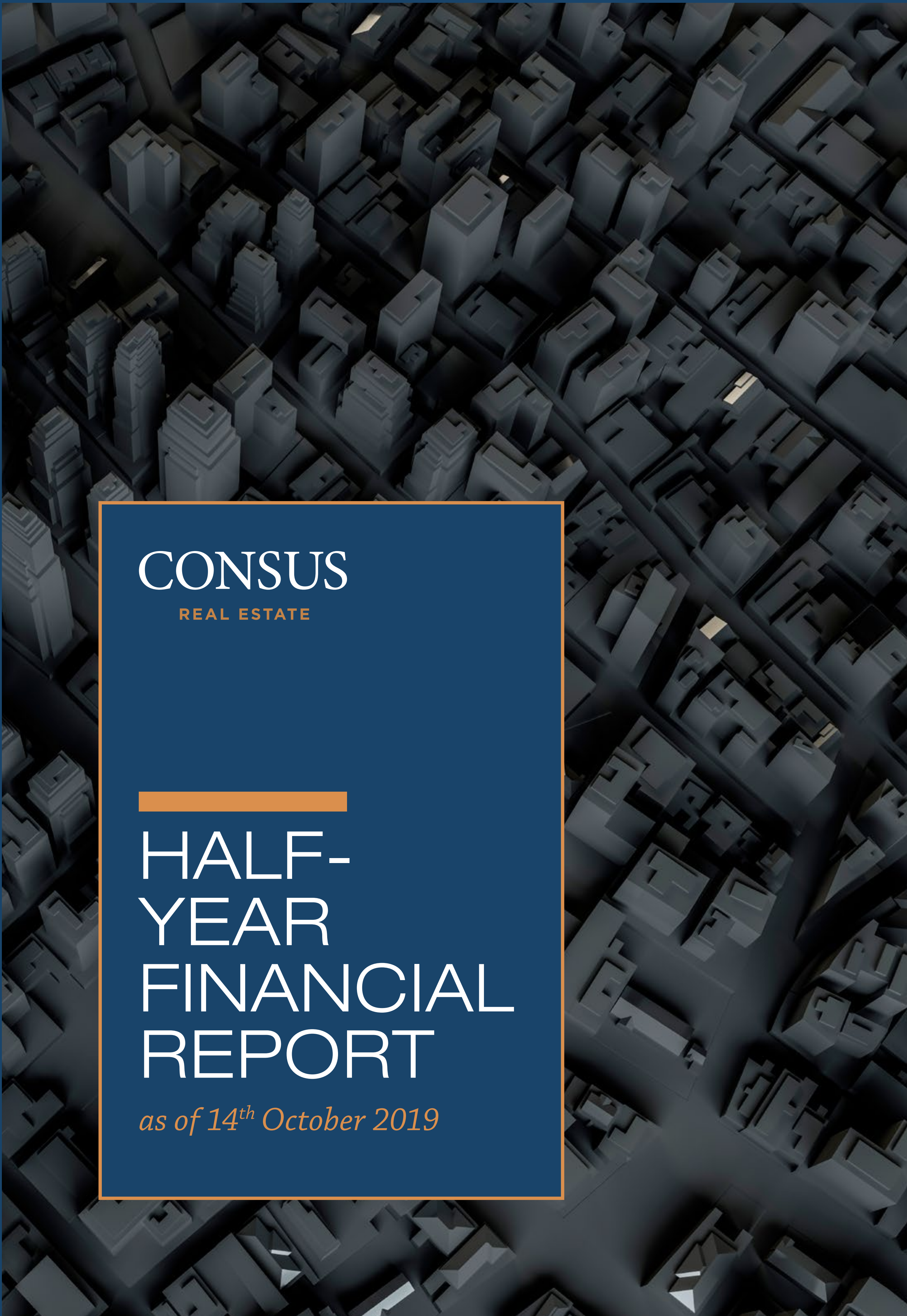


CONSUS

REAL ESTATE

HALF-YEAR FINANCIAL REPORT

as of 14th October 2019

HALF-YEAR FINANCIAL REPORT
H1 2019

CONSUS
REAL ESTATE

CONTENT

Picture on the left:
Holsten Quartier, Hamburg

FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders,
Dear Business Partners,
Dear Ladies and Gentlemen,

In the first six months of 2019, Consus Real Estate AG has continued on its growth path of delivering the growth in project development, demonstrated clear progress on the deleveraging plan and completed important milestones in its financing strategy. In addition, in July the company completed the sale of a material project in Leipzig as part of its programme of portfolio optimisation.

During the first six months of 2019, Consus delivered total revenues of € 210 million and an overall performance of € 334 million, with the majority being attributed to the property development segment. Our key performance indicator, EBITDA pre-PPA and pre-one-offs (“Adjusted EBITDA”), reached € 122 million (H1 2018: € 49 million), resulting in a strong EBITDA pre-PPA margin of 58%, and growth of nearly 150%.

The last 12 months to June 30, 2019 Adjusted EBITDA, pro forma for the acquisition of SSN (“Pro Forma LTM Adjusted EBITDA”), was € 319 million, which is growth of 30 % versus the LTM Pro Forma Adjusted EBITDA as of December31. Taking in to account the Leipzig sale in mid-July, LTM Adjusted Pro Forma EBITDA was € 424m, a very significant increase. Net debt as of June 30, 2019 was € 2,503 million, and pro forma for the Leipzig sale, was € 2,341 million.

The company has delivered significant deleveraging, with Net Debt / Pro Forma LTM Adjusted EBITDA of 7.8x as at June 30, 2019, and a leverage level of 5.5x as at June 30 pro forma for the Leipzig sale. This compares with Net Debt / LTM EBITDA of 8.5x as at December 31 pro forma for the bond issuance. This is a very significant reduction and demonstrates the company’s commitment to and delivery of its deleveraging programme.

In the first half of 2019, four forward sale agreements were notarised with a GDV totalling approximately € 250 million. Following a further signed LOI after June 30, 2019, Consus has now forward sold, including executed forward-sale agreements, letters of intent agreed and under negotiation and condominiums sold to private purchasers, development projects with a gross development value (GDV) of approximately € 2.8 billion, corresponding to 28% of the development portfolio by GDV. The total gross development value (“GDV”) of the group, taking in to account signed acquisitions year-to-date and the Leipzig is € 10.0 billion as of August.

Consus closed in mid-July the upfront sale of a project in Leipzig, and has another upfront sale under Letter of Intent. For this further upfront sale, a signed agreement is expected in Q4 2019 and closing in H1 2020. Upfront sales closed or signed in 2019 are expected to have a GDV of €1.8 billion.

As of August 30, Consus had entered in to acquisition agreements for four new development projects with a gross development value of € 1.2 billion, demonstrating our ongoing ability to continue to purchase attractive large projects. Of these, three were signed in Q2 2019.

CONSUS

REAL ESTATE

Following the expansion of our portfolio to become the largest project developer in the top 9 cities of Germany as confirmed by the independent research institute bulwiengesa, we have advanced on our plan to further integrate our two operating subsidiaries CG Gruppe AG and SSN Group. SSN Group AG has been operating as Consus Swiss Finance AG since the end of August 2019. Consus realised synergies through the consolidation of administrative control functions at Consus level and related actions. The project developments of the former SSN Group AG will be managed by Consus Development GmbH going forward.

In addition, during the second quarter of the year the ownership in CG increased from 65% to 71%, and to 75% on a fully diluted basis.

A key focus is the optimisation of our financing structure within the Consus Group as part of reducing our leverage. A first milestone in optimising our financing structure was achieved on 3rd of May 2019 with the successful placement of a € 400 million senior secured corporate bond with institutional investors. The bond was rated by Standard & Poor's (S&P) and Fitch Ratings, at B- and B respectively.

The targeted group-wide refinancing strategy is also focused on lowering the average interest rate by 2% in the medium term. As part of achieving this target, we are making significant progress in refinancing our expensive junior and mezzanine debt. In the future, we are aiming for a significant reduction in junior and mezzanine financing at the project level, which will in part be replaced by more efficient financing instruments at the corporate level of Consus Real Estate AG.

Following our successful first half of the year, we are reconfirming our original targets of an Adjusted EBITDA of approx. € 450 million in 2020, and an Adjusted EBITDA margin of approx. 20% and a target Net Debt / Adjusted EBITDA of around 3 times in the medium term.

In order to meet the growing demands and the further dynamic development of Consus, the Supervisory Board decided to appoint Mr Theodorus Gorens as Chief Risk Officer (CRO) and Deputy Chief Financial Officer (CFO), in the second quarter, effective since 1st of May 2019. Mr Gorens has been CFO on the management board of our subsidiary SSN Group AG since 2012.

The Annual General Meeting of Consus Real Estate AG was held in Berlin on June 26, 2019. All agenda resolutions were approved by an overwhelming majority, thus providing full support to the company's strategy.

We would like to thank our shareholders for their trust in Consus and we hope for your continuous support along with our next important milestones in the future development of Consus. We would like to extend our appreciation to all of our employees, whose daily efforts and expertise makes Consus stronger by the day.

Sincerely,

ANDREAS STEYER
Chief Executive Officer

BENJAMIN LEE
Chief Financial Officer

THEODORUS GORENS
Chief Risk Officer ,
Deputy Chief Financial Officer

2019 – SELECTED PROJECT ACHIEVEMENTS

Cannes

A NEW WAY FORWARD - MIPIM

At the world's leading real estate exhibition in Cannes, CEO Andreas Steyer announced a game changer for the industry: In collaboration with international experts, CONSUS Real Estate is developing a new rating system for real estate developers. The visionary project was initiated at an evening event during MIPIM.

Berlin

BERLIN'S GOVERNING MAYOR AT ROOFING CEREMONY

In May, CONSUS Real Estate celebrated the roofing ceremony for "Quartier Bundesallee", including the new headquarters of the Berliner Volksbank, in the presence of the Governing Mayor of Berlin, Michael Müller.

Berlin

SUCCESSFUL FORWARD SALE DEAL WITH BNP PARIBAS REIM

In June, the foundation stone of "Franklin-Haus", an exclusive new business address in Berlin, was laid. The building has already been purchased by BNP Paribas REIM as part of a forward sale deal and is to be certified with „LEED Gold".

Dresden

AMBITIOUS NEW QUARTER IN THE CENTRE OF DRESDEN

In the presence of Dresden's mayor Dirk Hilbert, we celebrated the laying of the foundation stone for the project „Quartier Hoym", one of the most ambitious new construction projects in Saxony's capital.

Hamburg

BIM PROJECT IN HAMBURG ALTONA

In April, construction officially started at the Bahrenfelder Carrée project in Hamburg Altona. The construction site is one of our projects utilising BIM (building information modelling).

HIGHLIGHTS OF PROJECT DEVELOPMENT

Düsseldorf

BENRATHER GÄRTEN

In Düsseldorf, the plot formerly occupied by the Outokumpu steel mill is being developed into a green city quarter with residential and commercial areas. Close to the Baroque-style Benrath Palace, the Benrather Gärten will be a modern, urban living space in the centre of the Rhine-Ruhr metropolitan region.

CONSUS
REAL ESTATE

Stuttgart

VAI CAMPUS STUTTGART

On the site of the former Stuttgart IBM campus, designed by architectural legend Egon Eiermann, we are creating a future-oriented, urban quarter just twenty minutes from the centre of one of Germany's most important economic metropolises.

Dresden

QUARTIER HOYM

The Saxon rococo-style Palais Hoym, once a jewel of Dresden's old town, was destroyed in the Second World War. More than 70 years later, the Palais Hoym is being restored to its former glory, as part of an ambitious urban planning project including upscale apartments, cafes, restaurants and a hostel - making it, once more, the pearl of Dresden.

STRATEGY

SHAPING THE PRESENT BUILDING THE FUTURE

Building for tomorrow – today.


CONSUS
REAL ESTATE

CONSUS - THE FACTS AND THE FIGURES

Substantial Growth and Solid Structures

As the market leader in the German real estate development sector, CONSUS Real Estate is shaping the present and building the future. But what are the figures behind this vision? What are the facts?

TOTAL GROSS FLOOR AREA

2.2 *million* m^2

TOTAL GROSS FLOOR AREA RESIDENTIAL

1.2 *million* m^2

TOTAL GROSS FLOOR AREA RETAIL, OFFICE AND HOTEL

810 *thousand* m^2

CONSUS
REAL ESTATE

CURRENT REAL ESTATE PORTFOLIO

68

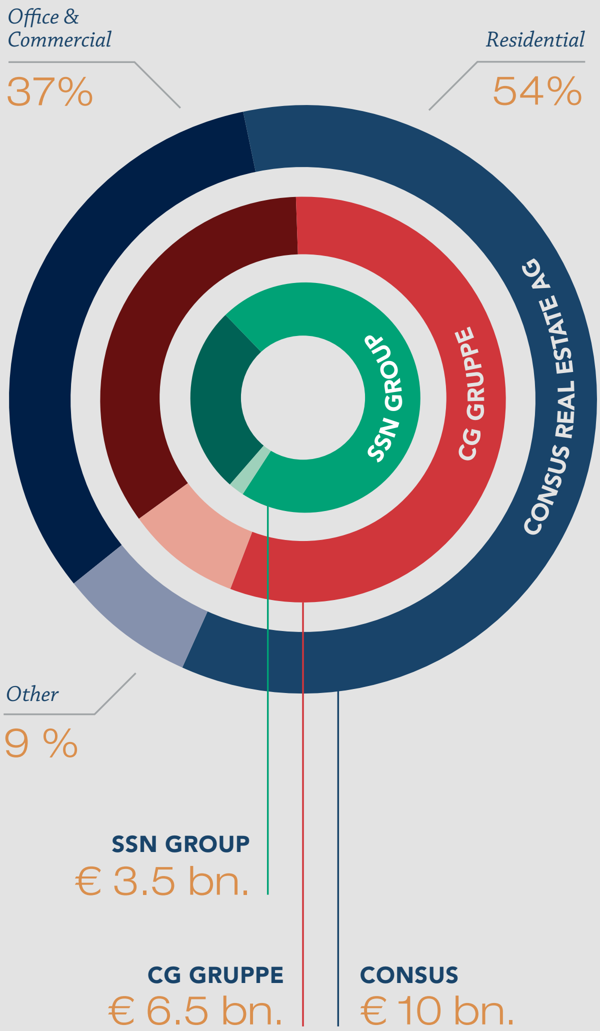
Projects

PROJECT DEVELOPMENT WITH A GDV OF

€ 10

billion

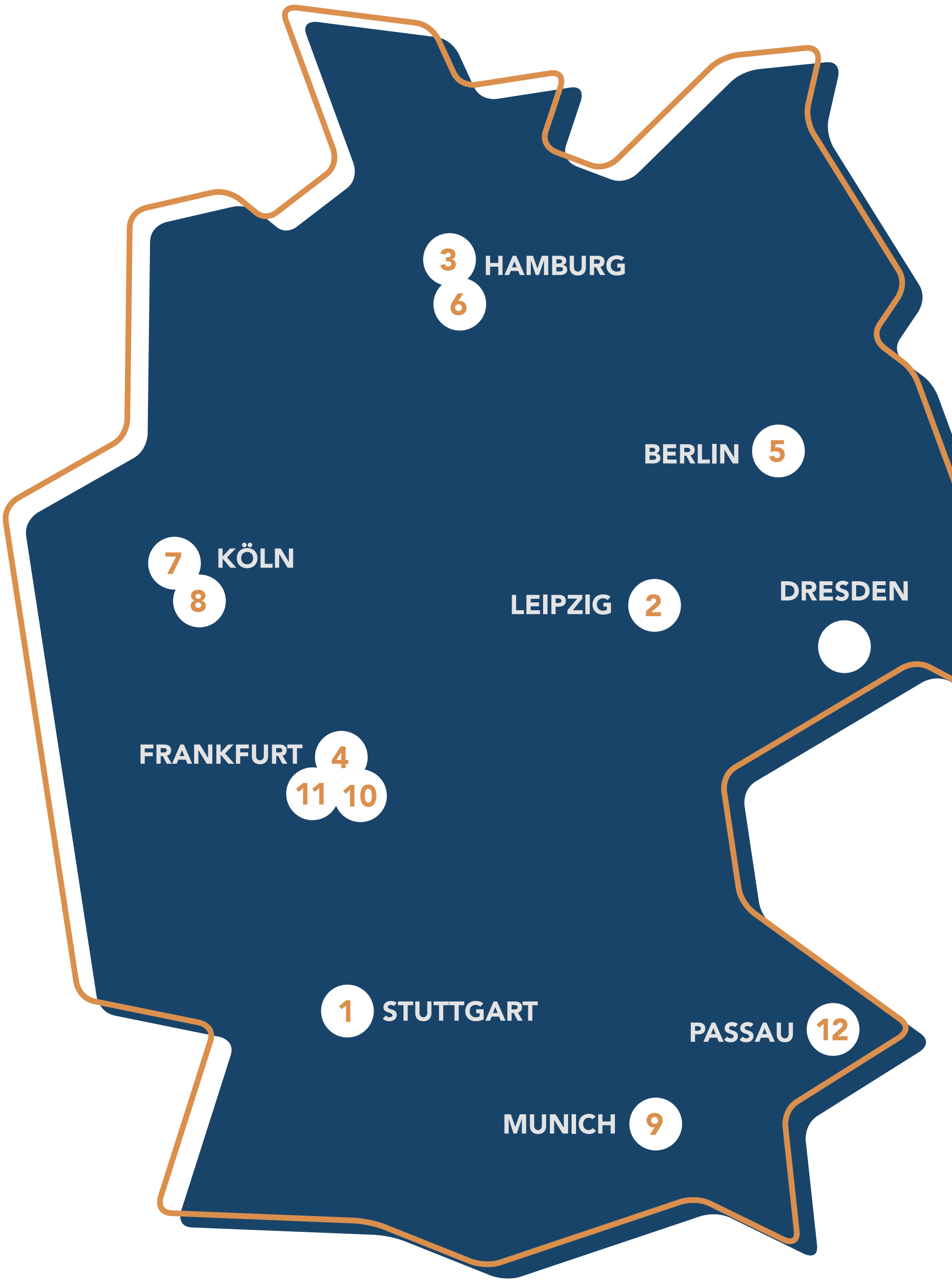
AN UNRIVALLED PROJECT VOLUME AS A GUARANTEE OF SUCCESS



OUR PORTFOLIO

Unrivalled in Germany's top nine cities

As the largest real estate developer in Germany, we are developing an unrivalled real estate portfolio of 68 projects. From innovative office buildings and exclusive hotels to modern and visionary residential quarters we are building the future at exclusive sites in Germany's top nine cities.



a total of
68
projects

CONSUS
REAL ESTATE

VAI CAMPUS

Area for rent/sale .... 181 000 m²
Completion 2026
GDV .... 981 Mio. €

416

Area for rent/sale .... 268 000 m²
Completion 2025
GDV .... 884 Mio. €
Sold upfront in july 2019

HOLSTEN QUARTIER

Area for rent/sale .... 132 000 m²
Completion 2026
GDV .... 840 Mio. €

KAISERLEI / VITOPIA KAMPUS

Area for rent/sale .... 83 000 m²
Completion .... 2021 - 2024
GDV .... 405 Mio. €

THE WILHELM

Area for rent/sale .... 18 000 m²
Completion 2023
GDV .... 313 Mio. €

NEULÄNDER QUARREE

Area for rent/sale .... 81 000 m²
Completion 2023
GDV .... 357 Mio. €

COLOGNEO II

Area for rent/sale .... 72 000 m²
Completion 2025
GDV .... 351 Mio. €

COLOGNEO I

Area for rent/sale .... 91 000 m²
Completion .... Q2 2019 - Q4 2023
GDV .... 324 Mio. €

COVENT GARDEN

Area for rent/sale .... 27 000 m²
Completion 2023
GDV .... 303 Mio. €

FRANKFURT OSTEND

Area for rent/sale .... 43 000 m²
Completion 2025
GDV .... 301 Mio. €

WESTEND ENSEMBLE

Area for rent/sale .... 19 800 m²
Completion 2022
GDV .... 208 Mio. €

BRAUHÖFE PASSAU

Area for rent/sale .... 32 000 m²
Completion 2021
GDV .... 102 Mio. €

BUSINESS DEVELOPMENT

OVERALL STATEMENT ON THE FIRST HALF 2019

The Consus Group has had a successful first half of 2019. Overall performance of € 334 million increased significantly year-on-year by 53%, and revenue of € 210 million by 84%. On our key performance indicator, EBITDA pre-PPA and pre-one-offs (Adjusted EBITDA), reached € 122 million (H1 2018: € 49 million), leading to an adjusted EBITDA pre-PPA margin of 58%. The company reports its figures on a pre purchase price allocation ('PPA') and pre-one-off basis in order to remove the accounting impact of the acquisitions and highlight the underlying business performance.

Due to the acquisition of SSN in November 2018, Consus group provide pro forma financials for the last twelve months ('LTM') to fully reflect the increased scale of the business. Pro forma LTM Adjusted EBITDA reached € 319 million (FY 2018: € 246 million), the increase resulting primarily from additional forward sold projects in a total of € 250 million in the first half.

In July 2019, Consus Group sold a project in Leipzig via an upfront sale, which was a material transaction for the group. The Pro Forma LTM Adjusted EBITDA, pro forma for the Leipzig sale, was € 424 million, which is growth of 72% versus the Pro Forma LTM Adjusted EBITDA as of 31 December 2018. This very significant growth demonstrates the strong progress of the group and the strength of the portfolio.

Consus delivered material deleveraging in the second quarter. Net debt/Pro Forma LTM Adjusted EBITDA reduced to 7.8x as at 30 June, pro forma for the issuance of the senior secured bond. When the sale of the Leipzig project is taken in to account on a pro forma basis, leverage fell to 5.5x which is a significant decrease and demonstrates excellent progress in our deleveraging plan.

PORTFOLIO DEVELOPMENT

Consus continued its strong momentum in residential real estate development in H1 2019. Four forward sales with a total Gross Development Value (GDV) of € 250 million were signed in the first half. Of these, one forward sale relating to c € 70 million of GDV was signed in Q2. Nine projects are currently in negotiation for a forward sale with a total GDV of c. € 820 million.

As of June 30, 2019, the volume of projects forward sold amounts to approximately € 2.8 billion YTD corresponding to 28% of their total project pipeline of € 10 billion. Forward sold projects are either contracted or with LOIs signed or in negotiation with major institutional buyers.

In addition, the upfront sale of Leipzig 416 (GDV of € 880m) closed in mid-July, providing an EBIT of € 40 million which included a PPA charge of € 65 million. The sale of the project will result in an initial reduction of net debt of c. € 160 million, with some further payments expected in 2020. Consus is also in discussions for a further upfront sale, where a project is sold prior to construction, which would deliver total upfront sales with a total GDV of € 1.8 billion. Discussions for the second upfront sale are ongoing, with a signed contract expected in Q4 and closing expected in H1 2020.

Consus has continued to demonstrate that it can continue to organically source new development projects. It has as of August 30, via its operational subsidiaries CG Group and SSN Group, signed purchase agreements for four projects with a planned GDV of € 1.2 billion. The newly acquired development projects are 'Benrather Gärten' in Duesseldorf with GDV of € 700 million, the 'Wachendorff Quartier' in Bergisch Gladbach (Cologne area) with a GDV of € 150 million and the 'Braugold-Quartier' in Erfurt (Leipzig area) with a GDV of € 82 million, and

Otto-Quartier in Wendlingen (Stuttgart area) with a GDV of € 275 million. The company is demonstrating its clear ability to continue to source attractive projects at the right volume and in the right locations to maintain and grow the business's performance over the longer term.

Consus has a GDV of € 10 billion across 68 development projects as of August 30, following the signed acquisitions in the first half and the further signed acquisition and sale of Leipzig project in Q3. The Gross Asset Value (GAV) according to IFRS amounted to € 2,994 million, and increased by roughly € 303 million from December 31, 2018 primarily due to increases in inventory, with a portion of the increase due to capital expenditure on investment assets and contract assets. Contract assets increased due to the development progress. The Company's market gross asset value (Market GAV) increased to € 3.28 billion (Q1 2019: € 3.10 billion) following further development and construction work on the company's projects; no adjustments were made for the increase in general market values.

FINANCING STRATEGY – DELEVERAGING IN PROGRESS

In the second quarter, CONSUS Real Estate AG successfully placed a senior secured corporate bond (Senior Secured Notes) with a total nominal amount of € 400,000,000 with institutional investors. The notes were issued at 98.5 with a coupon of 9.625% p.a. over the term. The notes are governed by New York law (144A/Reg S) and are listed on the Official List of The International Stock Exchange. The net proceeds from the issue have been primarily used for the refinancing of outstanding liabilities of the Consus Group and cash payments in connection with the acquisition of shares in CG Group AG. The rating agencies Fitch and Standard & Poor's rated the notes B and B-, respectively. The two rating agencies' issuer ratings for the Consus Group are B and B, respectively, with a stable outlook in each case. With the bond issuance, Consus also strengthened its access to the capital market and laid the foundation for further development into a more flexible financing structure.

Over time, Consus is aiming for a significant reduction in junior and mezzanine financing at the project level, either through refinancing at project level, repayment or replacement by cheaper and more attractive financing instruments at the corporate level of Consus Real Estate AG. Consus is targeting a 200 basis point reduction over the medium term in its average cost of debt through refinancing or repaying its higher cost junior and mezzanine debt. Significant progress is being made, with the refinancing of three significant development projects which will overall result in € 420 million of debt being refinanced with the average interest rate for that debt moving from c13.5% to c7%. This significant reduction highlights the financing synergies available from the SSN acquisition and the successful implementation of refinancing strategies. The average run-rate interest rate as of 30 June 2019 was 8.5%, versus an average rate of 8.1 % as of 31 March 2019, and pro forma for the recent repayments and refinancings is 7.9 %. In addition, the Leipzig sale in July resulted in a reduction of € 162 million of net debt at an average interest rate of 12.6%.

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

DEVELOPMENT OF KEY PERFORMANCE INDICATORS (KPIS) AND RESULTS

in k€	H1 2019	H1 2018	Change in %
Total income	**216,346**	114,509	83.7
– Income from letting activities	**8,724**	15,062	-42.1
– Income from real estate inventory disposed of	**2,400**	11,054	-78.3
– Income from property development	**192,099**	88,393	117.3
– Income from service, maintenance and management activities	**7,123**	–	>100
Change in project related inventory	**123,281**	103,828	18.7
Overall performance	**333,627**	218,337	52.8
EBITDA (Earnings before interest, taxes, depreciation and amortization)	**116,589**	17,355	571.8
Adjusted EBITDA (pre PPA and one-off expenses)	**121,615**	48,776	149.3
Adjusted EBITDA margin	**57.8**	42.6	+15.2 pp
Financial result	**-106,932**	-38,642	+176.7
Consolidated Net Income	**4,429**	-14,017	131.6

In the first half of 2019, the Group generated revenue of € 210.3 million (H1 2018: € 114.5 million).

The company's development projects are progressing, with over 25 different projects contributing to our project development earnings, with six of these projects being structured sales of individual apartments direct to individuals. Less than 20% of revenue is attributable to condominium sales. The progress of the projects is regularly reviewed and plans updated as required.

Revenues from letting activities and services provided € 8.7 million (H1 2018: € 15.1 million) which have reduced materially year on year, reflecting the company's transition to a focused development business, and the disposal of its commercial buy-and-hold activities. The Adjusted EBITDA (pre-purchase price allocation and one-off expenses) amounted to € 121.6 million at the end of the first half of 2019 (H1 2018: € 48.8 million), based off a reported EBITDA of € 116.6 million (H1 2018: € 17.4 million). The EBITDA contribution came primarily from the development projects reporting under IFRS 15 and capitalised interest, with a small contribution from the letting activities and services. The adjusted EBITDA H1 2019 reflects the reversal of a € 2.5 million PPA expense in the first half.

Net income from the remeasurement of investment properties recognised valuation gains of € 8.4 million. Other operating expenses were € 31.6 million in H1 versus € 23.3 million in Q1, with the slowdown in other operating expenses primarily due to the launching of the senior secured bond with the consultancy work being completed primarily in the prior quarter.

Financial expenses of € 120.1 million reflect the increased interest costs due to the issuance of the senior secured bond and due to an increase in the volume of projects loans in the business, primarily financing four acquisitions. Financial income of € 13.2 million reflects primarily gains due to the minority acquisition of the Munich Schwabing project.

Consolidated Net Income was € 4.4 million in the first half of 2019 (H1 2018: € -14.0 million), and Adjusted Net Income was € 7.2 million.

The balance sheet increased as the company invested in the business, with total assets increasing from € 4.04 billion as at year end to € 4.47 billion as at 30 June, 2019. Investment properties increased from € 328 million to € 351 million primarily due to capital expenditure on existing properties, with also some gains on revaluation. Goodwill increased due to the completed acquisitions of the GEM project in Karlsruhe and the minority stake in the Munich Schwabing project. Financial assets increased to € 95 million from € 48.5 million due primarily to an increase in derivatives related to the senior secured bond and reclassifications from cash and cash equivalents. The increase in inventory was due to the net impact of costs incurred on development projects netted off against forward sales, where projects move out of inventory and in to contract assets, with the increase in part reflecting the funds spent on the development projects prior to sale. There was one significant forward sale of Königshöfe im Barockviertel plus smaller impacts from condominium forward sales reflected. Total contract assets net of contract liabilities increased to € 273.9 million from € 189.4 million as of December 2018 reflecting the forward sale in the first quarter plus the work in progress on existing forward sales, with prepayments related to forward sales increasing from € 502.9 to € 567.4 million. The increase in current contract assets was driven by the forward sold projects Dresden (Residenz am Postplatz) and Leipzig (Residenz am Waldplatz) that are planned to complete in this year. Total cash increased to € 126.1 million (FY 2018: € 91.6 million), through successful re-financings at the project level and the issuance of the senior secured bond.

In the first half 2019, Consus Group has total received prepayments from forward sales including advanced payments on land and invests and others of € 635.1 million (FY 2018: € 557.2 million) as the project developments increased. Trade paya- bles increased to € 80.6 million (December 31, 2018: € 41.9 million) as construction work further increased.

Total Financing liabilities increased to € 2,629 million (March 31, 2019: € 2,240 million, Pro Forma for issuance of senior secured bond € 2,363 million), in part due to a combination of the issuance of the senior secured bond and the closing of three project development acquisitions adding €114 million debt and the remainder due to construction activities and corporate costs netted against debt repayments. Net debt at the reporting date of the first half increased to € 2,503 million (March 31, 2019: € 2,171 million, Pro Forma for issuance of senior secured bond € 2,276 million) with the increase in cash reducing the increase in net debt. Net debt pro forma for the Leipzig sale was € 2,341 million. Consus' equity amounted to € 1,100 million (December 31, 2018: € 1,154 million) at the reporting date.

Due to the acquisition of SSN in November 2018, Consus group provides pro forma financials for the last twelve months to fully reflect the increased scale of the business. Pro forma Adjusted LTM EBITDA per June 30, 2019 reached € 319 million (FY 2018: € 246 million) with the increase primarily from growth in project development revenue of forward sold projects, including the additional forward sold project signed in Q2. Taking into account the Pro Forma for the Leipzig sale which closed in July 2019, the Adjusted LTM EBITDA reaches € 424 million, a very significant increase.

Net debt/ Pro Forma Adjusted LTM EBITDA as at 30 June, 2019 stood at 7.8x due to the increase in the pro forma Adjusted EBITDA, offset by the increase in net debt compared to Q1 2018. Net debt / Pro Forma Adjusted LTM EBITDA pro forma for the Leipzig sale was 5.5x, a very significant reduction in leverage. Net debt / Market GAV reached c. 76 %, (March 31, 2019: 74 % Pro forma senior secured bond).

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

CONSUS

REAL ESTATE

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of 30 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME[1)]

	Notes	01.01.–30.06.2019 Adjusted	01.01.–30.06.2018 Adjusted	01.04.–30.06.2019 Adjusted	01.04.–30.06.2018 Adjusted
		in k€	in k€	in k€	in k€
Income from letting activities	2.7.1	8,724	15,062	5,382	7,007
Income from real estate inventory disposed of		2,400	11,054	2,400	11,054
Income from property development	2.7.2	192,099	88,393	98,122	62,263
Income from service, maintenance and management activities		7,123	–	5,841	–
Total income		**210,346**	**114,509**	**111,744**	**80,324**
Change in project related inventory	2.7.2	123,281	103,828	77,075	72,000
Overall performance		**333,627**	**218,337**	**188,820**	**152,324**
Expenses from letting activities	2.7.1	-4,840	-6,724	-2,450	-3,795
Cost of materials		-168,073	-151,083	-98,520	-113,463
Net income from the remeasurement of investment properties		8,403	–	8,403	–
Other operating income		8,482	4,639	3,279	3,685
Personnel expenses		-29,382	-14,383	-15,560	-7,695
Other operating expenses	2.7.3	-31,628	-33,431	-8,313	-21,760
EBITDA (Earnings before interest, taxes, depreciation and amortization)		**116,589**	**17,355**	**75,658**	**9,297**
Depreciation and amortization		-3,319	-853	-1,849	-444
EBIT* (Earnings before interest and taxes)		**113,270**	**16,503**	**73,809**	**8,853**
Financial income	2.7.4	13,192	5,824	1,378	-97
Financial expenses	2.7.4	-120,124	-44,466	-68,722	-21,936
EBT (Earnings before taxes)		**6,338**	**-22,140**	**6,465**	**-13,180**
Income tax expenses	2.7.5	-1,909	6,678	-1,947	1,988
Net income (Earnings after taxes) from continued operations		**4,429**	**-15,462**	**4,518**	**-11,193**
Discontinued operations					
Net income (Earnings after taxes) from discontinued operations		–	1,444	–	864
Consolidated net income		**4,429**	**-14,017**	**4,518**	**-10,329**
Other comprehensive income		268	–	51	–
thereof non-recycling		–	–	–	–
thereof will be reclassified to profit or loss		–	–	–	–
Total comprehensive income		**4,697**	**-14,017**	**4,569**	**-10,329**
Of the net income from continuing operations for the period, the following is attributable to:					
Non-controlling interests		5,756	1,986	5,855	2,413
Shareholders of the parent company		-1,327	-17,448	-1,337	-13,606
Of the total comprehensive income from continuing operations for the period, the following is attributable to:					
Non-controlling interests		5,680	1,986	5,780	2,413
Shareholders of the parent company		-984	-17,448	-1,211	-13,606
Total comprehensive income for the period attributable to shareholders of the parent company arises from:					
Continuing operations		-984	-17,448	-1,211	-13,606
Discontinued operations		–	796	–	269
Total comprehensive income for the period attributable to non-controlling arises from:					
Continuing operations		5,680	1,986	5,780	2,413
Discontinued operations		–	648	–	595
Earnings per share (basic) in EUR	2.7.6	**-0.01**	**-0.22**	**-0.01**	**-0.16**
Earnings per share (diluted) in EUR	2.7.6	**-0.01**	**-0.22**	**-0.01**	**-0.16**

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION[2)]

	Notes	30.06.2019 Adjusted	31.12.2018 Adjusted
		in k€	in k€
Non-current assets			
Investment property		351,463	328,027
Property, plant and equipment		10,615	8,771
Right-of-use asset	2.7.11	13,363	
Goodwill		1,093,381	1,032,480
Other intangible assets		5,994	6,158
Investments accounted for using the equity method		20,909	21,590
Financial assets		53,455	10,037
Contract assets	2.7.7	95,384	23,096
Total non-current assets		**1,644,564**	**1,430,158**
Current assets			
Work-in-progress including acquired land and buildings	2.7.8	2,345,262	2,139,761
Trade and other receivables		43,430	53,933
Receivables from related parties	2.10	47,457	62,853
Tax receivables		8,990	8,644
Financial assets		41,514	38,439
Other assets	2.7.9	15,947	15,499
Contract assets	2.7.7	201,684	198,505
Cash and cash equivalents	2.7.12	126,078	91,603
Assets held for sale		–	1,329
Total current assets		**2,830,364**	**2,610,565**
Total Assets		**4,474,928**	**4,040,723**
Equity			
Subscribed capital		135,107	134,040
Capital reserves		861,417	904,233
Other Reserves		-34,059	-33,008
Non-controlling interests		138,016	148,705
Total Equity		**1,100,481**	**1,153,970**
Non-current liabilities			
Financing liabilities		1,786,537	1,049,150
Provisions		1,835	1,712
Other liabilities		39,137	15,017
Deferred tax liabilities		119,795	111,475
Total non-current liabilities		**1,947,305**	**1,177,355**
Current liabilities			
Financing liabilities		842,147	1,146,374
Provisions		3,768	4,735
Trade payables		80,571	41,913
Liabilities to related parties	2.10	24,054	43,196
Tax payables		41,915	44,389
Prepayments received		329,434	323,986
Other liabilities		82,096	72,647
Contract liabilities		23,156	32,158
Total current liabilities		**1,427,142**	**1,709,399**
Total equity and liabilities		**4,474,928**	**4,040,723**

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

CONSOLIDATED CASH FLOW STATEMENT[3)]

	Notes	01.01.-30.06.2019 Adjusted	01.01.-30.06.2018 Adjusted
		in k€	in k€
Operating activities			
Consolidated net income		4,429	-14,017
Tax expense	2.7.5	1,909	-6,229
Profit (loss) before tax		6,338	-20,246
Less profit from discontinued operations		–	-1,894
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment		1,572	853
Amortisation and impairment of intangible assets		60	–
Depreciation on right-of-use asset	2.7.11	1,686	–
Valuation gains on investment property		-8,403	–
Financial income	2.7.4	-13,192	-5,824
Financial expenses	2.7.4	120,124	44,466
Transition Adjustments IFRS 15		–	11,746
Other non-cash adjustments		1,129	3,017
		109,315	**32,119**
Working capital adjustments			
Decrease / (increase) in rent and other receivables		5,588	37,886
Decrease / (increase) prepayments, accrued income and other assets		1,638	-17,390
Decrease / (increase) in inventories and contract assets	2.7.7	-208,934	-282,287
(Decrease) / increase in prepayments on development projects		77,891	244,020
Decrease in inventory property		-23,037	–
(Decrease) / increase in trade, other payables and accruals, contract liabilities and other liablities		49,808	42,962
Income tax paid		795	-4,182
Net cash flow from operating activities of discontinued operations		–	1,395
Net cash flow from operating activities		**13,063**	**54,522**
Investing activities			
Acquisition of consolidated entities, net of cash acquired		-65,617	–
Loans granted		-44,552	-5,050
Purchase of loans granted to subsidiaries		–	-10,681
Capital expenditure on investment property		-18,710	-2,532
Proceeds from the sale of PPE & intangibles		–	18
Expenditure on other fixed assets		-663	-748
Sale of subsidiary, net of cash		–	59,936
Interest received	2.7.4	784	–
Change in financial assets		-34,759	–
Net cash flow from investing activities of discontinued operations		–	-1,561
Net cash flow from investing activities		**-163,517**	**39,382**
Financing activities			
Proceeds from borrowings		647,180	306,905
Repayment of borrowings		-361,370	-410,732
Acquisition of additional shares in consolidated entities		-13,200	–
Principal elements of lease payments		-1,223	–
Interest paid	2.7.3	-86,458	-25,486
Net cash flow from financing activities of discontinued operations		–	-2,920
Net cash flow from financing activities		**184,929**	**-132,234**
Net increase / (decrease) in cash and cash equivalents		34,475	-38,330
Cash and cash equivalents at the beginning of the year		91,603	71,340
Cash and cash equivalents at 30 June		**126,078**	**33,009**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[4)]

	Notes	Subscribed capital	Capital reserves	Retained earnings Adjusted	Other reserves
		in k€	in k€	in k€	in k€
01.01.2019		**134,040**	**904,233**	**-22,531**	**-8,649**
IAS 8 Effect (IAS 23 Update)	2.5.2	–	–	-1,969	–
Adjusted balance at January 1, 2019		**134,040**	**904,233**	**-24,500**	**-8,649**
Adjusted profit for the period	2.5.2	–	–	-1,327	–
Other comprehensive income		–	–	–	–
Adjusted total comprehensive income for the period		**–**	**–**	**-1,327**	**–**
Conversion Notice Convertible Loan		1,067	6,760	–	–
Transactions with minority shareholders without change of control		–	-49,576		–
Consolidation of entities with minority interest	2.6	–	–	–	–
Effects from PPA finalization	2.6.2	–	–	–	1,902
Adjusted 30.06.19		**135,107**	**861,417**	**-25,827**	**-6,748**

	Notes	OCI	Total shareholders Adjusted	NCI Adjusted	Total Equity Adjusted
		in k€	in k€	in k€	in k€
01.01.2019		**-1,828**	**1,005,265**	**148,705**	**1,153,970**
IAS 8 Effect (IAS 23 Update)	2.5.2	–	-1,969	-105	-2,074
Adjusted balance at January 1, 2019		**-1,828**	**1,003,295**	**148,600**	**1,151,895**
Adjusted profit for the period	2.5.2	–	-1,327	5,756	4,429
Other comprehensive income		343	343	-76	268
Adjusted total comprehensive income for the period		**343**	**-984**	**5,680**	**4,697**
Conversion Notice Convertible Loan		–	7,828	–	7,828
Transactions with minority shareholders without change of control		–	-49,576	-17,354	-66,930
Consolidation of entities with minority interest	2.6	–	–	3,619	3,619
Effects from PPA finalization	2.6.2	–	1,902	-2,529	-628
Adjusted 30.06.2019		**-1,485**	**962,465**	**138,016**	**1,100,481**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[4)]

	Notes	Subscribed capital	Capital reserves	Retained earnings Adjusted	Other reserves
		in k€	in k€	in k€	in k€
01.01.2018		**79,850**	**574,714**	**-8,456**	**–**
Effect from initial application of IFRS 15 (net of tax)		–	–	6,141	–
Adjustment in accordance with IAS 8.41	2.5.2	–	–	-3,431	–
Adjusted balance at January 1, 2018		**79,850**	**574,714**	**-5,746**	**–**
Adjusted profit for the period		–	–	-16,651	–
Other comprehensive income		–	–	–	–
Adjusted total comprehensive income for the period		**–**	**–**	**-16,651**	**–**
Issue of share capital		–	–	–	–
Conversion Notice Convertible Loan		–	466	–	–
Transactions with minority shareholders without change of control		–	–	–	–
Deconsolidation of entities with minority interest		–	–	–	–
Adjusted 30.06.2018		**79,850**	**575,180**	**-22,398**	**–**

	Notes	OCI	Total shareholders Adjusted	NCI Adjusted	Total Equity Adjusted
		in k€	in k€	in k€	in k€
01.01.2018		**–**	**646,108**	**169,901**	**816,009**
Effect from initial application of IFRS 15 (net of tax)		–	6,141	4,870	11,011
Adjustment in accordance with IAS 8.41	2.5.2	–	-3,431	-2,808	-6,239
Adjusted balance at January 1, 2018		**–**	**648,818**	**171,963**	**820,781**
Adjusted profit for the period		–	-16,651	2,634	-14,017
Other comprehensive income		–	-	–	–
Adjusted total comprehensive income for the period		**–**	**-16,651**	**2,634**	**-14,017**
Issue of share capital		–	–	–	-
Conversion Notice Convertible Loan		–	466	–	466
Transactions with minority shareholders without change of control		–	-	-	-
Deconsolidation of entities with minority interest		–	–	-	-
Adjusted 30.06.2018		**–**	**632,633**	**174,597**	**807,230**

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

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2019

2.1 INFORMATION ON THE COMPANY

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

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

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

2.2 BUSINESS ACTIVITIES

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

The Group focuses its business activities primarily on the functions of real estate development and also as a real estate portfolio holder, in which it covers the entire value chain together with experienced partners.

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

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

* 75% on a fully diluted basis

General information on The Condensed Interim Consolidated Financial Statements

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

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

2.3 ACCOUNTING POLICIES

2.3.1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT

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

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

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

2.4 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

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

The fair value hierarchy can be summarized as follows:

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

2.5 CHANGES IN ACCOUNTING POLICIES AND OTHER ADJUSTMENTS

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

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

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

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

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

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

Leases in which Consus is a lessee

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

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

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

Leases in which Consus is a lessor

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

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

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

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

2.5.2 CHANGES IN ACCOUNTING POLICIES AND OTHER ADJUSTMENTS

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

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

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

With the March 2019 IFRIC Update (Agenda Paper 3), Consus will only change the treatment of borrowing costs. The Company continues to differentiate between sold and unsold units under construction in accounting for residential multi-unit real estate development projects. Whereas sold units are presented under contract assets, unsold units are accounted for as inventory (work-in-progress). The revenues related to developing multi-unit real estate are recognized over time dependent on the stage of completion.

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

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

The table below shows the impact of the IFRIC Update for IAS 23 for the following balance sheet items as at December 31, 2018:

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

ii) Replacement of consolidated interim financial statements as of june 30, 2019

The Company has previously prepared Condensed Interim Consolidated Financial Statements as of June 30, 2019 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which were authorized and issued on September 12, 2019.

This set of Condensed Interim Consolidated Financial Statements as of June 30, 2019 authorized on October 14, 2019, replaces the aforementioned Condensed Interim Consolidated Financial Statements.
Changes for the current period result from the changes in the application of IFRS 15 (refer to subsection iii) below) and can be summarized as follows:

H1 2019 Balance Statement Adjustments	30.06.2019 (as originally presented)	Changes from adjustments during the year 2019	30.06.2019
	in k€	in k€	in k€
Non-current contract assets	218,662	-123,278	95,384
Work-in-progress including acquired land and buildings	2,006,924	338,338	2,345,262
Current contract assets	121,663	80,022	201,684
Total Assets	**4,179,846**	**295,082**	**4,474,928**
Retained earnings	-29,451	-4,609	-34,060
Non-controlling interests	141,203	-3,187	138,016
Non-current contract liabilities	43,543	-43,543	–
Deferred tax liabilities	122,366	-2,571	119,795
Current prepayments received	–	329,434	329,434
Current other liabilities	85,695	-3,599	82,096
Current contract liabilities	–	23,156	23,156
Total equity and liabilities	**4,179,846**	**295,082**	**4,474,928**

H1 2019 Income Statement Adjustments	01.01.–30.06.2019 (as originally presented)	Changes from adjustments during the year 2019	01.01.–30.06.2019
	in k€	in k€	in k€
Income from property development	237,796	-45,697	192,099
Change in project related inventory	76,998	46,283	123,281
Other operating expenses	-31,675	47	-31,628
Financial result	-107,406	474	-106,932
Income tax expenses	-1,576	-334	-1,910
Consolidated net income	**3,655**	**774**	**4,429**

H1 2019 Income Statement Adjustments	01.04.–30.06.2019 (as originally presented)	Changes from adjustments during the year 2019	01.04.–30.06.2019
	in k€	in k€	in k€
Income from property development	124,008	-25,886	98,122
Change in project related inventory	63,348	13,727	77,075
Other operating expenses	-7,044	-1,269	-8,313
Financial result	-67,818	474	-67,344
Income tax expenses	-5,832	3,885	-1,947
Consolidated net income	**13,588**	**-9,070**	**4,518**

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

Consus differentiates between two different types of development projects for which revenue is recognized over time, forward sales and the sale of freehold flats. In the past, both types were treated as if they only contain one performance obligation. We are in a permanent process of improving the transparency of our numbers to the market. In particular due to a more precise interpretation of IASB guidance, we decided to amend the accounting principles and reclassify certain items. Forward sales to institutions are now separated into two material performance obligations, one involving the sale of land and the other representing the development work performed. Whereas the development work continues to be accounted for on a percentage of completion basis, revenue for the sale of the land is now recognized at the point when the customer obtains control over the land, typically at the end of the forward sale.

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

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

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

The impact of the changes in the application of IFRS 15 relates mainly to the following line items:

(1) Income from Property Development was primarily reduced due the different timing of revenues from the sale of land (previously over time vs. now point in time, typically at the end of the forward sale).

(2) Two effects primarily had an impact on Changes in Project Related Inventory.
a. There is a positive impact on Changes in Project Related Inventory due to the removal of land from Work-in-Progress being deferred due to revenue recognition for land being deferred.
b. There is a net positive impact on Changes in Project Related Inventory from the fair value step-up ("PPA") recognized from business combinations in the prior years no longer being expensed in full at the start of the forward sale, with PPA related to the development activities now being expensed in line with the revenue based on percentage of completion.

(3) Contract assets decreased while Work-In-Progress increased primarily due to the reclassification of land previously recognised as part of Contract Assets.
(4) Due to the land asset value remaining in Work-in-Progress, the Prepayments Received related to land are now not netted off against Contract Assets and are reclassified as Non-current and Current Prepayments received.

The following table summarizes the impact of the changes in the application of IFRS 15 to the Consolidated Statement of Financial Position and Statement of Comprehensive Income for the year 2018. Line items not presented are not affected.

2018 Balance Statement Adjustments	01.01.2018 (as originally presented	Changes from adjustments during the year 2018	01.01.2018
	in k€	in k€	in k€
Non-current contract assets	116,866	-116,866	–
Work-in-progress including acquired land and buildings	1,091,681	62,299	1,153,980
Current contract assets	14,860	122,294	137,154
Total Assets	**2,640,343**	**67,727**	**2,708,070**
Retained earnings	-4,177	-3,431	-7,608
Non-controlling interests	173,310	-2,808	170,502
Deferred tax liabilities	109,823	-2,693	107,130
Current prepayment received	311	76,659	76,971
Total equity and liabilities	**2,640,343**	**67,727**	**2,708,070**

2018 Balance Statement Adjustments	31.12.2018 (as originally presented)	Changes from adjustments during the year 2018[1]	31.12.2018
	in k€	in k€	in k€
Non-current contract assets	235,011	-211,915	23,096
Work-in-progress including acquired land and buildings	1,830,487	309,274	2,139,761
Current contract assets	190	198,314	198,505
Total Assets	**3,745,050**	**295,674**	**4,040,723**
Retained earnings	-27,363	-5,645	-33,008
Non-controlling interests	151,629	-2,924	148,705
Deferred tax liabilities	114,380	-2,905	111,475
Current prepayments received	–	323,986	323,986
Current other liabilities	75,771	-3,125	72,647
Current contract liabilities	45,872	-13,714	32,158
Total equity and liabilities	**3,745,050**	**295,674**	**4,040,723**

2018 Income Statement Adjustments	01.01.–30.06.2018 (as originally presented)	Changes from adjustments during the year 2018[1]	01.01.–30.06.2018
	in k€	in k€	in k€
Income from property development	197,020	-108,627	88,393
Change in project related inventory	19,302	84,526	103,828
Financial result	-38,615	-28	-38,642
Income tax expenses	-597	7,275	6,678
Consolidated net income	**2,836**	**-16,864**	**14,017**

2018 Income Statement Adjustments	01.04.–30.06.2018 (as originally presented)	Changes from adjustments during the year 2018[1]	01.04.–30.06.2018
	in k€	in k€	in k€
Income from property development	106,115	-43,852	62,263
Change in project related inventory	27,371	44,629	72,000
Financial result	-22,006	-27	-22,033
Income tax expenses	2,214	-226	1,988
Consolidated net income	**-10,853**	**524**	**-10,329**

2018 Income Statement Adjustments	01.01.–31.12.2018 (as originally presented)	Changes from adjustments during the year 2018[1]	01.01.–31.12.2018
	in k€	in k€	in k€
Income from property development	408,461	-129,469	278,992
Change in project related inventory	-147,352	128,348	-19,003
Other operating expenses	-59,997	-5,341	-65,338
Financial result	-117,214	3,125	-114,089
Income tax expenses	11,192	1,006	12,198
Consolidated net income	**1,168**	**-2,330**	**-1,162**

[1] The column „Changes from adjustments during the year 2018" includes adjustments from IAS 23 (Borrowing costs) and IFRS 15 (Revenue from contracts with customers).

iv) CHANGES IN THE PRESENTATION OF CONTRACT ASSETS IN ACCORDANCE WITH IAS 8.41

The Company considers contract assets which are realized within a period of one-year from the reporting date as current, whereas contract assets which are realized after more than one year are classified as non-current. Previously, Consus has used the expected completion date of the respective projects to determine if contract assets related to this projects are current or non-current.

In order to increase transparency, Consus will now classify contract assets based on the expectation of when the contract assets will be recovered in cash. Based on this re-assessment contract assets with an amount of k€ 90,179 (FY 18: k€194,383) have been re-classified from non-current into current.

2.5.3 OTHER STANDARDS

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

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

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

2.6 SCOPE OF CONSOLIDATION

2.6.1 BUSINESS COMBINATIONS

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

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

	Fair Value after acquisition
	in k€
Intangible assets and property, plant and equipment	56.8
Other financial assets	20.0
Work-in-progress, including acquired land and buildings	73,100.3
Trade and other receivables	494.5
Other assets	612.6
Cash and cash equivalents	1,772.3
Financing liabilities	-60,243.2
Prepayments received	-12,308.1
Trade payables and other payables	-2,072.6
Liabilities to related parties	-395.1
Net assets	**1,037.5**
Consideration transferred	**31,360.0**
thereof cash consideration	28,500
thereof contingent consideration	1,500
thereof payment in kind	1,360
Non-controlling interests	4,571.8
Goodwill	**34,894.3**

Goodwill has been calculated using the Full-Goodwill Method in accordance with IFRS 3.19a.

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

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

2.6.2 FINALIZATION SSN PURCHASE PRICE ALLOCATION

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

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

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

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

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

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

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

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

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

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

2.7 SELECTED EXPLANATORY NOTES

2.7.1 RESULT FROM LETTING ACTIVITIES

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

	01.01.–30.06.2019	01.01.–30.06.2018
	in k€	**in k€**
Rental income	8,724	14,354
Income from recharged operating costs	–	690
Income from other goods and services	–	18
Income from letting activities	**8,724**	**15,062**
Expenses from operating costs	-4,091	-5,572
Maintenance expenses	–	-432
Other services	-749	-719
Expenses related to letting activities	**-4,840**	**-6,724**
Net operating income from letting activities	**3,884**	**8,338**

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

2.7.2 INCOME FROM PROPERTY DEVELOPMENT/CHANGE IN PROJECT RELATED INVENTORY

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

Moreover, during the first half of 2019, the following projects were included in the over-time recognition treatment:

- Artists Living Ostplatz (k€ 1,560),
- Hamburg/Dessauer Straße (k€ 4,063) and
- Palaisplatz (k€ 14,494)
- Palaisplatz (k€ 26,858)
- Franklinstraße (k€ 26,858)

The change in inventory relates to the capitalized production costs for the inventory properties, which include k€ 55,082 in capitalized interest on borrowed capital.

2.7.3 OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

	01.01.–30.06.2019 Adjusted	01.01.–30.06.2018 Adjusted
	in k€	**in k€**
Write-offs and allowances on receivables	-712	-198
Consulting and audit fees	-6,039	-13,573
Admin expenses	-2,062	-11,434
Utility expenses for office space	-1,891	-753
Marketing expenses	-10,220	-2,001
Car and travel expenses	-3,602	-2,875
Other taxes	-3,080	-966
Other expenses	-4,023	-1,630
Total	**-31,628**	**-33,431**

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

2.7.4 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial result can be broken down as follows

	01.01.–30.06.2019 Adjusted	01.01.–30.06.2018 Adjusted
	in k€	**in k€**
Income from fair value changes of derivatives	1,487	4,453
Income from derecognition of derivatives	-52	–
Interest income from late payments	26	–
Interest income from loans	1,239	282
Other financial income	10,491	1,089
Total financial income	**13,192**	**5,824**
Expense from fair value measurement of interest derivatives	-2,901	–
Interest expense from loans	-103,736	-44,466
Interest expense on lease liabilities	-514	–
Other financial expenses	-12,972	–
Total financial expenses	**-120,124**	**-44,466**
Financial result	**-106,932**	**-38,642**

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

2.7.5 INCOME TAXES

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

	01.01.–30.06.2019 Adjusted	01.01.–30.06.2018 Adjusted
	in k€	**in k€**
Current income taxes for the period	-1,865	-597
Deferred taxes	-45	7,275
Tax result	**-1,909**	**6,678**

2.7.6 EARNINGS PER SHARE

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

	01.01.–30.06.2019 Adjusted	01.01.–30.06.2018 Adjusted
	in k€	**in k€**
Consolidated net income/loss for the period from continuing operations	4,429	-15,462
Income/loss from continuing operations attributable to non-controlling interests	5,756	1,986
Income/loss from continuing operations attributable to shareholders	**-1,327**	**-17,448**
Weighted average number of shares issued, in thousands	134,553	79,850
Basic earnings per share from continuing operations in EUR	**-0.01**	**-0.22**
Number of dilutive potential shares, in thousands	–	–
Diluted earnings per share from continuing operations in EUR	**-0.01**	**-0.22**
Consolidated net income/loss for the period from discontinued operations attributable to shareholders	–	796
Weighted average number of shares issued, in thousands	134,553	79,850
Basic earnings per share from discontinued operations in EUR	**–**	**0.01**
Number of dilutive potential shares, in thousands	–	–
Diluted earnings per share from discontinued operations in EUR	**–**	**0.01**
Consolidated net income/loss for the period from continuing and discontinued operations attributable to shareholders	-1,327	-16,651
Weighted average number of shares issued, in thousands	134,553	22,048
Basic earnings per share from continuing and discontinued operations in EUR	**-0.01**	**-0.21**
Number of dilutive potential shares, in thousands	–	–
Diluted earnings per share from continuing and discontinued operations in EUR	**-0.01**	**-0.21**

2.7.7 CONTRACT BALANCES

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

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

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

	Book value as of:	
	30.06.2019 Adjusted	31.12.2018 Adjusted
	in k€	in k€
Gross contract assets – non-current	95,384	23,096
Gross contract assets – current	484,160	399,536
Prepayments received on current contract balances	-305,632	-233,190
Net contract assets (liabilities)	**273,912**	**189,442**

2.7.8 WORK-IN-PROGRESS AND ACQUIRED LAND AND BUILDINGS

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

	30.06.2019 Adjusted	31.12.2018 Adjusted
	in k€	in k€
Carrying amount of inventories	**2,345,262**	**2,139,761**
– thereof Real Estate ‘Institutional’	1,222,809	1,165,307
– thereof Real Estate ‘Parking’	15,458	14,610
– thereof Real Estate ‘Apartments for sale’	965,909	869,169
– thereof Real Estate ‘Other construction work’	141,086	90,675

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

2.7.9 OTHER ASSETS

Other Assets can be broken down as follows:

	30.06.2019	31.12.2018
	in k€	in k€
Accruals	3,145	2,339
Receivables from other taxes	2,441	1,784
Prepayments made	158	326
Assets recognized from costs to obtain or fulfil a contract	9,246	10,143
Other assets	958	908
Total	**15,947**	**15,499**

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

Financial assets can be broken down as follows:

	30.06.2019		31.12.2018
	current	non-current	
	in k€	in k€	in k€
Other loans	12,777	9,887	21,495
Deposits	163	66	75
Derivative financial instruments	4,976	11,487	2,677
Other financial assets	23,599	31,698	23,904
Shares in non-consolidated companies	–	316	324
Total	**41,514**	**53,455**	**48,475**

2.7.10 FINANCIAL INSTRUMENTS

The company had previously issued a € 200m convertible bond for which it had received conversion notices and subsequently converted a nominal amount of € 14.5 million in to equity, with a nominal amount of € 185.5 million of the € 200 million convertible bond remaining outstanding as of the balance sheet date. An impact on equity of k€ 7,828 was accounted for in H1 2019.

The following abbreviations are used for the measurement categories:

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

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

	Category acc. to IFRS 9	Carrying value as of 30.06.2019	Nominal value	Amortised costs
	in k€	in k€	in k€	in k€
Non-current financial assets: Investments	FVOCI – equity instrument	316	0	0
Non-current financial assets: Other	Amortised cost	41,651	0	41,651
Other non-current financial assets (derivatives)	FVTPL	11,487	0	0
Trade and other receivables	Amortised cost	43,430	0	43,430
Current financial assets: Other	Amortised cost	36,538	0	36,538
Other current financial assets	FVTPL	4,976	0	0
Receivables from related entities	Amortised cost	47,457	0	47,457
Cash and cash equivalents	Amortised cost	126,078	126,078	0
Total financial assets		**311,935**	**126,078**	**169,077**
Financing liabilities	Amortised cost	2,616,109	0	2,616,109
Trade payables	Amortised cost	80,571	0	80,571
Liabilities to related entities	Amortised cost	24,054	0	24,054
Financing liabilities: Derivatives	FVTPL	12,575	0	0
Other financial liabilities	Amortised cost	58,168	0	58,168
Total financial liabilities		**2,791,477**	**0**	**2,778,902**
Financial asset measured at fair value through OCI - equity instrument	FVOCI – equity instrument	316	0	0
Financial asset measured at fair value through profit and loss	FVTPL	16,463	0	0
Financial asset measured at amortised cost	Amortised cost	295,155	126,078	169,077
Financial liabilities at cost	Amortised cost	2,778,902	0	2,778,902
Financial liabilities held for trading	FVTPL	12,575	0	0

	Fair value through P/L	Fair value through equity	Fair value as of 30.06.2019	Fair value hierarchy level
	in k€	in k€	in k€	in k€
Non-current financial assets: Investments	0	316	316	3
Non-current financial assets: Other	0	0	41,651	2
Other non-current financial assets (derivatives)	11,487	0	11,487	0
Trade and other receivables	0	0	43,430	2
Current financial assets: Other	0	0	36,538	2
Other current financial assets	4,976	0	4,976	3
Receivables from related entities	0	0	47,457	2
Cash and cash equivalents	0	0	126,078	1
Total financial assets	**16,463**	**316**	**311,935**	
Financing liabilities	0	0	2,619,278	2
Trade payables	0	0	80,571	2
Liabilities to related entities	0	0	24,054	2
Financing liabilities: Derivatives	12,575	0	12,575	3
Other financial liabilities	0	0	58,168	2
Total financial liabilities	**12,575**	**0**	**2,794,646**	
Financial asset measured at fair value through OCI - equity instrument	0	316	316	
Financial asset measured at fair value through profit and loss	16,463	0	16,463	
Financial asset measured at amortised cost	0	0	295,155	
Financial liabilities at cost	0	0	2,782,071	
Financial liabilities held for trading	12,575	0	12,575	

	Category acc. to IFRS 9	Carrying value as of 31.12.2018	Nominal value	Amortised costs
	in k€	in k€	in k€	in k€
Non-current financial assets: Investments	FVOCI – equity	324	–	–
Non-current financial assets: Other	Amortised cost	9,713	–	9,713
Trade and other receivables	Amortised cost	53,933	–	53,933
Current financial assets: Other	Amortised cost	35,762	–	35,762
Current financial assets: Derivatives	FVTPL	2,677	–	–
Receivables from related entities	Amortised cost	62,853	–	62,853
Cash and cash equivalents	Amortised cost	91,603	91,603	–
Total financial assets		**256,865**	**91,603**	**162,260**
Financing liabilities	Amortised cost	2,181,462	–	2,181,462
Trade payables	Amortised cost	41,913	–	41,913
Liabilities to related entities	Amortised cost	43,196	–	43,196
Financing liabilities: Derivatives	FVTPL	14,062	–	–
Other liabilities	Amortised cost	66,866	–	66,866
Total financial liabilities		**2,347,500**	**–**	**2,333,438**
Financial Assets measured at fair value through OCI – equity instrument	FVOCI-equity instrument	324	–	–
Financial Asset measured at fair value through profit and loss	FVTPL	5,354	–	–
Financial asset measured at amortised cost	Amortised cost	253,863	91,603	162,260
Financial Liabilities at cost	Amortised cost	2,333,227	–	2,333,227
Financial Liabilities held for trading	FVTPL	14,062	–	–

	Fair value through P/L	Fair value through equity	Fair value as of 31.12.2018	Fair value hierarchy level
	in k€	in k€	in k€	in k€
Non-current financial assets: Investments	–	324	324	3
Non-current financial assets: Other	–	–	9,713	2
Trade and other receivables	–	–	53,933	2
Current financial assets: Other	–	–	35,762	2
Current financial assets: Derivatives	2,667	–	2,667	3
Receivables from related entities	–	–	62,853	2
Cash and cash equivalents	–	–	91,603	1
Total financial assets	**2,667**	**324**	**256,865**	
Financing liabilities	–	–	2,183,989	2
Trade payables	–	–	41,913	2
Liabilities to related entities	–	–	43,196	2
Financing liabilities: Derivatives	14,062	–	14,062	3
Other liabilities	–	–	66,866	2
Total financial liabilities	**14,062**	**0**	**2,350,027**	
Financial Assets measured at fair value through OCI – equity instrument	–	324	324	
Financial Asset measured at fair value through profit and loss	5,354	–	5,354	
Financial asset measured at amortised cost	–	–	253,863	
Financial Liabilities at cost	–	–	14,062	
Financial Liabilities held for trading	14,062	–	–	

Liquidity risk exposure for the Group was as follows:

	Carrying value as of 30.06.2019	Maturities		
		< 1 year	1–5 years	> 5 years
	in k€	in k€	in k€	in k€
Liabilities to financial institutions	2,628,684	1,120,372	1,846,710	65,760
Trade payables	80,571	80,571	–	–
Liabilities to related parties	24,054	24,054	–	–
Other financial liabilities	58,168	52,193	5,975	–
Total	**2,791,477**	**1,277,190**	**1,852,686**	**65,760**

	Carrying value as of 31.12.2018	Maturities		
		< 1 year	1–5 years	> 5 years
	in k€	in k€	in k€	in k€
Financing liabilities	2,195,524	1,168,777	1,173,781	28,343
Trade payables	41,913	41,913	1	–
Liabilities to related parties	43,196	43,196	–	–
Other financial liabilities	66,866	51,650	15,216	–
Total	**2,347,499**	**1,305,537**	**1,188,997**	**28,343**

2.7.11 LEASE INFORMATION (IFRS 16)

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

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

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

	30.06.2019	01.01.2019
	in k€	in k€
Right-of-use assets		
Properties	11,973	10,535
Equipment	0	0
Cars	1,390	1,598
Others	0	0
Total right-of-use assets	**13,363**	**12,133**

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

	Book value as of:	
	30.06.2019	01.01.2019
	in k€	in k€
Lease liabilities		
current lease liabilities	5,220	3,020
non-current lease liabilities	8,223	9,113
Total lease liabilities	**13,443**	**12,133**

2.7.12 CASH AND CASH EQUIVALENTS

The cash and cash equivalents disclosed in the balance sheet and in the statement of cash flows include k€ 90,189 restricted cash.

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

2.8 SEGMENT INFORMATION

2.8.1 OPERATING SEGMENTS

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

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

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

NET LOAN TO VALUE (NET LTV) 30.06.2019

	Consus	CG Group	SSN Group	Other / Eliminations Adjusted	Total Adjusted
	in k€	in k€	in k€	in k€	in k€
Investment property (IAS 40)	–	322,375	29,089	–	351,463
Inventory (IAS 2) – Property under construction	–	1,117,476	889,448	338,338	2,345,262
Contract assets	–	264,440	75,885	-43,256	297.068
Real Estate assets	**–**	**1,704,291**	**994,421**	**295,082**	**2,993,794**
Liabilities to financial institutions	607,287	1,162,983	832,283	26,131	2,628,684
Cash and cash equivalents	15,642	29,621	80,813	3	126,078
Net debt	**591,645**	**1,133,362**	**751,470**	**26,129**	**2,502,606**
Net loan to Value (Net LTV) in %		**67%**	**76%**		**84%**

NET LOAN TO VALUE (NET LTV) 31.12.2018

	Consus	CG Group	SSN Group	Other / Eliminations	Total
	in k€	in k€	in k€	in k€	in k€
Investment property (IAS 40)	–	299,337	28,689	–	328,027
Assets held-for-sale (IFRS 5)	–	–	1,329	–	1,329
Inventory (IAS 2) – Property under construction	–	960,070	870,417	309,274	2,139,761
Contract assets	–	176,979	58,222	-13,601	221,600
Real Estate assets	**–**	**1,436,386**	**958,657**	**295,673**	**2,690,717**
Liabilities to financial institutions	459,429	947,990	754,713	33,393	2,195,525
Cash and cash equivalents	2,672	51,514	37,399	17	91,603
Net debt	**456,757**	**896,476**	**717,314**	**33,375**	**2,103,922**
Net loan to Value (Net LTV) in %		**62%**	**75%**		**78%**

NET ASSET VALUE (NAV) 30.06.2019

	Consus	CG Group	SSN Group	Other / Eliminations Adjusted	Total Adjusted
	in k€	in k€	in k€	in k€	in k€
Equity	965,971	331,862	444,451	-641,803	1,100,481
Deferred tax liabilities	–	52,522	75,745	-8,472	119,795
Goodwill	-3,582	-759,097	-330,702	–	-1,093,381
Net Asset Value (NAV)	**962,389**	**-374,713**	**189,494**	**-650,275**	**126,896**

NET ASSET VALUE (NAV) 31.12.2018

	Consus	CG Group	SSN Group	Other / Eliminations Adjusted	Total Adjusted
	in k€	in k€	in k€	in k€	in k€
Equity	979,584	327,685	434,095	-587,395	1,153,970
Deferred tax liabilities	–	51,246	63,134	-2,905	111,475
Goodwill	-3,582	-724,634	-305,127	864	-1,032,480
Net Asset Value (NAV)	**976,002**	**-345,703**	**192,102**	**-589,436**	**232,965**

2.8.2 DISAGGREGATION OF REVENUE

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

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

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

01.01.–30.06.2019

	Consus	CG Group	SSN Group	Other / Eliminations Adjusted	Total Adjusted
	in k€	in k€	in k€	in k€	in k€
Total Income	**394**	**155,597**	**54,721**	**-365**	**210,346**
– thereof Products transferred at a point in time	394	19,872	2,798		23,064
– thereof Products and services transferred over time	–	135,725	51,922	-365	187,282

01.01.–30.06.2018

	Consus	CG Group	SSN Group	Other / Eliminations Adjusted	Total Adjusted
	in k€	in k€	in k€	in k€	in k€
Total income	**5,842**	**108,667**	**–**	**–**	**114,509**
– thereof Products transferred at a point in time	708	30,356	–	–	31,064
– thereof Products and services transferred over time	5,134	78,311	–	–	83,445

2.8.3 SEASONALITY OF OPERATIONS

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

2.8.4 ADJUSTED EBITDA CALCULATION

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

ADJUSTED EBITDA CALCULATION HY 2019 YTD

	Consus	CG Group	SSN Group	Other / Eliminations Adjusted	Total Adjusted
	in k€	in k€	in k€	in k€	in k€
unadjusted EBITDA HY 2019 YTD	**-3,764**	**67,735**	**52,618**	**–**	**116,589**
Reduction of changes in inventory (PPA)	–	427	2,095	–	2,522
One-offs	–	2,504	–	–	2,504
adjusted EBITDA HY 2019 YTD	**-3,764**	**70,666**	**54,712**	**–**	**121,615**

ADJUSTED EBIT CALCULATION HY 2019 YTD

	Consus	CG Group	SSN Group	Other / Eliminations Adjusted	Total Adjusted
	in k€	in k€	in k€	in k€	in k€
unadjusted EBIT HY 2019 YTD	**-3,773**	**65,004**	**52,039**	**–**	**113,270**
Reduction of changes in inventory (PPA)	–	427	2,095	–	2,522
One-offs	–	2,504	–	–	2,504
adjusted EBIT HY 2019 YTD	**-3,773**	**67,936**	**54,134**	**–**	**118,296**

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

2.9 CAPITAL MANAGEMENT

2.9.1 CAPITAL MANAGEMENT

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

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

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

	30.06.2019 Adjusted	31.12.2018 Adjusted
	in k€	in k€
Real Estate held as Investment property (IAS 40)	351,463	328,027
Non-current assets classified as held-for-sale (IFRS 5)	–	1,329
Inventories (IAS 2)	2,345,262	2,139,761
Contract assets	297,068	221,600
Total Real Estate Assets	**2,993,794**	**2,690,717**
Financing liabilities	2,628,684	2,195,525
Cash and cash equivalents	126,078	91,603
Net debt	**2,502,606**	**2,103,922**
Net Loan to Value (Net - LTV)	**84%**	**78%**

2.9.2 PREPAYMENTS

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

Due to the IAS 8 adjustment a new line item was developed referring to prepayments received on land. Due to the fact that no revenue is realised on land over time at the end of a forward sale, the prepayments received on land are shown separatly from the remaining prepayments received and not netted against contractual assets. For further information please refer to note 2.5.2.

	30.06.2019 Adjusted	31.12.2018 Adjusted
	in k€	in k€
Prepayments included in contract assets/liabilities	305,632	233,190
Prepayments received on land	261,810	269,699
Other prepayments received	67,624	54,286
Total	**635,067**	**557,175**

2.10 RELATED PARTIES

2.10.1 KEY MANAGEMENT PERSONNEL REMUNERATION

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

BOARD REMUNERATION – SIX-MONTHS 2019

	Accounted	Paid out
	in k€	in k€
Management Board	**578**	**358**
Short-term benefits	578	358
Supervisory Board	**90**	**181**
Short-term benefits	90	181

BOARD REMUNERATION – SIX-MONTHS 2018

	Accounted	Paid out
	in k€	in k€
Management Board	**782**	**1,099**
Short-term benefits	782	1,009
Benefits after termination of the work contract	–	–
Supervisory Board	**89**	**9**
Short-term benefits	89	9

2.10.2 OTHER RELATED PARTY TRANSACTIONS

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

OTHER RELATED PARTY TRANSACTIONS

	30.06.2019	30.06.2018
	in k€	in k€
Interest income	1,065	1,015
Income	2,589	99
Expenses	-512	345
Interest expenses	-2,090	-1,857
Financing receivables	27,969	40,447
Trade receivables	19,488	-145
Other liabilities	-3,599	–
Financing liabilities, including derivatives	-20,455	-17,449

2.11 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

2.11.1 OBLIGATIONS TO ACQUIRE LONG-TERM ASSETS

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

2.11.2 OTHER FINANCIAL OBLIGATIONS

Other financial obligations include future obligations from pending share purchase agreements in an amount of k€ 202,947 as of June 30, 2019 (December 31, 2018: k€ 84,070). The other agreements primarily relate to the provision of insurance services and other obligations. The following table provides an overview of the aggregated amount of other financial obligations:

OTHER FINANCIAL OBLIGATIONS – 2019

	< 1 year	1–5 years	> 5 years	Total
	in k€	in k€	in k€	in k€
Financial obligations as of 30.06.	208,145	6,413	300	214,858

OTHER FINANCIAL OBLIGATIONS – 2018

	< 1 year	1–5 years	> 5 years	Total
	in k€	in k€	in k€	in k€
Financial obligations as of 31.12.	90,497	10,193	3,032	103,722

2.12 EVENTS AFTER THE REPORTING PERIOD

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.

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 mid-July, the upfront sale of Leipzig 416 was closed (GDV of € 880m) and provided an EBIT of € 40 million which included PPA charge of € 65 million. The sale of the project will result in an initial reduction of net debt of c. € 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.

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 Consus has consolidated a number of administrative control functions at Consus level.

The domination and profit and loss transfer agreement entered into between the Company 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.

There were no further significant events after the reporting period.

RESPONSIBILITY STATEMENT

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

Berlin, 14th October 2019

ANDREAS STEYER
Chief Executive Officer

BENJAMIN LEE
Chief Financial Officer

THEODORUS GORENS
Chief Risk Officer ,
Deputy Chief Financial Officer

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