March 30, 2017. EUR 3,600 thousand of other expenses relate to a breakup fee from a property purchase contract.

7.3. Finance income and finance expenses

Financial result can be broken down as follows:

in TEUR	**01.01. - 31.03.2018**	**01.01. - 31.03.2017**
Income from fair value changes of derivatives	5,394	-
Interest income from loans	126	-
Other financial income	527	-
Total financial income	**6,047**	**-**
Interest expense from loans	-26,128	-
Total financial expenses	**-26,128**	**-**
Financial result	**-20,081**	**-**

The income from fair value changes during the reporting period 2018 results from the derivative financial instrument embedded in the EUR 200 million bond issued in 2017 and was mainly driven by the development of the Consus Real Estate AG share price.

During the first quarter of 2017 neither financial income nor expenses were recognized, since no assets or liabilities that could potentially cause financial income or expenses existed.

Borrowing costs capitalised during the reporting period amount to EUR 10,502 thousand. Accordingly the Group's EBITDA recorded a positive impact from capitalization of borrowing cost in the same amount.

7.4. Income taxes

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

in TEUR	**01.01. - 31.03.2018**	**01.01. - 31.03.2017**
Current income taxes for the period	-426	-6
Deferred taxes	-2,642	-
Tax result	**-3,068**	**-6**

The current tax expenses in the first quarter of 2018 mainly result from the tax assessment for the period.
The current tax expenses in the first quarter of 2017 relate to corporate tax provisions from the tax assessment for the period.

7.5. 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.

in TEUR	**01.01. - 31.03.2018**	**01.01. - 31.03.2017**
Consolidated net income/loss for the period from continuing operations	4,894	-4,444
Income/loss from continuing operations attributable to non-controlling interests	3,435	-
Income/loss from continuing operations attributable to shareholders	**1,460**	**-4,444**
Weighted average number of shares issued, in thousands	79,850	22,048
Basic earnings per share from continuing operations in EUR	**0.02**	**-0.20**
Number of dilutive potential shares, in thousands	-	-
Diluted earnings per share from continuing operations in EUR	**0.02**	**-0.20**
Consolidated net income/loss for the period from continuing and discontinued operations attributable to shareholders	1,460	-4,444
Weighted average number of shares issued, in thousands	79,850	22,048
Basic earnings per share from continuing and discontinued operations in EUR	**0.02**	**-0.20**
Number of dilutive potential shares, in thousands	-	-
Diluted earnings per share from continuing and discontinued operations in EUR	**0.02**	**-0.20**

7.6. Investment property

The Group’s portfolio predominantly consists of commercial property (offices and retail) and to a smaller proportion of residential property.
During the first quarter of 2018 no investment property was purchased from third parties, only advance payments on investment property were paid out.

Major market developments and valuation parameters that have an impact on the fair values of the investment property held by the Group are assessed every quarter. The results of this assessment indicate that no value adjustments are required as of March 31, 2018.

7.7. Contract Balances

The timing of revenue recognition, billings 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. In our development activities, amounts 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, we sometimes receive advances or deposits from our customers before revenue is recognized, resulting in contract liabilities. These assets and liabilities are reported on 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 three-month period ended March 31, 2018, were not materially impacted by any other factors.

Impairment losses recognized on receivables and contract assets were de minimus in the first quarter of 2018 and 2017.

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

	Book value as of:	
in TEUR	**01.01.2018***	**31.03.2018**
Gross contract assets - non-current	106,359	164,949
Gross contract assets - current	111,993	129,063
Prepayments received on non-current contract balances	-22,984	-105,993
Prepayments received on current contract balances	-68,237	-76,002
Net contract assets (liabilities)	**127,130**	**112,018**

*The Group recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance at 1 January 2018.

7.8. Work-in-progress including acquired land and buildings

Work-in-progress can be broken down as follows:

in TEUR	**31.03.2018**	**31.12.2017**
Carrying amount of inventories	**1,040,332**	**1,211,827**
- thereof Real Estate "Institutional"	915,254	948,735
- thereof Real Estate "Parking"	27,105	26,700
- thereof Real Estate "IAS 40"	5,728	5,618
- thereof Real Estate "Apartments for sale"	65,634	315,324
- thereof Real Estate "Other construction work"	43,007	27,388
- net off: received prepayments for Real Estate construction	-16,396	-111,938

The following carrying amount of inventory is expected to finish development within the next 12 months:

in TEUR	**31.03.2018**	**31.12.2017**
Carrying amount of inventories (expected to be realized within the next 12 months)	**39,532**	**32,755**
- thereof Real Estate "Institutional"	24,356	77,925
- thereof Real Estate "Parking"	-	-
- thereof Real Estate "IAS 40"	5,728	5,618
- thereof Real Estate "Apartments for sale"	-	-
- thereof Real Estate "Other construction work"	14,295	10,705
- net off: received prepayments for Real Estate construction	-4,847	-61,494

in TEUR	**31.03.2018**	**31.12.2017**
Other disclosures for IAS 2		
Carrying amount of inventories pledged as security for liabilities	1,056,728	1,323,765

7.9. Other assets

Due to the first time application of IFRS 15 in 2018, as of March 31 2018, EUR 8,555 EUR resulting from purchase price allocation step-ups that relate to future project progress was recognized. For further information on IFRS 15 transition effects, please refer to chapter 5. IFRS 15 “Revenue from Contracts with Customers”.

During in the reporting period 2018, EUR 652 thousand was deferred on balance sheet under other asset as costs incurred in anticipation of an issuance of equity instruments.

7.10. Provisions

Provisions developed as follows:

in TEUR	**as at 01.01.2018**	**Reversal**	**As at 31.03.2018**
Personnel related provisions	220	-220	-
Legal provisions	500	-	500
Other provisions	2,650	-	2,650
Total	**3,370**	**-220**	**3,150**

Due to the expiration of a change of control clause the corresponding provision was reversed through profit / loss during the first quarter 2018.

7.11. Financial instruments

The following abbreviations are used for the measurement categories:

- HfT: Held for Trading
- LaR: Loans and Receivables
- AfS: Available for Sale
- FVTPL: Financial assets at FVTPL
- AC: Financial assets at amortised cost
- Debt FVOCI: Debt investments at FVOCI
- Equity FVOCI: Equity investments at FVOCI
- FLaC: Financial Liability at Cost
- FAHfT: Financial Assets Held for Trading
- FlHfT: Financial Liabilities Held for Trading

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

in TEUR	Category acc. to IFRS 9	Carrying value as of 31.03.2018	Nominal value	Amortised costs	Fair value through P/L	Fair value through equity	Fair value as of 31.03.2018	Fair value hierarchy level
Other non-current financial assets (investments)	FVOCI – equity instrumen	1,153	-	-	-	1,153	1,153	3
Other non-current financial assets	Amortised cost	3,847	-	3,847	-	-	3,862	2
Trade receivables	Amortised cost	17,873	-	17,873	-	-	17,873	2
Other current financial assets	Amortised cost	-	-	-	-	-	-	2
Receivables from related entities	Amortised cost	40,994	-	40,994	-	-	40,994	2
Cash and cash equivalents	Amortised cost	48,701	48,701	-	-	-	48,701	1
Total financial assets	**-**	**112,568**	**48,701**	**62,714**	**-**	**1,153**	**112,583**	
Financing liabilities	FLaC	1,508,568	-	1,508,568	-	-	1,515,645	2
Trade payables	FLaC	50,527	-	50,527	-	-	50,527	2
Liabilities to related entities	FLaC	4,964	-	4,964	-	-	4,964	2
Derivatives	FLHfT	11,196	-	-	11,196	-	11,196	3
Other financial liabilities	FLaC	34,896	-	28,512	6,384	-	34,896	2
Total financial liabilities	**-**	**1,610,152**	**-**	**1,592,572**	**17,580**	**-**	**1,617,229**	
-	-	-	-	-	-	-	-	
Financial asset measured at fair value through OCI - debt instrument	FVOCI – debt instrument	-	-	-	-	-	-	
Financial asset measured at fair value through OCI - equity instrument	FVOCI – equity instrumen	1,153	-	-	-	1,153	1,153	
Financial asset measured at fair value through profit and loss	Mandatorily at FVTPL	-	-	-	-	-	-	
Financial asset measured at amortised cost	Amortised cost	110,807	48,701	62,106	-	-	110,823	
-	-	-	-	-	-	-	-	
Financial liabilities at cost	FLaC	1,598,956	-	1,592,572	6,384	-	1,606,033	
Financial liabilities held for trading	FLHfT	11,196	-	-	11,196	-	11,196	

in TEUR	Measurement category (IAS 39)	Carrying value as of 31.12.2017	Nominal value	Amortised costs	Fair value through P/L	Fair value through equity	Fair value as of 31.12.2017	Fair value hierarchy level
Other non-current financial assets (investments)	AfS	1,153	-	-	-	1,153	1,153	3
Other non-current financial assets	LaR	3,847	1,370	2,477	-	-	3,883	2
Trade receivables	LaR	56,017	54,020	1,997	-	-	56,017	2
Other current financial assets	LaR	2,584	2,584	-	-	-	2,584	2
Receivables from related entities	LaR	27,840	27,840	-	-	-	27,840	2
Cash and cash equivalents	LaR	71,340	71,340	-	-	-	71,340	1
Total financial assets		**162,780**	**157,153**	**4,474**	**-**	**1,153**	**162,816**	
Financing liabilities	FLaC	1,572,956	-	1,578,289	-	-	1,577,788	2
Trade payables	FLaC	46,244	41,177	5,067	-	-	46,244	2
Liabilities to related parties	FLaC	5,953	-	5,956	-	-	5,956	2
Derivatives	FLHfT	16,590	-	-	16,590	-	16,590	3
Other financial liabilities	FLaC	34,279	-	25,975	8,305	-	34,279	2
Total financial liabilities		**1,676,022**	**41,177**	**1,615,287**	**24,894**	**-**	**1,680,858**	
		-	-	-	-	-	-	
Loans and receivables	LaR	161,627	157,153	4,474	-	-	161,664	
Financial liabilities at cost	FLaC	1,659,432	41,177	1,615,287	8,305	-	1,664,268	
Financial liabilities held for trading	FLHfT	16,590	-	-	16,590	-	16,590	
Available for sale	AfS	1,153	-	-	-	1,153	1,153	

The following table presents the changes in level 3 instruments for the three months period ended March 31, 2018:

in TEUR	**01.01. - 31.03.2018**
as of 01.01.2018	**-16,590**
Gains recognized in financial income	5,394
as of 31.03.2018	**-11,196**

The gains recognized in consolidated income from level 3 instruments during the reporting period 2018 results from the derivative financial instrument embedded in the EUR 200 million bond issued in 2017 and was mainly driven by the development of the Consus Real Estate AG share price.

Valuation of the derivative particularly depends on inputs such as share price and volatility. A 5% increase of the share price would lead to a loss of EUR 2,385 thousand, whereas a 5% decrease of the share price would lead to a gain of EUR 1,375 thousand. Independently a 5% increase in volatility would have resulted in a loss of EUR 2,370 thousand, whereas a 5% decrease in volatility would have resulted in a gain of EUR 1,688 thousand.

Liquidity risk exposure for the Group was as follows:

	Carrying value as of 31.03.2018	***Maturities***		
in TEUR		**< 1 year**	**1 - 5 years**	**> 5 years**
Liabilities to financial institutions	1,508,568	569,858	949,230	190,011
Derivatives	11,196	-	-	-
Trade payables	50,527	50,527	-	-
Liabilities to related parties	4,964	5,262	-	-
Other financial liabilities	34,896	28,434	6,462	-
Total	**1,610,152**	**654,081**	**955,693**	**190,011**

	Carrying value as of 31.12.2017	***Maturities***		
in TEUR		**< 1 year**	**1 - 5 years**	**> 5 years**
Liabilities to financial institutions	1,572,956	570,142	982,106	190,440
Derivatives	16,590	-	-	-
Trade payables	46,244	46,244	-	-
Liabilities to related parties	5,953	4,825	-	-
Other financial liabilities	34,279	25,888	8,386	-
Total	**1,676,022**	**647,100**	**990,492**	**190,440**

8. Segment Information

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 include the renting of real estate, mainly for commercial use, and head office function.
- GxP: Principal business activities include the renting of real estate, mainly for commercial use.
- CG: Principal business activities include the development of real estate for residential use as well as commercial use. Furthermore CG is engaged in the renting of commercial and residential real estate as well as complementary services.

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, 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.

The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

For three months ended 31 March 2018

in TEUR	**Consus**	**GxP**	**CG Group**	**Other/ Eliminations**	**Total**
Overall performance	3,259	3,343	81,737	-	88,339

For three months ended 31 March 2017

in TEUR	**Consus**	**GxP**	**CG Group**	**Other/ Eliminations**	**Total**
Overall performance	-	-	-	-	-

Net Loan to Value (Net LTV)
31.03.2018

in TEUR	**Consus**	**GxP**	**CG Group**	**Other/ Eliminations**	**Total**
Investment property (IAS 40)	148,415	166,069	219,657	-	534,141
Prepayments on investment property (IAS 40)	12,032	-	-	-	12,032
Owner occupied real estate (IAS 16)	-		-	-	-
Non-current assets held-for-sale (IFRS 5)	-		-	-	-
Inventory (IAS 2) - Property under construction	-	-	1,040,332	-	1,040,332
Contract assets	-	-	144,842	-	144,842
Real Estate assets	**160,447**	**166,069**	**1,404,831**	**-**	**1,731,348**
Liabilities to financial institutions	435,924	104,370	948,490	30,980	1,519,764
Cash and cash equivalents	16,369	3,476	28,848	8	48,701
Net debt	**419,555**	**100,894**	**919,642**	**30,972**	**1,471,063**
Net loan to Value (Net LTV) in %	**261%**	**61%**	**65%**	**n/a**	**85%**

Net Loan to Value (Net LTV)
31.12.2017

in TEUR	**Consus**	**GxP**	**CG Group**	**Other/ Eliminations**	**Total**
Investment property (IAS 40)	148,400	165,270	213,680	-	527,350
Prepayments on investment property (IAS 40)	10,532	-	-	-	10,532
Owner occupied real estate (IAS 16)	-		-	-	-
Non-current assets held-for-sale (IFRS 5)	-		-	-	-
Inventory (IAS 2) - Property under construction	-	-	1,211,827	-	1,211,827
Contract assets	-	-	-	-	-
Real Estate assets	**158,932**	**165,270**	**1,425,507**	**-**	**1,749,709**
Liabilities to financial institutions	437,542	104,978	1,007,706	39,319	1,589,546
Cash and cash equivalents	33,396	4,896	33,032	15	71,340
Net debt	**404,146**	**100,082**	**974,674**	**39,304**	**1,518,206**
Net loan to Value (Net LTV) in %	**254%**	**61%**	**68%**	**n/a**	**87%**

Net Asset Value (NAV)
31.03.2018

in TEUR	**Consus**	**GxP**	**CG Group**	**Other/ Eliminations**	**Total**
Equity	591,759	59,453	295,529	-156,262	790,478
Fair value of derivative financial instruments	11,196	-	-	-	11,196
Deferred tax liabilities	5,344	5,914	95,272	-	106,530
Goodwill		-1,586	-698,490	-	-700,076
Net Asset Value (NAV)	**608,299**	**63,781**	**-307,690**	**-156,262**	**208,128**

Net Asset Value (NAV)
31.12.2017

in TEUR	Consus	GxP	CG Group	Other/ Eliminations	Total
Equity	574,714	58,872	317,807	-135,384	816,009
Fair value of derivative financial instruments	9,888	-	-	-	9,888
Deferred tax liabilities	5,344	5,676	92,703	-	103,723
Goodwill		-1,586	-698,490	-	-700,076
Net Asset Value (NAV)	**589,946**	**62,963**	**-287,981**	**-135,384**	**229,544**

8.2. Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, sources of revenue and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments

Sources of revenue
For three months ended 31 March 2018

in TEUR	Consus	GxP	CG Group	Other/ Eliminations	Total
Income from letting activities	3,259	3,343	4,796	-	11,398
Income from real estate inventory disposed of	-	-	-	-	-
Change in project related inventory	-	-	1,280	-	1,280
Income from property development	-	-	75,661	-	75,661

Sources of revenue
For three months ended 31 March 2017

in TEUR	Consus	GxP	CG Group	Other/ Eliminations	Total
Income from letting activities	-	-	-	-	-
Income from real estate inventory disposed of	-	-	-	-	-
Change in project related inventory	-	-	-	-	-
Income from property development	-	-	-	-	-

Primary geographical markets
For three months ended 31 March 2018

in TEUR	Consus	GxP	CG Group	Other/ Eliminations	Total
Germany	3,259	3,343	81,737	-	88,339

Primary geographical markets
For three months ended 31 March 2017

in TEUR	Consus	GxP	CG Group	Other/ Eliminations	Total
Germany	-	-	-	-	-

Timing of revenue recognition
For three months ended 31 March 2018

in TEUR	Consus	GxP	CG Group	Other/ Eliminations	Total
Products transferred at a point in time	405	660	1,280	-	2,345
Products and services transferred over time	2,854	2,683	80,457	-	85,994

Timing of revenue recognition
For three months ended 31 March 2017

in TEUR	Consus	GxP	CG Group	Other/ Eliminations	Total
Products transferred at a point in time	-	-	-	-	-
Products and services transferred over time	-	-	-	-	-

8.3. Seasonality of operations

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

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 Gruppe AG 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 Q1

in TEUR	Consus	GxP	CG Group	Other/ Eliminations	Total
unadjusted EBITDA Q1 2018	-2,523	1,515	29,572	-7	28,557
Reduction of changes in inventory	-		3,986	-	3,986
adjusted EBITDA Q1 2018	**-2,523**	**1,515**	**33,558**	**-7**	**32,543**
unadjusted EBIT Q1 2018	**-2,523**	**1,497**	**29,076**	**-7**	**28,044**
Reduction of changes in inventory	-		3,986	-	3,986
Elimination of Step Up amortisation	-		95	-	95
adjusted EBIT Q1 2018	**-2,523**	**1,497**	**33,157**	**-7**	**32,125**
unadjusted EBT Q1 2018	-1,778	838	8,563	340	7,963
adjusted EBT Q1 2018	**-1,778**	**838**	**12,644**	**340**	**12,044**

9. Capital management

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. In addition, the overall aim 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 March 31, 2018, and December 31, 2017, is calculated as follows:

in TEUR	31.03.2018	31.12.2017
Real Estate held as Investment property (IAS 40)	534,141	527,350
Advance payments for investment property (IAS 40)	12,032	10,532
Inventories (IAS 2)	1,036,329	1,211,827
Contract assets	144,842	-
Total Real Estate Assets	**1,727,345**	**1,749,709**
Financing liabilities	1,519,764	1,589,546
Cash and cash equivalents	48,701	71,340
Net debt	**1,471,063**	**1,518,206**
Net Loan to Value (Net - LTV)	**85%**	**87%**

9.2. Prepayments

Prepayments received by the Group on either contract assets/liabilities (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 balance. Since these prepayments constitute an important source of liquidity for the Group the following table provides a comprehensive overview.

Prepayments received	31.03.2018	31.12.2017
Prepayments included in contract assets/liabilities	181,994	-
Prepayments included in inventory	16,396	111,938
Total	**198,390**	**111,938**

10. Related parties

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 both, remuneration of Management as well as Supervisory Board.

Board remuneration – first quarter 2018

in TEUR	Accounted	Paid out
Management board	**253**	**253**
Short-term benefits	253	253
Supervisory Board	**-**	**-**
Short-term benefits	-	-

Board remuneration – first quarter 2017

in TEUR	Accounted	Paid out
Management board	**-**	**-**
Short-term benefits	-	-
Supervisory Board	**10**	**10**
Short-term benefits	10	10

10.2. Other related party transactions

Transaction with other related parties for the three months ended March 31, 2018 (three months ended March 31, 2017) were as follows:

Transactions with other related parties

in TEUR	**31.03.2018**	**31.03.2017**
Income	16	-
Interest income	505	-
Income from fair value changes of derivatives	1,543	
Interest expenses	- 2,583	-
Financing receivables	39,901	-
Trade receivables	1,093	-
Financing liabilities, including derivatives	- 208,757	-
Other liabilities	- 4,964	-

During the first quarter 2018, an interest-bearing short-term loan with a nominal of EUR 5.050 thousand was issued by Consus Real Estate AG to a company affiliated with Aggregate Holding S.A.

11. Contingent liabilities and other financial obligations

Future cumulative minimum lease payments from operating lease agreements, with the respective remaining terms, are presented in the following table:

in TEUR	**31.03.2018**	**31.12.2017**
up to one year	2,610	2,722
1-5 years	6,505	6,368
over 5 years	756	934
Total	**9,871**	**10,025**

These operate lease contracts include renting of office space as well as office equipment.

Obligations to acquire long-term assets
As of March 31, 2018 the Group is obliged to acquire investment property of EUR 30,000 thousand.

Other financial obligations
Other financial obligations include future obligations from pending share purchase agreements in an amount of EUR 74,400 thousand as of March 31, 2018 (December 31, 2017: EUR 74,400 thousand). 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 -2018

in TEUR	**<1 year**	**2-5 years**	**>5 years**	**Total**
Financial obligations as of 31.03.	76,695	1,033	0	77,728

Other financial obligations - 2017

in TEUR	**<1 year**	**2-5 years**	**>5 years**	**Total**
Financial obligations as of 31.12.	77,138	1,231	0	78,370

12. Events after the balance sheet date

On April 23, 2018 CONSUS communicated the cash inflow of around EUR 131 million received from the first purchase price payment from recent VauVau forward sale dating back to December 2017.

On May 15, 2018 CONSUS announced the divestiture of 8 commercial assets with a gross asset value of EUR 148 million to an institutional investor. The proceeds generated by the divestment will be used for general corporate purposes including reinvestment in the expansion of the development business.

On May 3, May 8 and May 15, 2018, CG received the building permit issued by the competent authorities for two forward sales and one condominium project, which will fall in the scope of IFRS 15 in the second quarter of 2018.

As announced on June 1, 2018, the Supervisory Board of Consus Real Estate AG appointed Andreas Steyer as its new Chief Executive Officer (CEO). Norbert Kickum as the previous CEO of the Company will return to major shareholder Aggregate, parent to the Company.

There were no other significant events after the balance sheet date.

Berlin, June 5, 2018

CONSUS Real Estate AG
Andreas Steyer
Benjamin Lee
Members of the Management Board