Aggregate Holdings S.A.

Société Anonyme

Summary Consolidated Financial Statements

(extracted from the audited Consolidated Financial Statements)

For the Year Ended 31 December 2018

With Report of the Independent Auditor (ISA 810)

Address of the registered office
10, rue Antoine Jans
L-1820 Luxembourg

R.C.S. Luxembourg: B 194538

Aggregate Holdings S.A.
Summary Consolidated Financial Statements
For the year ended 31 December 2018

Consolidated Management Report

1.1 Principal Activities and Review of Business

Aggregate Holdings S.A. (hereinafter together with its subsidiaries "the Group").
On January 4, 2018 Aggregate Deutschland S.A. (a subsidiary of Aggregate Holdings S.A.) acquired 43.9 % of the shares in SG Development GmbH and 94.9 % of the shares in Wilhelmstraße I GmbH.

SG Development GmbH is a 51% subsidiary of SSN Group, which holds nine out of twelve development projects. Wilhelmstraße I GmbH holds 50% of landmark development in the centre of Berlin.

In August 2018, Consus RE AG, an indirect subsidiary of Aggregate Deutschland S.A. (a subsidiary of Aggregate Holdings S.A.) increased its stake in CG Gruppe from 59% to 75% on a fully diluted basis.

In August 2018, the Group sold its majority stake of approximately 58% in GxP to Summit RE eight GmbH.

The Group, signed definitive agreements to divest 8 commercial assets, indirectly held, with a total gross asset value (GAV) of EUR 148 million to an institutional investor. The sale of the assets results in a preliminary profit and in a significant net cash proceeds for the Group.

In November 2018, Aggregate Deutschland S.A. (a subsidiary of Aggregate Holdings S.A.) contributed to Consus RE AG 38.9 % of shares in SG Development GmbH and 85.9 % of the shares in Wilhelmstraße I GmbH.

In December 2018, Consus RE AG acquired 93.4% of the shares in SSN Group AG ('SSN'). Through this acquisition, Consus significantly increased its gross development volume (GDV) from EUR6.2bn to EUR9.6bn as well as the overall number of projects from 53 to 65.

The purchase price was financed by cash on balance and a EUR 250m acquisition facility from J.P. Morgan subject to customary drawdown conditions. J.P. Morgan acts as financial advisor to Consus and provider of the acquisition financing.

Consequently as of December 31, 2018 the Group owned 54.7% of the shares of SG Development GmbH and 53.7% of the shares of SSN Group and 57.5% of Consus Group.

In 2018 the Group continued developing its landmark project in Berlin – Quartier Heidestrasse. QH Core project was under construction and its finalization is planned for the 3rd quarter of 2020. A major anchor tenant has leased out around 30,000 sqm net rental area.

Building applications were submitted for two further projects, QH Spring and QH Track. QH Spring received the building permit in the fourth quarter of 2018. The building permit for QH Track was granted at the beginning of 2019. Construction works on both projects are progressing as planned.

1.2 Financial performance

During the year 2018, the Group has earned a net profit of EUR 10,889 thousand.

1.3 Risk Management and Capital Management

The Group's risk management and capital management policies are described in detail in Note 23 of the Consolidated Financial Statements.

1.4 Management NAV

Taking as a reference EPRA adjustment in deferred tax, Management shows below the reconciliation between the Group IFRS NAV (including equity attributable to hybrid holders and non-controlling interests) as at 31 December 2018 and the Management NAV:

Management NAV (thousands of EUR)	**31 December 2018**	**31 December 2017**
NAV as per IFRS consolidated financial statements	1,173,692	1,088,087
Deferred tax	224,863	199,442
Equity attributable to Hybrid instrument holders	(151,637)	(158,461)
Non controlling interest	(287,006)	(203,177)
Management NAV	**959,912**	**925,891**

Future Prospects

During 2019 the Group intends to focus on its assets in Germany. It will also continue and further accelerate forward sale arm of the business and further enhance cash flow generation

Board of Directors

Massimo Longoni
Class A Director

Elena Guaraldi
Class B Director

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Report of the independent auditor on the summary consolidated financial statements

To the Board of Directors of
Aggregate Holdings S.A.
10, rue Antoine Jans
L-1820 Luxembourg

Opinion

The summary consolidated financial statements, which comprise the summary consolidated financial position as at 31 December 2018, the summary consolidated statement of profit or loss and other comprehensive income, the summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Aggregate Holding S.A. and its subsidiaries for the year ended 31 December 2018.
In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 2.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements of Aggregate Holdings S.A. for the year ended 31 December 2018 in our report dated 25 November 2019.

Board of Directors' Responsibility for the Summary Consolidated Financial Statements

Board of Directors is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 2.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jesus Orozco

Luxembourg, 28 November 2019

Summary consolidated statement of financial position

In thousands of EUR	**31 December 2018**	**31 December 2017**
Assets		
Property, plant and equipment	12,614	9,107
Intangible assets and Goodwill	697,453	490,392
Investment property	238,845	498,806
Investment property under construction	880,102	708,250
Advances	3,226	10,532
Non-derivative financial assets	51,748	140,449
Contract assets	23,096	-
Investments in equity accounted investees	33,124	79
Non-current assets	**1,940,208**	**1,857,615**
Inventories	2,140,507	1,323,765
Trade and other receivables	96,265	74,006
Non-derivative financial assets	494,606	301,570
Contract assets	198,504	-
Cash and cash equivalents	143,916	96,374
Current assets	**3,073,798**	**1,795,715**
Total assets	**5,014,006**	**3,653,330**

Summary consolidated statement of financial position (continued)

In thousands of EUR	**31 December 2018**	**31 December 2017**
Equity		
Share capital	475,080	475,080
Reserves	(112)	(2,848)
Retained earnings	261,011	203,186
Profit for the year	(930)	51,031
Equity attributable to the owners of the Group	**735,049**	**726,449**
Equity attributable to hybrid holders	151,637	158,461
Non-controlling interests	287,006	203,177
Total equity	**1,173,692**	**1,088,087**
Liabilities		
Loans and borrowings	1,635,425	1,486,603
Derivative liability	14,062	16,590
Other non-current liabilities	15,017	8,387
Provisions	-	20,088
Deferred tax liabilities	224,863	199,442
Non-current liabilities	**1,889,367**	**1,731,110**
Loans and borrowings	1,326,151	593,457
Income tax payable	44,496	17,528
Trade and other payables	544,072	219,878
Contract liabilities	32,158	-
Provisions, current	4,070	3,270
Current liabilities	**1,950,947**	**834,133**
Total liabilities	**3,840,314**	**2,565,243**
Total equity and liabilities	**5,014,006**	**3,653,330**

The accompanying notes form an integral part of these summary consolidated financial statements.

Summary consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

In thousands of EUR	**2018**	**2017**
Revenue	466,884	7,676
Other operating income	126,553	125,657
Total revenue	**593,437**	**133,333**
Operating expenses		
Expenses for materials	(286,278)	(17)
Expenses for hired services	(64,699)	(17,034)
Expenses for salaries and social security	(41,103)	(1,086)
Depreciation and amortization	(2,759)	(52)
Other operating expenses	(46,737)	(18,865)
Result from operating activities	**151,861**	**96,279**
Finance income	23,016	10,758
Finance costs	(180,064)	(66,974)
Net finance costs	**(157,048)**	**(56,216)**
Profit related to equity accounted investees (net of income tax)	87	67,927
Profit/(loss) before income tax	**(5,100)**	**107,990**
Income tax expense	14,525	(52,954)
Profit/(loss) for the year from continued operation	**9,425**	**55,036**
Discontinued operation		
Profit/(Loss) for the year from discontinued operation, net of tax	**1,464**	**-**
Profit/(loss) for the year	**10,889**	**55,036**
Other comprehensive income		
Items that will never be reclassified to profit or loss:		
Actuarial gain/(loss)	(30)	-
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences from foreign operations	(2,112)	1,991
Other comprehensive income for the year, net of tax	**(2,142)**	**1,991**
Total comprehensive income for the year	**8,747**	**57,027**
Profit/(loss) attributable to:		
Owners of the Company	(930)	51,031
Non-controlling interest	11,819	4,005
Profit/(loss) for the year	**10,889**	**55,036**
Total comprehensive income attributable to:		
Owners of the Company	(3,125)	53,022
Non-controlling interest	11,872	4,005
Total comprehensive income for the year	**8,747**	**57,027**

The accompanying notes form an integral part of these summary consolidated financial statements.

Summary consolidated statement of changes in equity

For the year ended 31 December 2018

In thousands of EUR	Share capital	Translation reserve	Retained earnings	Total for the Group	Hybrid Instrument	Non-controlling interests	Total equity
Balance at 1 January 2017	475,080	(4,839)	203,186	673,427	151,637	16,200	841,264
Total comprehensive income for the period							
Profit or loss	-	-	51,031	51,031	-	4,005	55,036
Other comprehensive income							
Foreign currency translation differences	-	1,991	-	1,991	-	-	1,991
Total other comprehensive income	-	1,991	-	1,991	-	-	1,991
Total comprehensive income for the period	-	1,991	51,031	53,022	-	4,005	57,027
Hybrid bonds	-	-	-	-	6,824	-	6,824
	-	-	-	-	6,824	-	6,824
Changes in ownership interests in subsidiaries							
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	182,972	182,972
Total transactions	-	-	-	-	6,824	182,972	189,796
Balance at 31 December 2017	475,080	(2,848)	254,217	726,449	158,461	203,177	1,088,087

Summary consolidated statement of changes in equity (continued)
For the year ended 31 December 2018

In thousands of EUR	Share capital	Translation reserve	Other reserves	Retained earnings	Total for the Group	Hybrid Instrument	Non-controlling interests	Total equity
Balance at 1 January 2018	475,080	(2,848)	-	254,217	726,449	158,461	203,177	1,088,087
Effect from initial application of IFRS 15 (net of tax)	-	-	(994)	-	(994)	-	2,444	1,450
Adjusted balance as at 1 January 2018	475,080	(2,848)	(994)	254,217	725,455	158,461	205,621	1,089,537
Total comprehensive income for the period								
Profit or loss	-	-	-	(930)	(930)	-	11,819	10,889
Other comprehensive income								
Foreign currency translation differences	-	(2,165)	-	-	(2,165)	-	53	(2,112)
Actuarial gains and losses	-	-	-	(30)	(30)	-	-	(30)
Total other comprehensive income	-	(2,165)	-	(30)	(2,195)	-	53	(2,142)
Total comprehensive income for the period	-	(2,165)	-	(960)	(3,125)	-	11,872	8,747
Hybrid bonds	-	-	-	6,824	6,824	(6,824)	-	-
	-	-	-	6,824	6,824	(6,824)	-	-
Changes in ownership interests in subsidiaries								
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	77,428	77,428
Changes in non-controlling interests without a change in control	-	-	5,895	-	5,895	-	27,956	33,851
Disposal of subsidiary with non-controlling interest	-	-	-	-	-	-	(35,871)	(35,871)
Total transactions	-	-	-	**6,824**	**6,824**	**(6,824)**	**69,513**	**75,408**
Balance at 31 December 2018	475,080	(5,013)	4,901	260,081	735,049	151,637	287,006	1,173,692

The accompanying notes form an integral part of these summary consolidated financial statements.

Summary consolidated statement of cash flows

For the year ended 31 December

In thousands of EUR	**2018**	**2017**
Cash flows from operating activities		
Profit for the year	10,889	55,036
Adjustments for:		
- Depreciation	2,190	39
- Amortisation of intangible assets	569	13
- Share of the profit of equity accounted investees	(87)	(67,927)
- Increase of fair value of investment property	(84,461)	(123,184)
- Gain on disposal of investment property	(2,893)	(402)
- Net finance costs	157,048	56,216
- Gain on disposal of financial instruments	(13,272)	-
- Income tax expense	(14,525)	52,954
	55,458	(27,255)
Changes in:		
- trade and other receivables	69,269	(114,111)
- prepayments on development projects	356,326	-
- inventories and contractual assets	(333,149)	-
- prepayments	7,306	(10,532)
- trade and other payables and contractual liabilities	308,944	39,697
- provisions	(18,086)	16,622
Cash generated from operating activities	**446,068**	**(95,579)**
Interest paid	(110,130)	(22,803)
Income tax paid	(7,525)	(79)
Net cash from operating activities	**328,413**	**(118,461)**
Cash flows from investing activities		
Interest received	17,337	519
Proceeds from disposal of financial investments	-	51,172
Change in financial assets	(1)	(41,643)
Investments in associates	(20,945)	(106)
Acquisition of subsidiary, net of cash acquired	(169,318)	6,424
Proceeds from disposal of subsidiaries,net of cash disposed of	94,944	52,544
Acquisition of investment property	(14,649)	(2,070)
Acquisition of investment property under construction	(100,622)	(186,326)
Acquisition / disposal of property, plant and equipment	(4,668)	(388)
Net cash used in investing activities	**(197,922)**	**(119,874)**
Cash flows from financing activities		
Proceeds from issue of convertible bonds	-	96,777
Proceeds from new borrowings	793,452	424,527
New loans provided, net	(142,633)	(34,575)
Reimbursement of loans provided	60	4,225
Repayment of borrowings	(731,663)	(162,284)
Net cash from (used in) financing activities	**(80,784)**	**328,670**
Net increase in cash and cash equivalents	**49,707**	**90,335**
Cash and cash equivalents at 1 January	96,374	6,039
Effect of exchange rate fluctuations on cash held	(2,165)	-
Cash and cash equivalents at 31 December	**143,916**	**96,374**

The accompanying notes form an integral part of these summary consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Reporting entity

Aggregate Holdings S.A. (“the Company” or together with its subsidiaries, “the Group”) was incorporated on February 6, 2015 and is organised under the laws of Luxembourg as a “Société Anonyme” for an unlimited period and domiciled in Luxembourg. The registered office of the Company is at 10 rue Antoine Jans, L-1820 Luxembourg.

The Company’s financial year starts on 1 January and ends on 31 December of each year.

The main activity of the Group is acquisition, management, development and disposal of real estate development assets. Through its various investments, the Group has built an attractive real estate development pipeline in Germany, predominantly across German A cities, with a focus on residential development assets. Supported by local and experienced management teams with long-standing track record, the Group has a strong real estate development and asset management expertise.

Through its existing network built over decades, the Group has direct access to unique investment opportunities as well as to recurring off-market transactions. Guided by its seasoned and well-rounded senior management team, the Group is well positioned to continue delivering substantial value to all its stakeholders.

The direct owner of Aggregate Holdings S.A. is Lavinia B.V. and the ultimate beneficial owner is Mr. Günter Walcher.

The consolidated financial statements of the Group comprise the statement of financial position, financial results and cash flow of the Group as at and for the year ended 31 December 2018.

The summary list of the consolidated subsidiaries and sub-Groups as per 31 December 2018 is as follows:

		2018		2017		
Name of the subsidiary Country		**% Control control**	**% Interest interest**	**% Control control**	**% Interest interest**	**Consolidation Method**
Aggregate UK S.A.	Luxembourg	100	100	100	100	Full
Montarius Holding Ltd.	Cyprus	100	100	100	100	Full
Aggregate Isle of Mann 1 Ltd.	Isle of Mann	-	-	100	100	Full
Aggregate Isle of Mann 2 Ltd.	Isle of Mann	100	100	100	100	Full
Aggregate Isle of Mann 3 Ltd.	Isle of Mann	100	100	100	100	Full
Aggregate Isle of Mann 4 Ltd.	Isle of Mann	100	100	100	100	Full
Fliptag Investments Ltd. BV.	British Virgin Islands	100	100	100	100	Full
Havza Ltd.	Ireland	100	100	100	100	Full
Oldbourne&Oldbourne Hospitality Ltd.	UK	100	100	100	100	Full
Solenti Ltd.	Cyprus	100	100	100	100	Full
Aggregate Deutshland S.A.	Luxembourg	100	100	100	100	Full
Aggregate Management GmbH	Germany	100	100	100	100	Full
Quartier Hedestrasse GmbH	Germany	94.9	94.9	94.9	94.9	Full
Quartier Hedestrasse Verwaltungs GmbH	Germany	94.9	94.9	94.9	94.9	Full
QH Development 1 GmbH & Co. KG	Germany	94.9	94.9	94.9	94.9	Full
LHC Beteiligungs GmbH	Germany	100	100	100	100	Full
Aggregate HH GmbH	Germany	100	100	0	0	Full
Go West GmbH	Germany	100	100	0	0	Full
Alster Krug Chausse 366 Verwaltungs GmbH	Germany	72.5	72.5	0	0	Full
AEIOU 102 GmbH	Germany	72.5	72.5	0	0	Full
SSN Group AG	Switzerland	53.7	53.7	0	0	Full
SG Development GmbH	Germany	54.7	54.7	0	0	Full
Wilhelmstr. 1 GmbH	Germany	58.4	58.4	0	0	Full
Consus Real Estate AG *	Germany	57.5	57.5	69.7	69.7	Full

*Consus Real Estate AG, among other subsidiaries, includes Pebble Investment GmbH (Pebble) which was a subsidiary consolidated by the Group in 2016. Consus is direct and indirect owner of 187 (2017: 109) fully consolidated subsidiaries.

With the shareholders resolution as of 28 September 2017, the legal name of Consus was changed from Consus Commercial Property AG to Consus Real Estate AG (Consus). Additionally, Consus possesses convertible notes of CG Gruppe AG (CG) that will be converted to shares of CG reflecting about 4.09% of the total shares in CG on a fully diluted basis.

2. Basis of preparation

(a) Compliance

The consolidated financial statements of Aggregate Holdings, S.A. and its subsidiaries (collectively, the Group) for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), were approved by the Board of Directors on 25 November 2019 and are available at the legal seat of the Parent Company (10, rue Antoine Jans, L-1820 Luxembourg).

These summary consolidated financial statements are extracted from the full set of consolidated financial statements of the Group. The level of detail of these summary consolidated financial statements has been decided at discretion of the Groups Management. These summary consolidated financial statements have been prepared in accordance with recognition and measurement criteria of IFRS as adopted by the EU.

(b) Going concern

The consolidated financial statements of the Group were prepared on a going concern basis.

Consus is the most significant subgroup. The cash situation of Consus is highlight dependant on cash-in from sale of properties of the subsidiaries SSN and CG Gruppe. In the past few years, CG Gruppe was able to sell properties and unlock free cash. The availability of Consus and the Group to pay its interest and costs depends on the planned sales of SSN and CG Gruppe. The management acknowledge that is not aware of any significant uncertainties related to events or circumstances that could threaten the ability of the Group to continue as going concern. The management has a reasonable expectation that the available capital resources and sources of financing (cash flows from operating activities and loan contracts) will be adequate to meet its obligations in the course of 2019.

(c) Basis of measurement

The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss (FVPL) and investment properties that have been measured at fair value.

(d) Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the functional currency of the parent. All financial information is presented in EUR rounded to the nearest thousand, unless otherwise indicated.

(e) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

3. Significant accounting policies

The significant accounting policies disclosed below have been applied during all periods represented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see (a)(iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at the acquisition date.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised. The adjustments to non-controlling interests, arising from transactions that do not lead to loss of control, are based on a proportionate amount of the net assets of the subsidiary.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interest in associate a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights for its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only if there is no evidence of impairment.

(viii) Property acquisitions and business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities (of the entity) based on their relative values at the acquisition date.

Accordingly, no goodwill or deferred taxation arises.

(b) Goodwill

Subsequent measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Notes to the Consolidated Financial Statements

(c) Investment Property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings

(d) Work-in-progress including acquired land and building

Work-in-progress is valued at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The cost of inventories includes expenses incurred in acquiring the inventories (i.e. land and buildings) and related purchase costs. The cost of inventories includes furthermore a reasonable share of the indirect overhead based on normal production capacity as well as attributable borrowing costs.

(e) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability

(f) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(g) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

4. Acquisition of subsidiaries and non-controlling interests

SSN Group AG, SG Development GmbH, Wilhelmstraße and Diplan

On 3 December 2018 Consus Real Estate AG ("Consus), a subsidiary of the Group, acquired 93.4% of the shares in SSN Group AG, Zug, Switzerland (hereafter "SSN Group" or "SSN") for a total consideration of EUR 245,000 thousand. The amount of the share capital of SSN Group was CHF 27,374 thousand split into shares with nominal value of CHF 0.10 each. The consideration paid for the shares was EUR 208,250 thousand allocated into two instalments, first instalment of EUR 198,250 thousand which was already paid, and a second instalment of EUR 10,000 thousand.

Conditions to be met for payment of the second instalment is an earn-out condition and is measured by accumulated profit of the SSN Group, which should not be less than EUR 834,000 thousand until 1 October 2022. The payment of the second instalment shall become due and payable on the third business day following the 7th anniversary of the Closing date, if the earn out condition is satisfied until 1 October 2022. Management assumes the probability that the threshold will be met to be close to 0%, accordingly the fair value of the contingent consideration is € 0 million.

In addition to the cash payments, described above, Consus Real Estate AG, should repay the loan of the SSN Group to Omission, which on 3 December 2018, together with the interest was EUR 47,055 thousand. The purchase price was financed by a EUR 250,000 thousand acquisition facility from J.P. Morgan and cash on balance.

The Group simultaneously acquired 43.9% in SG Development GmbH, a 51% subsidiary of SSN Group, which holds nine out of twelve development projects, as well as a 85.9% stake in Wilhelmstraße I GmbH, which in turn holds 50% of an SSN landmark development in the centre of Berlin against a total consideration of 7,452,831 shares of Consus, cash consideration of EUR 71,891 thousand and assumed obligation of EUR 21,000 thousand. The combined transactions resulted in the Group controlling all aspect of the SSN group and achieving maximum economic exposure. The execution of the SSN transaction as a whole depended on both steps being completed together, therefore both steps are considered to be a linked transaction for accounting purposes. The combined transactions resulted in the Group, via Consus, controlling all aspects of the SSN group and achieving maximum economic exposure.

In connection with the acquisition of SSN and SG Development, the Group incurred brokerage fees of EUR 21,360,000. They were calculated as 4% of the total transaction volume of EUR 534 million. EUR 8,750 thousand have been paid in 2018 and the remaining EUR 12,610 thousand were payable as 31 December 2018.

Additionally, the Group has acquired via Consus a 75% stake in DIPLAN, an innovative PropTech company which concentrates on enhancing the digitalization process of the company's core operations in development, including construction. The transaction was closed on December 30, 2018.

Since initial consolidated SSN and SG Development they contributed EUR 61,591 thousand to the Group revenue and EUR (1,706) thousand to the total comprehensive income of the Group. If the acquisition had taken place at the beginning of the financial year, SSN and SG Development would have contributed EUR 108,158 thousand to the Group revenue and € (5,764) thousand to the total comprehensive income of the Group.

Goodwill as of December 31, 2018 amounts to EUR 691,263 thousand (31 December 2017: EUR 487,482 thousand). For the financial year 2018 (2017), goodwill is attributable as follows:

Notes to the Consolidated Financial Statements

In thousands of EUR	**2018**	**2017**
CG Gruppe	512,780	487,482
SSN / SG Development	176,388	-
DIPLAN	2,095	-
	691,263	487,482

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

in thousands of EUR	Fair Value as per PPA
Intangible assets, property, plant and equipment	4,621
Investment Property	28,689
Contract Asstes	11,525
Other financial Assets	1,642
Work-in-Progress	908,300
Trade and other receivables	10,645
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	(47,397)
Trade payables and other payables	(9,249)
Liabilities to related parties	(59,205)
Tax payables	(1,546)
Deferred tax liability	(62,648)
Net Assets	**131,161**
Consideration transferred	230,229
thereof Cash Consideration	206,809
thereof equity interest	23,420
Non Controlling Interests	77,320
Goodwill impact	**176,388**

2018 - finalization CG Gruppe AG and GxP purchase price allocation

The Group gained control over CG as defined by IFRS 10 on December 21, 2017. For accounting purposes December 31, 2017 was used for initial consolidation of CG as subsidiary. On account of the complexity of acquisitions, the Group retained the option of making a retroactive adjustment. Open key issues included reviewing how the fair values of investment properties, of property development projects, 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, 2017 were provisional in terms of IFRS 3.45.

The purchase price allocation was finalized within the second quarter of the financial year 2018. After the final valuation report the total fair value of work-in-progress decreased by EUR 40,848 thousand. Thereof arising material reductions in deferred tax liabilities of EUR 12,254 thousand and in liabilities of EUR 2,194 thousand. the following table for detailed information on fair values after the final purchase price allocation:

in thousands of EUR	Fair Value after final PPA
Intangible assets, property, plant and equipment	7,552
Investment property, including prepayments	213,680
Other financial assets	3,954
Work-in-progress	1,170,979
Trade and other receivables	81,715
Other assets	4,255
Cash and cash equivalents	33,032
Financing liabilities	(1,007,706)
Provisions and other non-financial liabilities	(52,065)
Trade payables and other payables	(83,540)
Deferred tax liability	(80,449)
Net assets	**291,407**
Fair value of equty instruments	599,496
Additional payment	8,713
Non-controlling interests	195,978
Goodwill	**512,780**

The purchase price allocation for the second business combination in 2017 (GxP) was finalized in the second quarter 2018, as well. It did not result in any material change to the consolidated financial statements.

2018 Goodwill

In thousands of EUR	**2018**
Opening balance	487,482
Impact from acquisition of SSN Group/SG Development	176,388
Impact from acquisition of DIPLAN	2,095
New purchase price allocation CG Gruppe	26,400
Disposal of GxP	(1,102)
Goodwill	691,263
Other intangible assets	6,190
Total intangible assets and Goodwill	697,453

5. Other operating income

Other operating income mainly relates to gain on revaluation of investment property.

6. Disposal of property owning companies

On May 15, 2018 the Group divested its shareholding of ten companies that held a total of eight commercial assets and two purchase obligations. The commercial assets were included in separate legal entities and the transaction was structured as a share deal and closed in June 2018. The deconsolidation of the entities resulted in a gain of EUR 2,893 thousand reported under other operating income. This gain includes a total of EUR 5,051 thousand receivables. The purchaser is entitled to audit the closing financial statements. Subsequently the outstanding payment might be subject to change. The Group expects that the outstanding amount will be paid by the beginning of 2019. With closing as of August 3, 2018 the Company divested its shareholding in GxP. The deconsolidation of the GxP resulted in a gain of EUR 20 thousand recognized within the result from discontinued operations.

7. Non-derivative financial assets and Contract balances

The Group has granted third party loans for a total amount of EUR 255,264 thousand (2017: EUR 114,032 thousand). These loans have maturity terms of 6 to 36 months and interest varies from 3% to 15%.

Shares for a total amount of EUR 183,018 thousand (2017: EUR 236,626 thousand) mainly relate to investments in regulated funds in Ireland and Guernsey which invest primarily in listed shares.

Contract balances

The timing of revenue recognition, invoicing and cash collections results in billed accounts receivables, unbilled receivables (contract assets) and customer advances and deposits (contract liabilities) on the Statement of Financial Position. In the Group's development activities, amounts are billed as work progresses in accordance with agreed-upon contractual term, 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 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 financial year 2018 were not materially impacted by other factors besides as laid out below. The following table provides information about contract assets and contract liabilities from contracts with customers:

8. Investments in equity accounted investees

The Group's investments in associates comprise of:

- EUR 21,590 thousand for 28% investment in MAP Liegenschaften GmbH (Germany). As of 31 December 2018, MAP Liegenschaften GmbH assets consist of acquisition of land in Berlin to be used for future development for a total amount of EUR 39,000 thousand.
- EUR 11,134 thousand for 50% investment in LHC Holding GmbH (Germany).As of 31 December 2018, LHC Holding GmbH assets of EUR 12,216 thousand consist primarily of EUR 11,726 receivables from affiliated companies (LHC 1 GmbH, LHC 2 GmbH and LHC 3 GmbH)
- EUR 76 thousand for 20% investment in EMC GmbH (Germany).

Notes to the Consolidated Financial Statements

9. Subsequent events

In May 2019, Consus RE AG (Aggregate Holdings S.A. subsidiary) successfully placed a senior secured corporate bond (Senior Secured Notes) with a total nominal amount of EUR 400,000,000 with institutional investors today. The notes have been issued at 98.5% with a duration of five years (until 2024), and a non-call period of two years and a coupon rate of 9.625% p.a. over the term.

In July 2019, Consus RE AG successfully closed the Leipzig 416 sale transaction and took an important steps in its deleveraging program. The Leipzig 416 project transaction has successfully sold, securing the future development of this key development quarter in Leipzig. Starting in 2016, CG Gruppe AG acquired properties which were previously used by the railway network around Delitzscher Straße in Leipzig and started the development planning of this area with the vision to create a completely new mixed-use quarter in this area of the city. CONSUS Real Estate AG ("CONSUS"), through its subsidiary CG Gruppe, will continue to be involved in the development process working closely with the real estate development company, which acquired the project. The sales price for the project will be paid in stages, with the largest portion now paid, and the remaining amount to be paid on achieving certain milestones in 2019 and 2020. The proceeds from the first payment will reduce net debt significantly, of which the majority is high-cost mezzanine and junior debt. The terms of the transaction are confidential.

The management board and supervisory board of Consus Real Estate AG resolved to propose to the bondholders of the EUR 200,000,000 4.00% bonds due 2022 an amendment of the terms and conditions of the bonds, to be resolved upon by the bondholders in a voting without physical meeting.

The current terms and conditions provide that bondholders in connection with a conversion request may offer bonds held by them to the company as a contribution in kind, upon which the company decides whether it accepts such offer, implements a capital increase from authorized capital and delivers shares of the company or pays a cash amount.

In order to align with the standard market conversion process going forward, the conversion mechanism shall be revised. Specifically, conditional capital shall serve as underlying for the bonds in the future.

Beside this, the economic terms of the bonds (in particular the nominal amount, term, coupon, conditions for conversions incl. cash settlement) remain unchanged.

As announced on 12 September 2018, Consus Real Estate AG formally proposed to the bondholders of the EUR 200,000,000 4.00% bonds due 2022 (ISIN DE000A2G9H97) an amendment of the terms and conditions of the bonds (revised conversion mechanism to align with standard market conversion process), to be resolved upon by the bondholders in a voting without physical meeting.

In 2018 the Group continued developing its landmark project in Berlin – Quartier Heiderstrasse. QH Core project was under construction and its finalization is planned for end of the 4th quarter 2020. A major anchor tenant has leased out around 30,000 sqm net. For another 6,700 sqm office area execution versions of respective lease agreements have been exchanged. While another approx. 4,000 sqm in leasing activities are almost finalised.

Building applications were submitted in 2018 for two further projects, QH Spring and QH Track. QH Spring received the building permit in January 2019. The building permit for QH Track was granted in March/May of 2019. Construction works on both projects are progressing as planned.

Construction works of QH Track is partly financed by debt. Therefore total financing commitments of EUR 506m term loan construction facilities have been received, while another EUR 54m debt facility is contractually foreseen by one of the parties but not yet committed.

Notes to the Consolidated Financial Statements

9. Subsequent events (continued)

On QH Track a single tenant office lease agreement for almost 30,000 sqm has been signed in 2019 as well as an extension option for this tenant by another approx. 8,000 sqm. For QH Core a lease agreement with a law firm, insurance company and an energy agency is signed and covers a letting area of 8,000 office and 3,000 retail. For QH Spring a lease agreement with a hotel operator is almost finalised and covers a letting area of 5,700 sqm, while another 1,200 sqm to be leased to a kindergarten operator.

Building applications for QH Straight, QH Colonnades, QH Crown I and QH Crown II have been applied for and are partly expected to be received in 2019. It is therefore planned to initiate further construction works on site and to relevant projects in 2019.

The domination and profit and loss transfer agreement entered into between the Group and Consus Holding GmbH (formerly Pebble Investment GmbH, local court of Charlottenburg, docket number 168312 B) on 28 June 2019, which had been approved by resolution of the Annual General Meeting on 26 June 2019, has been registered with the commercial register of Consus Holding GmbH on 20 August 2019

SSN Group AG has been operating as Consus Swiss Finance AG since the end of August 2019. The project developments of the former SSN Group AG will be managed by Consus Development GmbH going forward, and the Group has consolidated a number of administrative control functions at Consus level.

In mid-July, the upfront sale of Leipzig 416 was closed (GDV of EUR 880 million) and provided an EBIT of EUR 40 million which included PPA charge of EUR 65 million. The sale of the project will result in an initial reduction of net debt of c. EUR 160 million, with some further payments expected in 2020. The sales price for the project will be paid in stages, with the largest portion now paid, and the remaining amount to be paid on achieving certain milestones in 2020.

In August 2019, a general contractor agreement between SSN Group AG and Hochtief AG was declared to be terminated by the general contractor for the Bundesallee project. Currently, SSN is negotiating deadlines and additional costs with the two buyers, who had acquired the properties in question under a forward sales agreement, as well as potential new contractors.

In October 2019, a major fire was triggered on a construction site of the project at Prager Straße in Leipzig. The vandalism is expected to result in higher costs and additional construction time, of which the impact cannot be reliably estimated yet. Damages due to a force majeure are fully insured