CORESTATE
Capital Group

CORESTATE Capital Holding S.A.

The Investment Manufactory

Annual Report 2016

Company Profile

CORESTATE Capital Holding S.A. (CORESTATE), headquartered in Luxembourg, is a fully integrated real estate investment manager covering all elements of the real estate investment lifecycle, also co-investing alongside its clients. Together with its subsidiaries, CORESTATE provides the full range of asset, fund, and property management services for its clients and related investment products, and is actively warehousing real estate assets in order to facilitate its investment products. Its client base consists of private individuals and semi-institutional as well as institutional clients. The Group's key market is Germany, and has selected activities in other European countries such as Austria, and Spain. It operates principal offices in Germany, Switzerland, Spain, and Singapore. As at 31 December 2016, the Group employed more than 390 FTEs*. The company has EUR 16 billion* Assets under Management and is listed on the Frankfurt Stock Exchange. The Group generates revenues and income in the following three business segments: Real Estate Investment Management, Alignment Capital Management and Real Estate Operations and Warehousing.

Key Figures

k€	**2016**	2015
Revenues	**42,210**	39,914
Aggregate Revenues & Gains[1]	**59,709**	47,115
EBITDA[2]	**23,114**	18,952
Net Profit	**15,556**	10,087
Adjusted Net Profit[3]	**19,415**	16,591
Earnings per Share (undiluted) (€)	**1.47**	1.12
Time weighted average number of shares outstanding during the period (undiluted)	**10,498,703**	8,625,177
Equity Ratio (%)	**66.2**	31.6
Net Debt/(Net Cash)	**(23,330)**	40,950
Alignment Capital Investments	**40,457**	29,278
Asset Volume in Warehouse	**15,905**	39,216
Number of Employees at End of Period	**308**	249

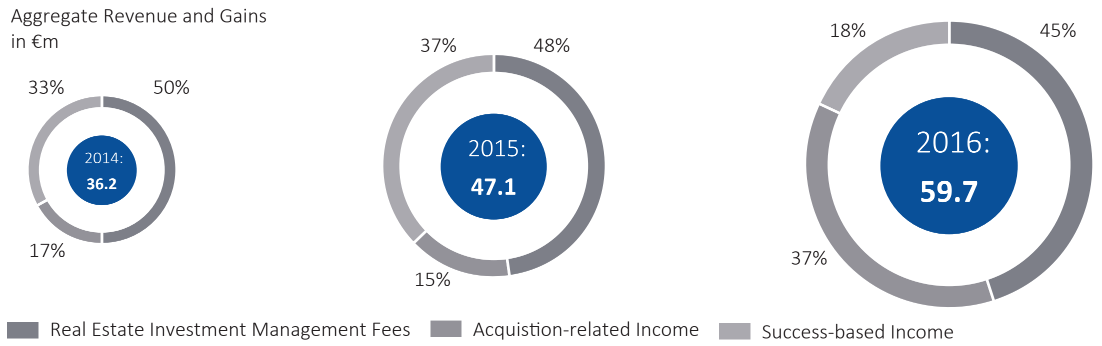
[1]Aggregate Revenues & Gains include Revenue from Real Estate Investment Management, Share of Profit and Loss from Associates and Joint Ventures, and Total Income from Real Estate Operations/Warehousing

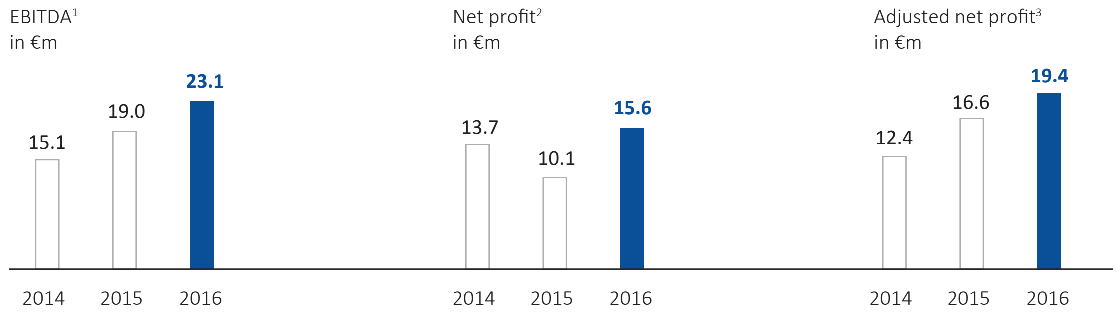
[2]EBITDA is adjusted for certain one-off items (e.g. costs for capital measures, corporate M&A related cost, share grant expense)

[3]Adjusted Net Profit (ANP) is calculated based on the net profit for the period attributable to shareholders of the parent company, adjusted for certain one-off items net of (deferred) tax effects (e.g. costs for capital measures, corporate M&A related cost, share grant expenses, and costs for credit facilities provided by shareholders)

*Full-time equivalents, including Hannover Leasing Group. The completion of the Hannover Leasing Group transaction is still subject to the conclusion of ownership control procedures by the Federal Financial Supervisory Authority, BaFin, expected to be completed in H1/2017.

Aggregate Revenues and Gains, EBITDA and Net Profit





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Significant events in the business year 2016

Jan

CORESTATE opens Austria's largest residential project for students and young professionals in Vienna

Mar

CORESTATE and Sistema Capital Partners found a joint venture for investments in retail properties in German mid-sized cities

May

Over 3,000 micro-apartments – CORESTATE strengthens its market position as the leading investor, developer and manager of micro-apartments in Germany and Austria

Jul

Acquisition of a high street portfolio with total floor space of approx. 62,800 sqm for EUR 113 million

Investment Highlights

1. Real Estate Investment Manager Covering the Entire Investment Lifecycle
2. Attractive Product Offering Across all Asset Classes Matching Needs of all Types of Clients
3. Excellent Asset and Equity Sourcing Capabilities
4. Asset Light Business Model with Strong and Increasing Recurring Income
5. Significant Further Growth Potential Building on Existing Track Record

Sep

Capital increase through a successful private placement results in additional liquidity of EUR 43 million to finance further growth

Oct

CORESTATE and Bayerische Versorgungskammer launch micro-apartment fund with anticipated target volume of EUR 500 million

Nov

CORESTATE develops residential projects for students in Madrid; conversion of its existing student housing portfolio into a long-term investment product for institutional clients

Dec

CORESTATE announces acquisition of Hannover Leasing Group

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To Our Shareholders

Preface by the Management Board

Sascha Wilhelm
Chief Executive Officer

Dear Shareholders, Ladies and Gentlemen

We are looking back at an intense year, but at the same time the very successful year in our company's history. Our strategic and operational goals were met, and we set the stage for further growth. A highlight that deserves special mention is that, since 4 October 2016, CORESTATE Capital Holding S.A. has been listed in the Entry Standard of the Frankfurt Stock Exchange. Ten years after launching the company, we have now reached the next level of our development.

The stock exchange listing was the logical consequence of the past years, in which CORESTATE managed to successfully advance its business and establish itself as one of the leading companies in the German real estate market. Our clients – an increasing share of them institutional investors – are convinced of our investment strategies and benefit from their sustainable success. Many of our long-standing clients also participated in last year's capital increase that took place prior to the initial public offering. This is a vote of confidence of which we highly appreciate.

The listing is another element in our forward-looking growth strategy, which will allow us to make best use of our expertise in real estate markets as well as our efficient and fully integrated real estate investment and management platform. It gives us access to additional sources of capital, thus strengthening our entrepreneurial flexibility in ensuring further profitable growth.

Expansion of the client base by institutional investors

We strive to develop the best-possible investment products and solutions for our clients and lead them to economic success. Based on this mission, we have managed to continuously expand our client base over the last few years. Since last year, our clients include, for instance, Bayerische Versorgungskammer (BVK) who is our partner in a joint fund we launched. This new fund, which specializes primarily in micro-apartments with a focus on student accommodation in European university towns and cities, is anticipated to reach a total volume of at least EUR 500 million. As one of the first real estate investment managers, CORESTATE recognized the great potential of this alternative asset class and has since structured them into successful institutional investment products. This approach is now paying off: with BVK, we have won one of Germany's largest investors from the traditional institutional environment as our partner.

In 2016, we accomplished further business successes with institutional investors: a renowned German insurance group has assigned an individual mandate to CORESTATE that extends to residential property with a focus on German metropolitan regions and their commuter belts. Thanks to our fully integrated service platform and efficient and proved successfull deal sourcing, we managed to acquire this contract in spite of stiff competition from many renowned investment managers of institutional investors.

The expansion of our investor base by institutional investors is of great strategic importance. Investment products structured for institutional investors typically have an investment horizon of at least ten years and an investment volume in the mid three digit million range. These investment products will have a share in further solidifying CORESTATE's revenue profile. Therefore, the institutional mandates are an excellent addition to our business with semi-institutional investors and a vital growth driver for CORESTATE.

Important acquisition of Hannover Leasing Group

€16 bn

Assets under management of CORESTATE following the Hannover Leasing transaction

In late 2016, we announced another milestone, namely the acquisition of the Hannover Leasing Group. This transaction will increase the CORESTATE Group's assets under management to approx. EUR 16 billion, making us one of the largest real estate investment managers in German-speaking Europe. The transaction will be completed with the conclusion of the owner control procedure of the German Federal Financial Supervisory Authority, BaFin, which is expected for the first half of 2017.

The combination of the two companies will result in a considerably stronger asset and investment management platform. In the future, we will offer our clients an even broader product range and greater diversification. It will also improve our access to capital, with significant potential for new client business. On top of that, CORESTATE's earnings structure will be strengthened, thanks to the increase in recurring revenues from long-term management contracts and additional synergy potentials. Our capital market profile will improve as well: From now on, we are not only a company stock-listed in Germany, but also an investment manager with business operations throughout Europe.

Micha Blattmann Chairman of the Supervisory Board

Successful business year 2016

Last year, CORESTATE benefited from the great demand for real estate investment products and full-service investment management solutions. Overall, we handled 54 transactions with a total volume of EUR 733 million. Thanks to the acquisition of retail portfolios and the expansion in the area of micro-living, the total volume of existing mandates was increased considerably. Together with other property and asset management mandates, CORESTATE managed to further strengthen its leading market position as a real estate investor and manager.

Our successful performance is also reflected in our key financials, all of which exceed the previous year's results. Our overall performance improved by 26.7% to EUR 59.7 million (2015: EUR 47.1 million). Adjusted net profit rose by 17.0% to EUR 19.4 million (previous year: EUR 16.6 million), and the net profit was 54.2% higher at EUR 15.6 million (2015: EUR 10.1 million). Assets under management were up by around 35% and now stand at EUR 2.8 billion (2015: EUR 2.0 billion), including the acquisition of the Hannover Leasing Group, assets under management amounted to approx. EUR 16 billion. To sum up: 2016 was the best year in the history of our company.

Positive outlook 2017

Last year, we laid the foundation for our sustainable and successful business development. The conditions in our markets give reason for optimism: interest in the stable German real estate market as well as our European target markets continues to be vivid, and our transaction pipeline is well filled. In the current business year, we plan to further increase our assets under management. To this end, we will increase the volume of transactions we handle. Our established semi-institutional client base will remain a key pillar of our business development. On top of that, we expect the growth momentum in our business with institutional clients to accelerate. Furthermore, we plan to expand our warehousing of properties in order to offer attractive investment alternatives in the institutional segment and improve our ability to respond quickly and flexibly to new developments. This means that we will include attractive assets in our holdings for a short period of time. This approach will allow us to respond to the existing demand especially by institutional clients swiftly and with the most suitable offer.

Besides organic growth, we also see the potential of further inorganic growth. The market of small and medium-sized investment managers is highly fragmented. We expect to see a gradual consolidation.

Specifically, we expect the business year 2017 to bring another significant increase in aggregate revenues to EUR 75 to 80 million (PY: EUR 59.7 million) and in net profit to EUR 30 to 32 million (PY: EUR 15.6 million), thus continuing CORESTATE's profitable growth.

In 2016, we achieved major milestones such as the equity increase, the listing, and the acquisition of Hannover Leasing. The CORESTATE team mastered all of these projects with flying colors. Motivated by these achievements and based on a solid foundation, we will continue to shape a successful future for our company and put our clients' interest at the center of everything we do.

We invite all our shareholders to join us in this journey and thank you for your vote of confidence.

Outlook 2017

Aggregate Revenues and Gains of EUR 75 to 80 million and Net Profit of EUR 30 to 32 million

On behalf of the Management Board and the Supervisory Board

Sascha Wilhelm
Chief Executive Officer

Micha Blattmann
Chairman of the Supervisory Board

CORESTATE – The Investment Manufactory

As a fully integrated real estate investment manager, we support our clients with services along the entire value chain of a real estate investment.

Our activities include the search for and acquisition of attractive properties and real estate portfolios, as well as the structuring and implementation of compatible investment products. On behalf of our clients, we take care of the first-class asset and property management to increase value creation during the assets' holding phase, and ultimately structure the profitable divestment of assets. CORESTATE is thus active in all stages of a real estate investment process and generates diversified management and consulting fees as well as performance-based fees with the offered services.

However, CORESTATE does not solely act as a manager on behalf of its clients but often enough also as a co-investor for their investments.

This shared investment will allow us to align our interests as much as possible with those of our clients, and we share both risks and opportunities. Moreover, this approach allows us to tap into additional sources of revenue as we benefit from dividends and sales proceeds of investment products.

Our clients include both high net worth individuals and family offices and an increasing share of institutional investors. For the latter, we have established two different approaches: On the one side traditional Core investment products in office and retail properties in European metropolises and on the other side Core+/Value add investment products in micro-living and retail properties in German mid-towns.

To summarize, our service and product offering covers the entire value chain of a real estate investment and allows us to cater to the full range of demands and requirements our clients may have.

A fully integrated investment and management platform with a focus on real estate

Our activities over the course of the real estate investment cycle

PHASE 1
~ 0-6 months
Search and acquisition of properties and structuring of investment products

PHASE 2
~ 3-10 years
Services in the areas of fund, asset and property management aiming at active value creation and property optimization

PHASE 3
~ 0-6 months
Structuring of the profitable exit from real estate investments

CORESTATE offers clients:

- exclusive access to various European real estate markets
- attractive returns
- a best-in-class asset management platform, characterized by integrated processes across all relevant services in the real estate investment cycle
- a strong transaction team and extensive expertise of decision-makers
- Success is our yardstick: CORESTATE frequently invests own equity in its investment products

“For over ten years, CORESTATE has been structuring real estate assets and portfolios into successful investment products.”

Frankfurt: 492 micro-apartments in the close vicinity of Goethe University’s Riedberg Campus.

City Center Hanau, ideally positioned at the beginning of the pedestrian zone.

“CORESTATE is successful with a multitude of different real estate investment products, setting new standards through its strength of innovation.”

Our Key to Success: International Presence and Local Expertise

Our unique and over many years built up network in the real estate world and excellent contacts especially also in mid-sized towns set us apart from our competitors. Just like the German industry is characterized by medium-sized, often family owned businesses, the German regions are shaped by their mid-sized towns. In rural areas in particular, they assume the role of a regional infrastructure and consumption hub. Mid-sized towns are middle-order centers and form an important element of the German economy. We are convinced that value creation is achieved most successfully when local real estate market expertise and resources with investment management skills on top international level come together under one roof. For each and every project, we draw on the knowledge of our local specialists to tap the full value creation potential for our investors.

Access to capital is secured by our experienced teams in Zurich, Frankfurt and Singapore, as well as our excellent client contacts. In the ten years since our company was launched, we have managed to continuously expand our client base. More and more investors – among them institutional investors such as Bayerische Versorgungskammer – trust us with their money and rely on our expertise as investment manager. Well-structured products with attractive returns are the foundation of this development.

We ensure our access to real estate markets through a network of local real estate agents and a variety of well-established real estate firms, banks and liquidators. This way, we are constantly informed about interesting products – often before they are publicly offered. This is primarily an achievement of our in-house staff, a team of long-standing and well-connected professionals. In a next step, our professional, easily scalable platform allows us to screen out the best investment opportunities from the great variety of offers and launch attractive investment products for our clients.

Last year's acquisition of Hannover Leasing Group has significantly strengthened our asset and investment management platform once again. The transaction expands our investor base considerably and improves our access to finance and opportunities for new business, especially with institutional investors. The company focuses primarily on the structuring and management of special AIF in the area of core and core+ real estate in Germany and abroad, with key investments in office and retail properties in top locations of the target markets in western and central Europe.

This strategic direction is an ideal match for the respective activities at CORESTATE and will allow CORESTATE to cover many real estate asset classes and risk-return profiles of its clients.

"CORESTATE's growth is based on the trust of our clients who are interested in perpetuating and expanding their grown business relations with us."

CORESTATE Next Level – Accelerating the Course for Profitable Growth with the Acquisition of Hannover Leasing Group

In late 2016, CORESTATE was able to announce another highlight of the business year, namely the acquisition of the Hannover Leasing Group. The takeover of Germany's leading fund provider of tangible assets is a milestone in CORESTATE's company history and entails a variety of strategic and operational benefits. The acquisition makes CORESTATE one of the largest investment managers with a focus on real estate in German-speaking Europe, with assets under management of EUR 16 billion. The combination of the two networks will furthermore result in a considerably stronger asset and investment management platform with an impressive track record: In the past, the two companies have had a combined transaction volume of approx. EUR 27 billion.

In an industry in which investors search out experienced investment managers who channel their investments into the right asset classes, locations and risk categories, this is a major advantage.

On top of that, CORESTATE will benefit from an extended product offering, improved access to finance, and an increase in revenue from long-term management contracts, improving the company's growth perspectives significantly. Assets under management are to increase to EUR 20 billion in the medium term.

5 reasons for the acquisition of Hannover Leasing:

1

Platform of scale with enhanced asset sourcing capabilities
- Increase in scale with combined AuMs of ~€16bn
- Significant incremental asset sourcing potential

2

Stronger product offering, higher degree of diversification
- Regulated investment products for institutional clients
- Diversification into all real estate asset classes and related segments as well as widening of international reach

3

Superior access to capital
- Unparalleled long-standing distribution network of institutional and private (UHNWI, etc.) investment clients
- >€11bn equity raised

4

Increase in recurring Revenues, adding synergy potential
- 100% incremental recurring Revenues combined with substantial growth and synergy potentials

5

Enhanced capital markets profile
- Attractive positioning as a leading listed real estate investment manager with German focus in a European context

Linked Living: flagship property with 589 micro-apartments in the direct vicinity of the Vienna University of Economics and Business.

Neues Fitzgerhaus in Delmenhorst, fully leased since May 2015, with H&M as anchor tenant.

Centrally located pedestrian zones with numerous retail outlets are and will remain the beating hearts of towns and cities.

Setting New Standards – Through Strength of Innovation

In the course of the past ten years, CORESTATE has become one of the leading and most successful real estate investment managers successful across all risk classes of real estate products and has time and again set new standards with innovative products.

Our entrepreneurial creativity and flexibility is reflected in the alignment of our product lines with changing market conditions: while we initially focused on residential properties, our focus has grown to increasingly include micro-apartments for singles, commuters and students, as well as high street retail assets. And we will continue to realign our focus in the future as we identify economic potential in other segments. All our activities as an investment manager are based on the individual risk/return profile of our clients as well as local market conditions.

We combine the creativity of our investment products with the stability of our fully regulated fund manager, which provides our clients with reliable and transparent reporting quality, which meets international standards.

H&M is particularly focused on medium-sized towns, most of all on top locations in towns of over 50,000 inhabitants.

The Belair in Brussels, an office building in the government district of the Belgian capital.

The Direktion in Münster, a city-center office complex; anchor tenants include e.g. Deutsche Bahn and Germany's Federal Police.

"Our teams are right where the real estate is and can find attractive investment opportunities in all asset classes and risk profiles."

Our current investment products

CORESTATE offers a diversified portfolio of investment products, including regulated products for institutional investors:

HIGH STREET RETAIL PRODUCT LINE — Offers attractive recurrent dividend yields via investments in retail properties in German mid-sized towns

MICRO LIVING PRODUCT LINE — CORESTATE is among the leading investment managers in this growing segment

OFFICE AND COMMERCIAL REAL ESTATE FUND — Investments in office real estate in top locations in German cities, with excellent tenants; as well as investment focus on office and retail properties in the target markets of western and central Europe

ALTERNATIVE INVESTMENT PRODUCTS — To implement investment strategies tailor-made to meet our clients' requirements

CORESTATE – Creating Value

Every day, we strive to develop the best products and solutions for our clients and to lead them to economic success. With this philosophy and the positive investment results, we have managed to grow quickly and healthily since the company was formed in 2006. Today, we manage assets of approx. EUR 16 billion.*

"CORESTATE is characterized by its excellent real estate expertise, an impressive track record, and sustainably grown business relationships."

CORESTATE's business model has demonstrated that it is both sustainable and profitable. However, we want to develop further instead of simply being satisfied what we have achieved so far. Especially expanding our business with institutional investors, as an addition to our established client groups of family offices and HNWIs, offers particularly high growth potential.

Based on our structures and our international platform, we have charted the course for our company's successful future. In 2017 and beyond, we will establish CORESTATE as one of Europe's leading real estate investment firms.

Accelerating organic growth and significant increase of Assets under Management through ...

1 Highly diversified product offering across all asset classes with selected regional expansion

2 Conversion of existing investment structures into institutional investment products while retaining long-term investment management mandates

3 Improved access to equity as well as leveraging the current platform

... and supplemented by selective M&A activities.

*The transaction will be completed with the conclusion of the owner control procedure of the German Federal Financial Supervisory Authority, BaFin, which is expected for the first half of 2017

With the help of the warehousing strategy, we can act quickly and flexibly

In order to take advantage of market opportunities at short notice and prepare investment products specifically targeted at institutional investors, we offer a warehousing concept to accept properties into our own portfolio. After a short holding period of a maximum of 18 months, these assets are transferred to an investment product customized for our clients.

This approach enables us to secure investment opportunities quickly and react to the existing demand of investors without a long lead-time, in which we offer an investment product in addition to the investment idea. A portion of the equity invested by the investores thus already yields returns from the outset.

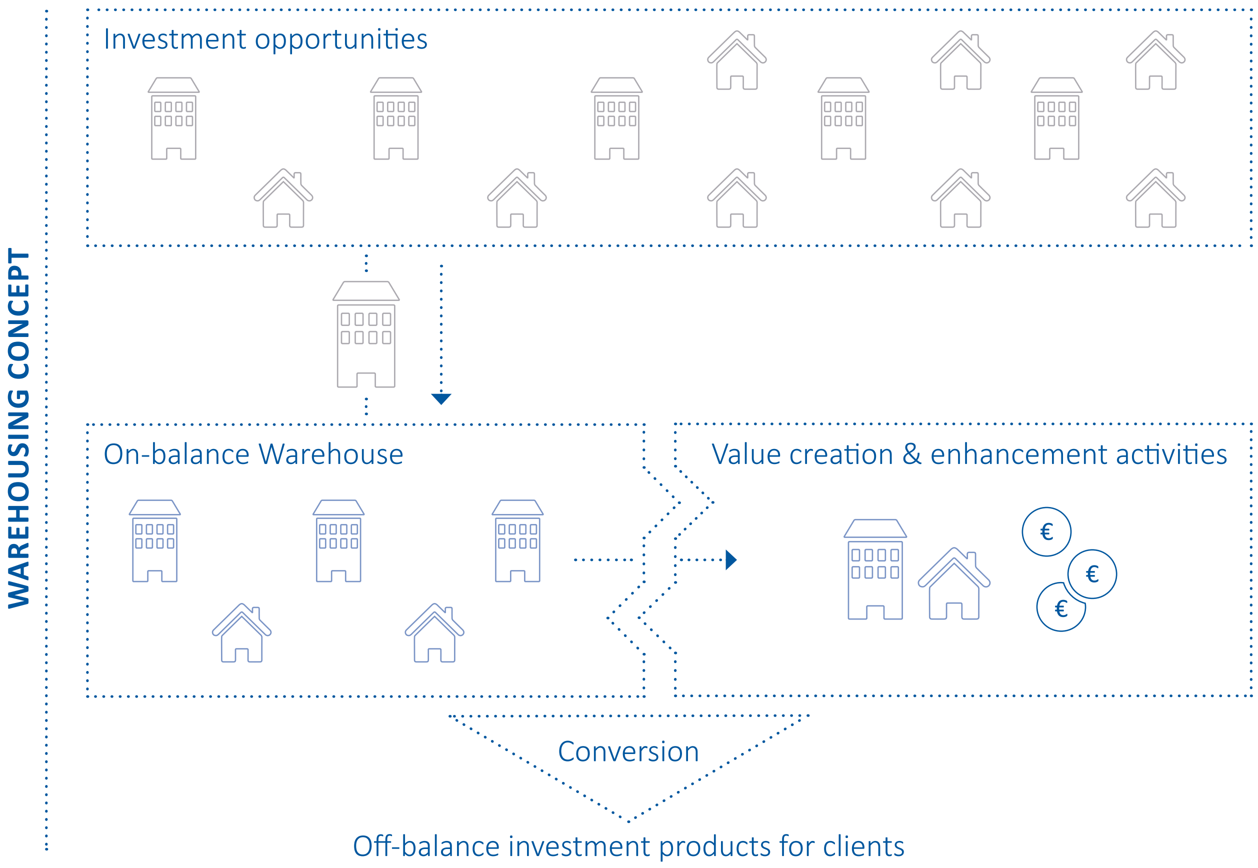
Assets must meet certain criteria to make them suitable for warehousing. First off, we only acquire objects in which the investor has confirmed an interest. Secondly, the properties must always generate a positive cash flow. During the holding phase, we work on improving the property's value through our active asset management activities.

Within the scope of our micro living product line we acquire development lots. Once again, these activities require the prior expression of actual interest on the part of our semi-institutional clients.

Project development only begins after the property and the concept have been transferred into a specific investment product.

Warehousing offers various benefits:

- **Using opportunities:** we can respond quickly and draw on existing investment opportunities at short notice.
- **Seed assets for institutional investors:** we can offer interested investors investment products that are customized to their requirements directly from our own real estate portfolio.
- **Financial attractiveness:** during the holding period we benefit from the assets recurring cash flows. Upon conversion into an investment product transfer premiums are realized.



Interview with the Management Board

4 Oct 2016

CORESTATE listing in the Entry Standard of the Frankfurt Stock Exchange

Mr. Wilhelm, let us review the past business year. What was the major milestone?

Sascha Wilhelm: The past business year was all about CORESTATE reaching the next level in its development. A good ten years after the company was formed, we reached a new milestone by taking it public. The listing in the Entry Standard of the Frankfurt Stock Exchange opens up new possible courses of action for the company and strengthens our growth perspectives. With the listing, we built the foundation for continuing our profitable growth.

Sascha Wilhelm
Chief Executive Officer

In late 2016, CORESTATE announced the acquisition of the Hannover Leasing Group. What are the strategic goals behind this transaction, Mr. Schoch?

Daniel Schoch: As a result of the transaction, we will initially acquire 94.9% in Hannover Leasing Group. The transaction is still subject to the ownership control procedures by the German Federal Financial Supervisory Authority (BaFin) which we expect to be completed throughout the course of H1/2017. Upon consummation of the transaction we will take over the entire management platform of Hannover Leasing Group including all existing management agreements. Consequently, on a pro forma basis, CORESTATE's assets under management will increase to c. EUR 16bln. The transaction structure provides for a carve out for essentially all material legacy-related risks such that the we can focus on re-vitalizing the platform on promote new investment products.

The benefits from such acquisition are versatile: First, it allows us to expand and diversify our product offering, in particular with respect to core/core plus investment structures based on office and high-quality retails assets. Secondly, we will be able to increase our geographical footprint in Europe, particularly in the Benelux countries. In addition, we get access to a very broad client base, both institutional as well as retail investors, that show significant demand for real estate based investment products. Finally, the transaction adds substantial revenues from in-place and recurring management fees – combined with the various synergy potentials identified, this will further strengthen the Group's revenue and earnings profile.

How important is the business with institutional investors?

Sascha Wilhelm: For their real estate investments, institutional investors draw on external managers who can handle the entire value chain of a real estate investment. With its fully integrated real estate investment and management platform, CORESTATE is well positioned in this field. More and more institutional investors trust us with their money and rely on our expertise as an investment manager. Today, this client group accounts for more than half of our business, and we intend to increase this share even further. The acquisition of Hannover Leasing improves our access to this client group and serves as the foundation for accelerated growth in this segment. Naturally, we will also continue our activities on behalf of the important and attractive client group of semi-institutional investors, such as family offices and HNWIs.

In 2016, you managed to gain as a partner one of Germany's largest institutional investors, Bayerische Versorgungskammer. What can you tell us about this transaction?

Sascha Wilhelm: Together with Bayerische Versorgungskammer, we launched a fund last year, which aims at a total volume of at least EUR 500 million. One of the reasons behind this transaction is that we managed to offer the investor a well-functioning asset portfolio with an attractive return forecast. We regard this success as a confirmation of our strategic approach. The vote of confidence we receive shows that we have established ourselves as a top-level real estate investment manager.

In which asset classes does the joint special fund invest?

Sascha Wilhelm: The fund invests mostly in micro-apartments, primarily student accommodation, in European university towns and cities. We were among the first to enter the student housing market and have since played a major role in shaping this segment in the German market. Together with semi-institutional investors, we developed a successful investment product and at the same time created a fully functioning management platform for this asset class. In Bayerische Versorgungskammer, we now have another institutional partner by our side who is convinced of the product's great value.

There is great demand in the market, and real estate prices are rising. Mr. Landschreiber, in which asset classes do you see further potential?

Thomas Landschreiber: As a rule, we are always interested in all asset classes and respond flexibly to opportunities arising in the market. There is still great potential both in the residential property market and especially in segments such as student residences and micro-apartments. One of our investment products is currently investing heavily in retail properties and shopping centers in German medium-size city centers. Our high street retail product line generates positive dividend yields at an adequate risk profile.

Thomas Landschreiber
Chief Investment Officer

"Our strategy has proven highly profitable and viable for the future."

Could you go into more detail to explain the considerations behind this investment strategy?

Thomas Landschreiber: Contrary to Germany's large top-7 cities, there is still plenty of real estate on offer at attractive conditions in German medium-size city centers, and by far not all international investors have identified this potential. So, we go to these mid-order centers to find the right assets – exclusively in prime locations of the respective towns, such as pedestrian zones. Properties that meet our investment criteria are acquired, pooled and structured into investment products. In doing so, we focus on retail properties and smaller shopping centers that have large chain stores as their anchor tenants. These have the same high credit rating, no matter the location, which ensures long-term secured and plannable rental income. Most commonly, the scope of these transactions is too big for private buyers and too small for institutional investors. As an effect, we can acquire these properties at attractive prices and generate above-average returns.

How important is the German market in this respect, considering that you are also active in other German-speaking countries and Spain?

Sascha Wilhelm: From a historical perspective, our activities center on the German market. We know our way around here very well, and Germany is becoming increasingly important for investors, also compared to the other European countries. The question is whether assets for investment are still available – and they are in the markets in which we are active. We currently focus on Germany, German-speaking countries and Spain. There are plenty of interesting investment opportunities especially in Spain for those investors who strive to generate opportunistic returns. In the future, thanks to the acquisition of Hannover Leasing, we will also be well represented in the office and retail real estate markets in the Benelux countries.

After about ten years in business, CORESTATE has reached a transaction volume of well beyond EUR 27 billion. What were the main areas in which you generated this impressive sum?

>€ 27 bn

Transaction volume since 2006 in all real estate asset classes, including Hannover Leasing

Sascha Wilhelm: This success is the result of our entrepreneurial flexibility and creativity. Ultimately, there has not been the one strategy, but a few. An important issue in this context was a change in strategy at the right time. Initially, we focused on residential real estate, later on micro-apartments that we also developed ourselves. Two and a half years ago, we started to pay increasing attention to the previously mentioned retail properties. Finally, the aforementioned acquisition of Hannover Leasing has taken us to the next level. Our company manages, among other things, office and retail real estate funds in the core and core+ segments in Germany and abroad. Not least because of this development, we are considered a competent partner in all these asset classes and develop the respective investment products. Just recently, in late 2016, a major German insurance company has given us a residential real estate mandate.

CORESTATE often acts as a co-investor for its clients' products. What is the idea behind this approach?

Daniel Schoch: Alignment capital investment are an important building block of our business model – especially in relation to semi-institutional and private clients. Assuming 5-10% of the equity required for an investment product, thereby "buying into" the risk and rewards of the underlying transaction and assuming responsibility far beyond the role of just an investment manager, substantially builds trust and related long-term relationships with that client group. For CORESTATE, we are accessing additional sources of income. i.e. dividends and capital gains from the underlying real estate assets or portfolios. At the same time, such alignment capital investments are a very convincing argument when it comes to the continued acceptance of the attractive fee structures related to such investment products.

Last year, you once again achieved double-digit growth rates. What makes CORESTATE so successful?

Sascha Wilhelm: You can only be very successful in areas in which you have in-depth expert knowledge. We are characterized by the great expertise of our decision-makers and are known for our ability to act quickly on the market. We know the local markets and players well and can identify and tap into the potential of real estate in all asset classes thanks to our fully integrated management platform. This makes us flexible, efficient – and ultimately, successful.

What are your goals for the current business year?

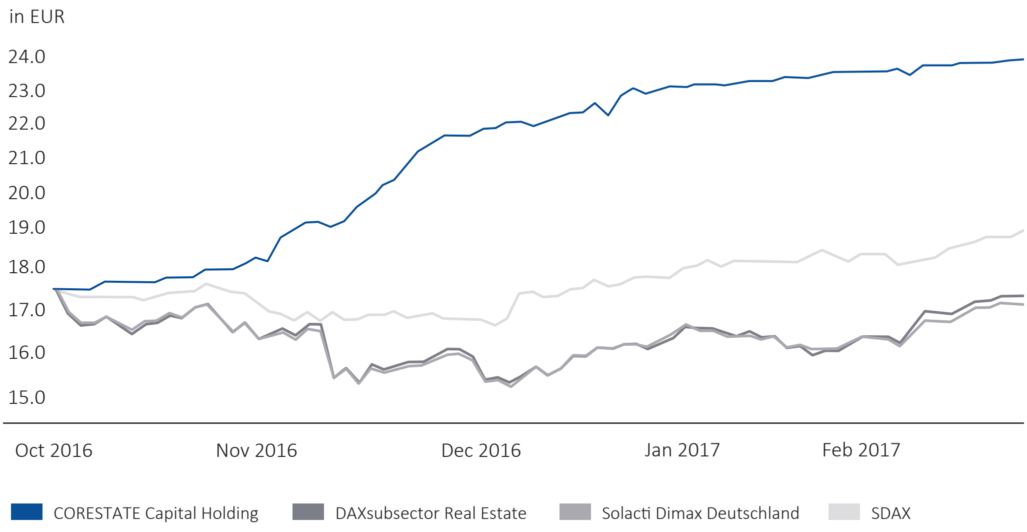
Sascha Wilhelm: In the current business year, we want to build on our previous accomplishments and exceed our record results once again. We are in a good place for succeeding in these efforts. Our strategy is proving profitable and viable for the future. More specifically, we will focus on driving the successful integration of the Hannover Leasing Group into the CORESTATE Group. At the same time, we will launch more medium- and long-term investment products for our client base of institutional investors and therefore step up our warehousing activities. In the future, large-volume transactions will have to be a complementing element of our business. Naturally, we will also continue to develop innovative products for our semi-institutional clients. These activities are meant to strengthen our assets under management in the long term. In principle, further takeovers are also an option. We expect the investment management market to consolidate. Another goal concerns our capital market profile: we want to strengthen the liquidity further via suitable capital measures.

Daniel Schoch
Chief Financial Officer

"We are characterized by the great expertise of our decision-makers and are known for our ability to react quickly to changing market conditions."

The CORESTATE Share

Share price development between October 2016 and January 2017



33.3 %

Increase in stock value in 2016

Positive share price development

The shares of CORESTATE Capital Holding S.A. were listed in the Entry Standard of the Frankfurt Stock Exchange on 4 October 2016. The first price was EUR 17.40/share. Over the course of the remaining year, the share price developed positively, standing at EUR 23.39 on 30 December 2016 equivalent to an increase in value of c. 33% since the first day of trading on October 4, 2016. The market capitalization of CORESTATE thus amounted to EUR 292.6 million at the end of the year.

The DAX subsector Real Estate Performance Index decreased by 6.9% during the same period. The real estate performance index Solactive DIMAX Deutschland also lost 6.4% while the SDAX improved by 1.6%. This means that the CORESTATE stock outperformed all relevant benchmark indices.

Frequent communication with the capital market

To maintain and continuously strengthen the trustful relationship to analysts, and potential investors, as well as other stakeholders is among the top priorities of the CORESTATE management. Our investor relations activities aim at providing regular and transparent information about our business development and the company's strategy. Both the company's management and investor relations team are highly accessible for all interested parties. In the course of the semi-annual earnings releases, the company offers conference calls hosted by the management. In 2016, the management participated in investor conferences in Frankfurt and Munich. In addition, the management was discussing the business and key strategic issues during two roadshows covering, amongst other European cities, London, Frankfurt, Helsinki, Brussels, and Zurich. Our focus will be on further professionalizing and intensifying the investor relations activities throughout 2017, particularly by building up an internal investor relations team, and also raising the company's capital markets profile with respect free float and a potential uplisting to the Prime Standard of the Frankfurt Stock Exchange.

Shareholder structure

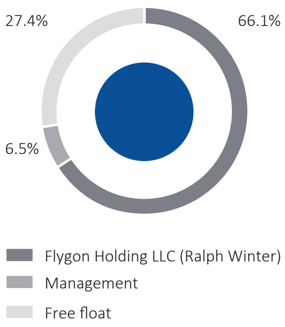
At the end of the reporting period, on 31 December 2016, the total share ownership of CORESTATE Capital Holding S.A. stood at 12,610,681 (including 2,868,381 newly issued shares from the private placement).

As of 31 December 2016, members of the management and supervisory boards owned 6.5% of shares.

In addition, as of 31 December 2016, CORESTATE founder Ralph Winter held a share of 66.1% in CORESTATE Capital Holding S.A. via Flygon Holding LLC.

Close to 27.4% of shares are in free float. This share is expected to be substantially increased, particularly to increase the stock's liquidity.

Shareholder structure as of 1 January 2017



Financial calendar

28 April 2017	**Annual General Meeting**
16 August 2017	**Publication of Interim financial statement**

Basic share data

WKN/ISIN	**A141J3/LU1296758029**
Ticker symbol/Reuters code	**CCAP**
Trading segment	**Entry Standard**
Stock exchange	**Frankfurt**
Type of stock	**No-par value bearer shares**
Number of shares	**12,610,681**
First day of Trading	**4 Oct 2016**
Share price as of 4 October 2016	**17.40 EUR**
Share price as of 30 December 2016	**23.20 EUR**
Change in percentage	**+33.3%**
Period high	**23.20 EUR**
Period low	**17.40 EUR**
Designated sponsor	**equinet Bank AG**

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Management Report

Management Report CORESTATE Capital Holding S.A., Lumxembourg

MANAGEMENT REPORT

A.1 Company Background

CORESTATE Capital Holding S.A. (hereinafter "CCH SA" or "the Company") is a public limited liability company (société anonyme) incorporated under Luxembourg law, with registered office at 4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. The Company was registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés) under B 199 780 on 7 September 2015, and was originally established on 21 August 2015. The Company's financial year starts on 1 January and ends on 31 December of each year. The first financial year was a short period from 21 August 2015 to 31 December 2015.

CCH SA is a fully integrated real estate investment manager covering all elements of the real estate investment lifecycle. As an integral part of its investment philosophy, CCH SA typically co-invests by way of alignment capital in its product offerings for private and semi-institutional clients. Warehousing has also become a relevant element in the Company's business model since acquiring certain real estate assets for its own account and balance sheet for a limited period of time allows CCH SA to seize opportunities both in competitive situations as well as in order to establish seed portfolios for institutional clients. In addition, the Company together with its subsidiaries (the "Group") provides the full range of asset, fund, and property management services for its clients and related investment products. Its product offering primarily covers residential, commercial, and microliving assets (including developments), and addresses all risk/return profiles, i.e. from core/core plus to value add/opportunistic. Generally, the Company adjusts its product offering to the needs of its client base and in line with relevant market dynamics. Its client base consists of both private ((ultra) high-net-worth individuals (U)HNWI) and semi-institutional as well as institutional clients. The Group's key market is Germany, and has selected activities in other European countries such as Austria, and Spain. It operates principal offices in Germany, Switzerland, Spain, and Singapore, as well as a German network of branch offices of its property management platform CAPERA. As at 31 December 2016, the Group employed about 308 FTE (previous year 249 FTE). The Group generates revenues and income in the following three business segments,

CORESTATE

is a fully integrated real estate investment manager and co-investor

- Real Estate Investment Management
- Alignment Capital Management
- Real Estate Operations and Warehousing

A.2 Market and Product Offering Development

The Group's core market, Germany, continues to be characterized by a continued increase in pricing levels and corresponding yield compression on the back of continued capital inflows to real estate largely driven by the European Central Bank's quantitative easing policy and the related requirement in particular for large institutional investors such as pension schemes, insurances, etc. to seek alternative stable and yielding investments.

Against such a background, the Company has created two tailor-made investment products, and has secured two managed accounts with institutional clients, Bayerische Versorgungskammer ("BVK") and a German Insurance Company ("InsuranceCo"). For BVK, a student home fund was launched targeting assets under management of up to EUR 500m. This fund was seeded in October 2016 with successfully completed student home developments originally held in investment products of the Company's semi-institutional clients. For the InsuranceCo, the Company is going to invest a middle three-digit million euro amount in residential assets in secondary German cities. Furthermore, as a reaction to the continued demand from private and semi-institutional, high-yielding assets, the Group has expanded its investment product offering based on highstreet retail assets in German secondary cities, and has launched further investment products in an aggregate volume of more than EUR 600m in 2016 in such asset class. To complete the product range, and also to continue to address the opportunistic return requirements of its clients, the Company is actively structuring student home and microliving development projects in Germany as well as in Spain and Austria for such clients. Both asset classes, highstreet retail and microliving, once having achieved a critical size, may form seed portfolios for institutional client investment products. The acquisition of Hannover Leasing Group announced in December 2016, and expected to close in H1/2017 will further complement the Company's product offering both from a regional perspective (in particular Benelux countries) as well as with respect to real estate classes (office, high class retail).

A.3 Key Financial Highlights

The consolidated total revenues of the Group (including Total Revenue from Real Estate Investment Management as well as Net Rental Income and Revenues from Service Charges) have grown by c. 6% vs 2015 to k€42,210 (previous year: k€39,914). Such growth was primarily supported by strong transaction activity as well as a further expansion of asset and property management mandates. While acquisition-related fees were up c. 115% vs the prior year, and particularly driven by further successfully placed highstreet retail asset based investment products as well as the launch of the student home fund for BVK, fees generated from the Group's asset and property management services were up c. 21% to k€25,336 (previous year: k€20,886) predominantly driven by additional revenue-generating asset under management from highstreet retail as well as microliving-based investment products. Such development is also reflected in the change of the Group's assets under management (AuM) – at year-end 2016, AuM stand at c. € 2.8bln (up ca. 35% vs 2015). In 2016, promote fees were a less prominent contributor to the Group's consolidated total revenues compared to 2015 and decreased by c. 52% to k€5,817 (previous year: k€12,174). Such success-based fees did relate to the sale of the student housing projects BEN and Turbo VIE to the BVK student home fund. The revenue contribution from real estate assets held for warehousing purposes was k€1,442 (previous year: k€1,879), and primarily relate to a commercial asset located in Kronberg, Germany.

Including the share of profit or loss from associates and joint venture (k€5,255 (previous year: k€4,695) as well as the net gain from selling property holding companies (k€12,244 (previous year: k€2,506), the Group's aggregate revenues and gains increased by c. 27% to k€59,709 (previous year: k€47,115).

The total expenses of the Group (excluding financial expenses as well as depreciation and amortization) have increased to k€39,811 from k€35,642. Adjusted for one-off impacts in 2016 in relation the listing of the Company (k€810), from the issuance of share grants to the members of the management board (k€967) as well as resulting from the contemplated acquisition of Hannover Leasing Group (k€1,294) as well as one-off impacts in 2015 from the aborted IPO (k€5,825), and further eliminating the effect from the first-time consolidation of the microliving operating platform (k€734) as well as cost in relation to the restructuring of the go-to-market approach in Spain (k€2,099), total expenses increased by k€4,037 from k€29,817 to k€33,908. Such change by c. 14% is driven by real estate investment management with an increase of k€2,654 as well as management of associates and joint ventures (k€2,066), partially offset by a k€400 decrease in general and administrative expense from k€7,293 to k€6,893. The increase versus 2015 is primarily driven by a further expansion of the Group's property management business in particular for third party clients as well as various new hires for both its investment team and institutional clients group.

Other key contributors to the development of the Group's net profit of k€15,556 (up k€5,469 vs 2015) were gains realized from the transfer of real estate assets acquired under warehousing operations into various investment products for the Company's clients (k€12,244) as well as the Group's share of profit from associates and joint ventures (k€5,255). Such contribution is predominantly resulting from the sale of the Group's alignment capital investment in Project BEN (k€1,619), the sale of its minority stake in Madrid-based development Icono Torre Vida (Project Salute, k€2,052) as well as the pro-rated income in relation to the various alignment capital investments (k€1,584 (net), in particular highstreet retail and microliving-related). The Group's net profit adjusted for the the various one-off items as well as interest expenses on share-holder loans is up c. 17% from k€16,591 to k€19,415. On an undiluted basis, the Group's net profit trans-lates into Earnings per Share of €1.47, an increase of 31% over financial year 2015 (€1.12).

Financial expenses of k€3,315 (previous year: k€3,458) particularly include expenses in relation to the Group's debt financing facilities provided by Schwyzer Kantonalbank (k€145, previous year k€132) the mortgage-backed loan from Rüsselsheimer Volksbank eG (k€59) in relation to the warehousing asset Kronberg as well as k€842 resulting from the warehousing facility provided by SO Holding AG. In addition, various loans granted by the Company's shareholders (or related parties thereto) Intershop Holding AG and Ralph Winter accounted for interest expenses in an aggregate amount of k€1,861. Income tax expenses primarily include current income tax expenses of k€904 and deferred income taxes (k€409). Deferred income taxes relate to the partial usage of prior year's tax loss carry forwards (originally resulting from the cost in relation to the cancelled IPO of the Company) as well as to an adjustment of the corresponding deferred tax asset resulting from an adjustment of the applicable Luxembourg tax rate to 27.02% from 29.22%.

+31 % EPS GROWTH

All Earnings Data has seen substantial increases vs 2015, and prove the company's longstanding profitable growth trajectory; EPS increased by ca. 31% thereby generating significant value for all shareholders

Solid financials

The Group' solid capital structure and financial situation is reflected by an equity ratio of ca. 66%, gross cash available of €47.5m as well as net cash position of c. €23.3m

The Group's total assets increased by k€21,921 to k€130,605 by 31 December 2016 (previous year: k€108,684) mainly as result of the cash proceeds generated from the private placement in September 2016 (k€43,050) as well as the reduction of real estate assets held in warehouse at year-end (k€15,905, previous year k€39,216). Alignment investments grew, on a net basis, from k€29,247 to k€35,747, reflecting both the Group's continued expansion of its HIGHSTREET retail-based investment product offering as well as the exit from certain alignment capital investments (e.g. Projects BEN and TURBO VIE). Cash and cash equivalents at year-end 2016 were up from k€9,647 to k€47,509. The Group's total equity ratio increased from c. 32% as at 31 December 2015 to c. 66% as a consequence of the private placement structured as cash capital increase. In addition, substantially reduced bank debt (down k€7,248 from 2015 year-end) and other current liabilities (down k€31,034 from 2015 year-end), both driven by a lower real estate asset volume in warehouse at year-end also contributed to the strengthening of the Group's net financial position.

A.4 Business Development and Outlook

For the financial year 2017, the Group is expecting a further increase of its investment volume, in particular fueled by the launch of additional highstreet retail-based investment product offerings and student housing/microliving projects as well as the implementation of the investment strategy for the managed accounts of BVK and InsuranceCo. Consequently, acquisition-related fees as well as revenues from asset and property management are expected to continue to grow vs 2016. Also, the Group will continue to seek to convert some of its existing investment products into offerings tailored to the needs of the institutional client base which may also result in promote fees realized to increase again to at least 2015 levels. Against the background of increasing competition in the real estate markets relevant to the Group, and the need to provide seed assets or portfolios for the Company's growing institutional client base, warehousing activity will continue to be a key business catalyst and contributor to the Group's aggregate revenues and gains. As a result, the guidance provided by the Group's management board in January 2017 on the development of Aggregate Revenues and Gains (€75-80m) as well as Net Profit (€30-32m) remains unchanged (in each case excluding any effects from the contemplated acquisition of Hannover Leasing Group). The distribution of 70% of the Adjusted Net Profit 2016 is also confirmed.

The contemplated acquisition of Hannover Leasing Group, the closing of which is expected for H1/2017 following the clearance by BaFin as a result of the ownership control procedures, is currently not projected to materially contribute to the Company's net profit in 2017. While the acquisition significantly adds to the Group's AuM thereby materially increasing the contribution from recurring management fees to the Group's revenue base, and extends the Company's product offering both from a regional and real estate asset class perspective as well as enlarges the Company's access to institutional clients, 2017 is currently viewed as a transitional year with respect to Hannover Leasing Group. The main focus will be on a successful integration combined with realizing synergy potentials.

While the Company is expecting continued strong capital inflows into (German) real estate, in particular driven by further increased real estate allocations of institutional investors in general as well as based on its successful track record of past investments combined with strong demand from its existing client base for its innovative investment products, global political uncertainties (US presidential strategy), scheduled elections in major European countries such as France and Germany, combined with potential shifts in interest rates and a general shortage of asset supply for investment products may put certain restrictions on the Group's development in 2017.

Luxembourg, 21 February 2017

Sascha Wilhelm
Chief Executive Officer

Daniel Schoch
Chief Financial Officer

Thomas Landschreiber
Chief Investment Officer

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Consolidated Financial Statements and Notes

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF CORESTATE CAPITAL HOLDING S.A., LUXEMBOURG

in k€	Notes 2016	**31.12.2016**	31.12.2015
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	F.1	1,235	642
Intangible Assets	F.2	930	96
Investment in Associates and Joint Ventures	F.3	35,747	29,247
Other Financial Instruments	F.4	2,217	31
Long-term Loans to Associates	F.5	2,493	-
Deferred Tax Assets	F.6	2,363	2,406
Total Non-Current Assets		**44,985**	**32,421**
Current Assets			
Advance Payments for Property Purchase Prices	F.7	1,305	1,000
Inventories	F.8	15,905	39,216
Receivables from Associates	F.9	8,263	11,469
Receivables from Joint Venture	F.10	1,031	5,755
Trade Receivables	F.11	5,271	3,984
Other short-term Receivables	F.12	1,530	1,329
Current Income Tax Assets		730	122
Other Short-term Assets	F.13	3,376	940
Restricted Cash	F.14	700	2,800
Cash and Cash Equivalents	F.14	47,509	9,647
Total Current Assets		**85,619**	**76,263**
Total Assets		**130,605**	**108,684**

in k€	Notes 2016	**31.12.2016**	31.12.2015
EQUITY AND LIABILTIES			
Equity			
Share Capital	F.15	946	195
Other Reserves	F.16	69,699	24,292
Net Profit/(Loss) for the Period		15,396	9,656
Subtotal Capital Accounts of shareholders of parent company		*86,040*	*34,143*
Non-controlling Interests	F.17	405	213
Total Equity		**86,446**	**34,356**
Non-Current Liabilities			
Long-term Financial Liabilities to Banks	F.18	14,126	25,378
Net Employee defined Benefit Liabilities	F.19	102	443
Other non-current Liabilities	F.20	9,730	1,275
Total Non-Current Liabilities		**23,957**	**27,096**
Current Liabilities			
Short-term Financial Liabilities to Banks	F.21	4,004	0
Short-term Liabilities to Associates	F.22	948	91
Trade Payables	F.23	7,266	8,258
Current Income Tax Liabilities	F.24	1,050	603
Other Current Liabilities	F.25	6,934	38,279
Total Current Liabilities		**20,202**	**47,232**
Subtotal Liabilties		**44,159**	**74,328**
Total Equity and Liabilties		**130,605**	**108,684**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

in k€	Notes 2016	**Financial year 2016**	Financial year 2015
Revenue from Acquisition Related Fees	G.1	9,615	4,483
Revenue from Asset and Property Management	G.2	25,336	20,886
Revenue from Sales Fees		-	491
Revenue from Promote Fees realised	G.3	5,817	12,174
Total Revenue from Real Estate Investment Management		*40,769*	*38,034*
Management Expenses		(23,167)	(19,779)
Total Expenses from Real Estate Investment Management	G.4	*(23,167)*	*(19,779)*
Total Earnings from Real Estate Investment Management		**17,601**	**18,255**
Share of Profit or Loss from Associates and Joint Ventures	G.5	*5,255*	*4,695*
Expenses from Management of Associates and Joint Ventures	G.6	*(2,637)*	*(667)*
Total Earnings from Alignment Capital Management		**2,617**	**4,028**
Net Rental Income		1,078	1,322
Revenue from Service Charges		364	557
Net Gain from Selling Property Holding Companies	G.7	12,244	2,506
Total Income from Real Estate Operations / Warehousing		*13,685*	*4,386*
Expenses from Real Estate Operations / Warehousing	G.8	*(4,044)*	*(2,077)*
Total Earnings from Real Estate Operations / Warehousing		**9,641**	**2,308**
General and Administrative Expenses	G.9	(9,963)	(13,118)
Other Income	G.10	147	803
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)		**20,044**	**12,276**
Depreciation and Amortisation	G.11	(374)	(349)
Earnings before Interest and Taxes (EBIT)		**19,670**	**11,927**
Financial Income	G.12	514	173
Financial Expenses	G.13	(3,315)	(3,458)
Earnings before Taxes (EBT)		**16,870**	**8,642**
Income Tax Benefit / (Expenses)		(1,313)	1,446
Net Profit / (Loss) for the Period		**15,556**	**10,087**
of which attributable to equity holders of parent company		*15,396*	*9,656*
of which attributable to non-controlling interests	F.17	*160*	*431*
Total Revenues[1]		**42,210**	**39,914**
Total Expenses[2]		**(39,811)**	**(35,642)**

[1] not including Share of Profit or Loss from Associates and Net Gain from Selling Property Holding Companies
[2] excluding Financial Expenses and Depreciation and Amortisation

in k€	Notes 2016	**Financial year 2016**	Financial year 2015
Earnings per Share (in €):			
Basic, Profit for the Year attributable to Ordinary Equity Holders of the Parent	I.1	1.47	1.12
Diluted, Profit for the Year attributable to Ordinary Equity Holders of the Parent	I.1	1.46	1.11
Other Comprehensive Income (in k€)			
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):		-	-
Exchange differences on translation for foreign operations		-	-
Income Tax Effect		-	-
Net (Loss)/Gain on Available-for-sale Financial Assets		-	-
Income Tax Effect		-	-
Net Other Comprehensive Loss to be Reclassified to Profit or Loss in Subsequent Periods		-	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):		-	-
Remeasurement Gains (Losses) on Defined Benefit Plans	F.19	455	(167)
Income Tax Effect		(66)	24
Net other Comprehensive Income/(Loss) not to be Reclassified to Profit or Loss in Subsequent Periods		388	(143)
Other Comprehensive Income / (Loss) for the Period, Net of Tax		**388**	**(143)**
Total Comprehensive Income for the Period, Net of Tax		**15,945**	**9,944**
of which attributable to equity holders of parent company		*15,784*	*9,513*
of which attributable to non-controlling interests		*160*	*431*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY 2016 TO 31 DECEMBER 2016

in k€	Notes 2016	Share Capital	Participation Capital	Legal Reserve	Additional Capital Paid In	Retained Earnings
Closing Balance of Capital Accounts as at 31 December 2014 (audited)		**90**	**27**	**60**	**10,020**	**15,895**
Profit for the period		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total Comprehensive Income for the Period		-	-	-	-	-
Issue of new capital (including contribution in kind)		195	-	-	-	-
Equity-settled share-based payment		-	-	-	-	9
Dividends paid		-	-	-	(10,020)	(3,820)
Reclassification/others		(90)	(27)	(60)	-	12,397
Closing Balance of Capital Accounts as at 31 December 2015 (audited)		**195**	**-**	**-**	**-**	**24,482**
Profit for the period		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total Comprehensive Income for the Period		-	-	-	-	-
Issue of new capital (including contribution in kind)		751	-	-	42,860	-
Share issuance expense		-	-	-	(1,049)	-
Acquisition of Non-controlling interests		-	-	-	-	(181)
Equity-settled share-based payment		-	-	-	-	338
Distributions/Dividends payment	F.16	-	-	-	(6,618)	-
Reclassification/others		-	-	-	-	9,668
Closing Balance of Capital Accounts as at 31 December 2016 (audited)		**946**	**-**	**-**	**35,193**	**34,307**

Other Revaluations	Other Reserves	Net Profit/(Loss) for the Period	Subtotal Capital accounts of Majority Shareholders	Non-controlling interests in Paid-In Capital and Capital Reserve	Non-controlling interests in Profit for the period	Non-controlling interests	**Total Equity**
(47)	**25,928**	**12,333**	**38,378**	**(1,072)**	**1,410**	**338**	**38,717**
-	-	9,656	9,656	-	431	431	10,087
(143)	(143)	-	(143)	-	-	-	(143)
(143)	(143)	9,656	9,513	-	431	431	9,944
-	-	-	195	-	-	-	195
-	9	-	9	-	-	-	9
-	(13,840)	-	(13,840)	(545)	-	(545)	(14,385)
-	12,338	(12,333)	(113)	1,399	(1,410)	(12)	(124)
(190)	**24,292**	**9,656**	**34,143**	**(218)**	**431**	**213**	**34,356**
-	-	15,396	15,396	-	160	160	15,556
388	388	-	388	-	-	-	388
388	388	15,396	15,784	-	160	160	15,945
-	42,860	-	43,611	-	-	-	43,611
-	(1,049)	-	(1,049)	-	-	-	(1,049)
-	(181)	-	(181)	37	-	37	(144)
-	338	-	338	-	-	-	338
-	(6,618)	-	(6,618)	-	-	-	(6,618)
-	9,668	(9,656)	12	427	(431)	(5)	7
199	**69,699**	**15,396**	**86,040**	**245**	**160**	**405**	**86,446**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

in k€	Notes 2016	Financial Year 2016	Financial Year 2015
Earnings before Taxes (EBT)		**16,870**	**8,642**
Adjustments:			
Amortisation of intangible assets		95	119
Depreciation of property, plant and equipment		276	235
Equity-settled share-based payment		338	12
Effect from valuation of derivatives		-	77
Net loss/(gain) on disposal of property, plant and equipment		44	3
Net loss/(gain) on disposal of intangible assets		3	6
Finance costs		317	333
Interest income		(92)	(78)
Provisions		47	(6)
Share of results from Associates and Joint Ventures		(5,255)	(4,695)
Total adjustments		*(4,227)*	*(3,994)*
Operating cash flows before changes in working capital		**12,643**	**4,648**
Changes in working capital:			
Increase from sale of inventories		44,523	25,339
Decrease from purchase of inventories and advance payments		(61,262)	(60,473)
Changes in receivables and other assets that are not attributable to investing activities		8,204	(7,220)
Changes in liabilities that are not attributable to financing activities		21,161	4,412
Total changes in working capital		*12,626*	*(37,941)*
Cash flows from operations		**25,269**	**(33,293)**
Income taxes received/(paid)		(1,424)	(806)
Net cash flows from operating activities	I.7	**23,845**	**(34,100)**
Outflow for acquisition of subsidiaries		-	(26)
Outflow for Alignment Capital Investments (Associates and Loans)		(27,688)	(13,708)
Inflow from repayment of Alignment Capital Investments (Associates and Loans)		3,274	2,413
Inflow from profit realised from Alignment Capital Investments		10,237	6,957
Purchase of property, plant and equipment and intangible assets		(858)	(202)
Additions to intangible assets		(489)	(8)
Net cash flows generated from/(used in) investing activities	I.7	**(15,524)**	**(4,575)**

in k€	Notes 2016	Financial Year 2016	Financial Year 2015
Net cash flows generated from / (used in) investing activities	I.7	**(15,524)**	**(4,575)**
Proceeds from Issuance of New Share Capital		43,611	-
Share issuance expense		(1,049)	-
Proceeds from additional equity		1	-
Dividend payments		(6,550)	(13,840)
Dividends paid to non-controlling interests		(68)	(545)
Purchase of Derivatives		-	(20)
Sale / (Acquisition) of non-controlling interests		(144)	14
Proceeds from loans and borrowings		28,003	77,785
Repayment of loans and borrowings		(33,983)	(32,791)
Interest Paid		(2,423)	(1,300)
Interest Received		43	-
Net cash flows (used in) / from financing activities	I.7	**27,441**	**29,302**
Total net cash flow for the period		*35,762*	*(9,373)*
Cash and cash equivalents at beginn of Period	F.14	**12,447**	**21,820**
Net change in cash and cash equivalents		35,762	(9,373)
Cash and cash equivalents at end of Period	F.14	**48,209**	**12,447**

Notes to the Consolidated Financial Statements of CORESTATE Capital Holding S.A., Luxembourg

A. CORPORATE INFORMATION

CORESTATE Capital Holding S.A. (hereafter "CCH SA" or "the Company") is a limited liability company (société anonyme) incorporated under Luxembourg law, with registered office at 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. The Company was registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés) under number B 199 780 on 7 September 2015. The ultimate beneficial owner of the Company is Ralph Winter.

CCH SA was established on 21 August 2015 for an unlimited period of time. The Company's financial year starts on 1 January and ends on 31 December of each year. The first financial year was a short period from 21 August 2015 to 31 December 2015.

As of the incorporation of the Company on 21 August 2015 the Company had a share capital of € 35,000, divided into 1,750,000 shares with a nominal value of € 0.02 each. By resolution of the shareholders of the Company passed at an extraordinary general meeting of shareholders as of 23 September 2015, the share capital was increased by an aggregate amount of € 159,846 in order to bring it from its current amount of € 35,000 up to a new amount of € 194,846, represented by 9,742,300 shares, through the creation and issuance of 7,992,300 shares of the Company, with a nominal value of € 0.02 each. This capital increase was implemented through a contribution in kind of the shareholders shares (registered shares) and participation certificates in CORESTATE Capital AG, Zug/Switzerland, (hereafter "CC AG"), having a total contribution value of € 29,580,846.

This restructuring and the establishment of the new group holding company, CORESTATE Capital Holding S.A., is considered to be a common control transaction as defined by International Financial Reporting Standard 3 "Business Combinations" (Appendix B). Accordingly the directors of the Group have prepared the consolidated financial statements as if the parent company had been in existence since the establishment of CORESTATE Capital AG in June 2006, except for issuance of new share capital The consolidated statements of the CORESTATE Capital Holding S.A. assume that the parent company was holding 100% of the shares since the beginning of the operation.

Following a private placement raising Euro 43 million gross proceeds and structured as cash capital increase, the listing of all of the shares of CORESTATE Capital Holding S.A. took place on 4 October 2016 (first day of trading). All then 12,610,681 ordinary shares in dematerialized form (ISIN LU1296758029/WKN A141J3) are admitted for trading on the Frankfurt Stock Exchange via the non-regulated Entry Standard. Therefore, the Company's shares are not quoted on an European regulated stock exchange (as defined by art. 4 paragraph (1) point 14 of the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments) which essentially simplifies the reporting and publishing requirements. Costs incurred in connection with the listing are recognised directly in the profit and loss account in the amount of k€809 (refer to Note G.9). Furthermore, transaction cost of k€1,482 (net of taxes k€1,049) with regards to the private placement were directly recognised in equity.

CCH SA is a real estate investment manager specialising in the creation and subsequent realisation of real estate related investments in Europe for private and institutional clients. CCH SA and its subsidiaries (the Group) are active as a co-investor and asset and property manager and are focused on residential and commercial (primarily retail and office) real estate as well as microliving projects. Geographically, the Group primarily concentrates on the German market but also is selectively active in other attractive markets in Europe such as Austria and Spain. Its investment product offering covers the full range of the risk/return curve, i.e. from value-add/opportunistic to core, and, in each case, is tailor made to the specific requirements of its clients. As a key element of its business model, the Group is actively warehousing certain real estate in order to seize opportunities both in competitive situations as well as in order to establish seed portfolios for institutional products. As per 31 December 2016, the Group employs about 308 FTE (previous year 249 FTE) real estate experts across 23 offices in 6 countries, providing direct access to local markets.

The Group focuses on three key business segments (see Note D) being

- Real Estate Investment Management
- Alignment Capital Management
- Real Estate Operations and Warehousing

The consolidated financial statements of CORESTATE Capital Holding S.A. and its subsidiaries (the Group) for the year ended 31 December 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 21 February 2017. The consolidated financial statements are subject to approval by the Annual General Meeting.

The consolidated financial statements of CORESTATE Capital Holding S.A. are published according to the provisions of the Luxembourg Law and the exchange rules of the Frankfurt Stock Exchange. They will be available on the Company's website and at the Company's offices at 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg.

In accordance with Luxembourg Company Law, the annual financial statements (in accordance with Lux GAAP) of the Company will also be filed with the Companies Register and an extract will be published in the Recueil Electronique des Sociétés et Association.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards "(IFRS)" adopted by in the European Union ("EU") for the year ended 31 December 2016.

The parent company was CORESTATE Capital AG, Zug/Switzerland until the 23 September 2015. On 23 September 2015, Corestate Capital Holding S.A., Luxembourg, acquired 100% of the equity share capital of CORESTATE Capital AG. This restructure and the establishment of the new group holding company, Corestate Capital Holding S.A., is considered to be a common control transaction as defined by International Financial Reporting Standard 3 'Business Combinations' (Appendix B). Accordingly, the directors of the Group have prepared the consolidated financial statements as if the parent company had been in existence since the establishment of CORESTATE Capital AG in June 2006 by applying the pooling of interests method (Note B.3.1). The consolidated statements of the Corestate Capital Holding S.A. assume that the parent company was holding 100% of the shares since the beginning of the operation.

The following new standards, interpretations and amendments to existing standards and interpretations are applicable for the first time for financial years beginning on 1 January 2016:

- Improvements to IFRSs (2012-2014) (EU effective date: 1 January 2016): These improvements required additional disclosures in the Group's financial statements.
- Amendments to IAS 1 Disclosure Initiative (EU effective date: 1 January 2016): The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI ("Other comprehensive income"). These amendments do not have any significant impact on the Group's financial statements.
- IAS 27 Amendment- Equity Method in Separate Financial Statements (EU effective date: 1 January 2016): This amendment does not have any impact on the Group's consolidated financial statements.
- IAS 16 and IAS 38 Amendment- Clarification of Acceptable Methods of Depreciation and Amortisation (EU effective date: 1 January 2016): This amendment does not have any impact on the Group's financial statements.
- IFRS 11 Amendment- Accounting for Acquisitions of Interests in Joint Operations (EU effective date: 1 January 2016): This amendment does not have any impact on the Group's financial statements yet.

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets, financial liabilities through profit or loss, derivative financial instruments and plan assets that have been measured at fair value.

The consolidated financial statements are presented in Euros, which is the presentation currency of the Group and the functional currency of the parent company and all subsidiaries which were fully consolidated. All values are rounded to the nearest thousand Euros (k€), except where otherwise indicated. The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts or percentage rates, therefore some of the total sums disclosed in the accounts may not add up.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial data set out in this consolidated financial statements, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available, but has been rounded to or equals zero.

B.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of CCH SA and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, it has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

B.3 Summary of significant accounting policies

The accounting policies described in the following are applied for preparing the consolidated financial statements of the Group including its Associates.

B.3.1 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquisition. For each business combination, the Group measures the non-controlling interests in the acquisition at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses or management expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling of interests method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as adjustment of the Participation Capital and Legal Reserves.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

B.3.2 Investment in Associates and Joint Ventures

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its Associates and Joint Ventures (in the segment Alignment Capital Investments) are accounted for using the equity method.

Under the equity method, the investment in an Associate or a Joint Venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the Associate or the Joint Venture since the acquisition date. Goodwill relating to the Associate is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the Group's share of the results of operations of the Associate or Joint Venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the Associate or Joint Venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the Associate or Joint Venture are eliminated to the extent of the interest in the Associate or Joint Venture.

The aggregate of the Group's share of profit or loss of an Associate or a Joint Venture is shown in Share of Profit or Loss form Associates/Joint Ventures on the face of the consolidated comprehensive income statement.

The financial statements of the Associate or Joint Venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Typically, adjustments are made to account for the investment properties held by the Associates/Joint Ventures at fair value rather than at cost (see B.3.11).

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its Associate or Joint Venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the Associate or the Joint Venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associate or the Joint Venture and its carrying value, and then recognises the loss as Share of profit/(loss) of an Associate/Joint Venture in the income statement.

Upon loss of significant influence, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the Associate or the Joint Venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

B.3.3 Current versus non-current classification

The Group presents assets and liabilities in its statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

B.3.4 Fair value measurement

The Group measures some financial instruments such as derivatives and some non-financial assets such as investment properties and plan assets, at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following Notes:

Disclosures for valuation methods, significant estimates and assumptions	Notes C.2.2, E
Disclosures of fair value measurement hierarchy	Note E
Investment properties	Note B.3.11
Investment in unquoted equity shares (AFS)	Note E
Financial instruments (including those carried at amortised cost)	Note I.5.2
Plan assets	Note F.19

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (comparable transactions)
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (Valuation models)

For assets and liabilities that are measured at fair value on a recurring basis in the financial statements, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Executive Management Committee ("EMC") determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets. The EMC comprises the chief executive officer, the chief investment officer, and the chief financial officers.

External valuers are involved for valuation of significant assets, such as investment properties and derivative financial instruments. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the EMC analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the EMC verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The EMC, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

B.3.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

B.3.5.1 Sale of completed property

The transfer of ownership of a property occurs when all significant risks and returns have been transferred to the buyer. For conditional exchanges sales are recognised only when all the significant conditions are satisfied.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For sale of real estate property, transfer of ownership usually occurs when all rights and obligations are transferred to the purchaser.

B.3.5.2 Sales of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

- A contract to construct a property, or
- A contract for the sale of a completed property

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage-of-completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Group

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

B.3.5.3 Fees

Fees from the operating business of the Group, such as Acquisition Related Fees, Asset and Property Management Fees and Sales Fees, are recognised with reference to the relevant individual contractual terms and on accrual basis.

Acquisition Related Fees and Sales Fees relate to fees earned in relation to the acquisition or divestment of real estate assets by the Associates or third parties. Acquisition related fees amount to 1.0% and 1.5% of the purchase price of the underlying assets of the portfolio, and in certain situations also a lump-sum onboarding fee amounting to k€500 is agreed with the clients. These fees are paid for sourcing and structuring of the transaction, conducting the due diligence, administrating and supervising the step-by step acquisition of the real estate asset or the establishment of real estate products and are typically received and paid at the conclusion of the transaction documentation. These fees are recognised in profit or loss when the respective services are rendered.

Asset Management Fees are determined in a range of 0.35% and 0.60% p.a. of the value of the real estate assets of the Projects and third-party assets managed. These fees are recognised on an accrual basis over the time when the services are rendered, and differ between investment products offered to private clients and those offered to institutional clients.

Property Management Fees are derived from the provision of property management services. These fees are also recognised on an accrual basis over the time when the services are rendered.

In certain Projects, the Group is entitled to receive a Promote fee (Note C.2.1) between 15% and 20% of the net project returns at the end of the life of the fund as consideration for services provided in connection with the sale of the properties. Net project returns are defined as operating income, aggregate proceeds from sales and re-financing proceeds, in each case net of all principal repayments, working capital requirements and after any debt service, and in each case actually incurred on a cash basis relating to the Transaction, and irrespective of whether these will be paid by way of capital repayment, dividends or by any other means to the Investors.

The claim for the Promote fee is only recognised when the relevant transaction documentation resulting in a net project return has been validly entered into, and the transaction has been closed and becomes payable after all investor commitments have been fully repaid to the investors. The Promote fee is basically being paid out as a disproportional profit allocation.

B.3.5.4 Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue. Contingent rental income is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

Income arising from expenses recharged to tenants (in particular Revenue from Service Charges) is recognised in the period in which the respective services are rendered.

Service and management charges and other such receipts are recorded separately gross of the related costs, as the directors concluded that the Group acts as a principal in this respect.

B.3.5.5 Net Gain from Selling Property Holding Companies

Net Gain from Selling Property Holding Companies comprises the proceeds from selling real estate holding companies less selling costs less carrying value of the assets and liabilities. Such real estate holding companies were established to purchase investment property for the sale in the ordinary course of business in the course of the Group’s warehousing activities.

If the sale of the real estate property is structured as a “share deal”, the gain is recognised when the relevant real estate holding company is deconsolidated from the Group.

B.3.5.6 Share Profit of Loss from Associates and Joint Ventures

Share Profit or Loss from Associates reflects the Group’s share of the results of operations of the Associate or the Joint Venture using the equity method as well as gains and losses from the disposal of shares in Associates or Joint Venture. The periodic results of operations of the Associates or the Joint Ventures typically includes the recurring result from rental operations as well as results from sales of real estate assets and potential fair value adjustments of the underlying properties, net of costs, financial expenses and taxes. Share Profit or Loss from Associates is presented as a separate line item in the income statement, and reflects the income generated from the Group’s alignment capital investments.

B.3.5.7 Financial Income and Financial Expenses

Finance Income comprises interest income from bank balances and loans granted, dividend income and gains on the disposal of AFS financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method (EIR-method). Dividend income is recognised when the Group‘s right to receive the payment is established, which is generally when shareholders approve the dividend. Dividend income is included in Share of Profit or Loss from Associates or Finance Income in the income statement.

Financial Expenses comprise mainly interest expenses on financial liabilities, fees incurred in connection with the arrangement of debt facilities, foreign currency gains and losses and impairment losses recognised on financial assets (other than trade receivables).

B.3.6 Taxes

B.3.6.1 Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

B.3.6.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, Associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

B.3.7 Foreign currencies

The Group's presentation currency is the Euro (€), which is the presentation currency of the Group and the functional currency of the parent company and all subsidiaries which were fully consolidated. The Group's performance and its liquidity management is evaluated in Euro. Therefore, the Euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

B.3.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Software 3 to 5 years
- Corporate brand “YOUNIQ” 14 years (see below)

The Group acquired the corporate brand “YOUNIQ” in 2016. The corporate brand has been legally protected for a period of 10 years by the relevant government agency with the option of renewal at the end of this period (the current protection expires in 2020). The corporate brand may be renewed at little or no cost to the Group. The Group will only once renew the corporate brand for a period of 10 years in 2020, because a further use of the brand “YOUNIQ” after 2030 is not expected. As a result, the corporate brand “YOUNIQ” is assessed as having a definite remaining useful life of 14 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

B.3.9 Property, plant and equipment

Property, plant and equipment is recognized at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Cars 3 to 5 years
- IT equipment 2 to 3 years
- Office equipment 3 to 10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on sale of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is presented net in the income statement.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

B.3.10 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

B.3.10.1 Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease; all other leases are classified as operating leases.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

B.3.10.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. As of year-end, except for the warehousing asset located in Kronberg/Germany (commercial building), the Group acts only as a lessor in regard to its office sub-lease agreements.

B.3.11 Investment properties

Investment properties as the main assets of the Associates are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee (Red Book).

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

B.3.12 Inventories

Inventories comprise assets held for sale in the normal course of our warehousing business, assets that are manufactured for such sale or that are used in the course of the production of products or the provision of services. Within the Group real estate properties of segment “Real Estate Operations and Warehousing” are recorded as inventory properties if they were acquired with the intention of selling these within the normal business cycle. In this respect, the “normal business cycle” to a degree significantly exceeds a 12-month period in the case of inventory properties so those assets are reported as short-term assets in the consolidated statement of financial position item even though they will probably be held for more than one year. Inventories are primarily related to the Group’s warehousing activities.

Inventories are valued at the lower of cost and net realisable value.

The costs include freehold and leasehold rights for land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventory recognized in profit and loss on disposal is determined with reference to the specific costs incurred on the property sold.

B.3.13 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

B.3.13.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables or AFS financial assets. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. The losses arising from impairment are recognised in the income statement in financial expenses.

Available-for-sale (“AFS”) financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the income statement in financial expenses.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised costs

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset‘s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset‘s original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income (recorded as financial income in the income statement) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to financial expenses in the income statement.

AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from OCI and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

B.3.13.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss" (financial liabilities at FVTPL) or as "loans and payables".

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and other liabilities, and derivative financial instruments (only relevant to Associates).

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are subsequently measured at fair value through profit or loss.

Loans and payables

After initial recognition, interest-bearing payables, loans and other liabilities are subsequently measured at amortised cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

B.3.13.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

B.3.14 Derivative financial instruments

Derivative financial instruments, such as interest rate swaps and caps to hedge interest rate risks, are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recognised in profit or loss.

The Group or its investments do not apply hedge accounting.

B.3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of financing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

B.3.16 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

B.3.17 Cash distribution to equity holders of the parent

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Luxembourg, a distribution is authorised when it is approved by the annual general meeting of shareholders (refer to Note F.16) or in case of an interim dividend, by the Management Board as per the articles of incorporation of the Company and subject to the conditions of the corporate law of Luxembourg. A corresponding amount is recognised directly in equity.

B.3.18 Provisions

Provisions (mainly in Associates) are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financial expense.

B.3.19 Employee benefits

Total personnel expenses amounted to k€20,775 in the 2016 financial year (previous year k€15,237). This includes employer pension scheme contributions for defined benefit plans in Germany of k€831 (previous year k€643).

B.3.19.1 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or contractual obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

B.3.19.2 Pensions and other post-employment benefits

Based on the statutory requirements in Switzerland, in its Swiss subsidiary, the Group has to operate a defined benefit pension plan, which requires contributions to be made to a fund administered by an independent insurance company.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

B.3.20 Share-based payments

The Group has cash-settled share-based compensation plans under which it receives services from qualifying employees in exchange for a liability to transfer cash in the amount equal to equity instruments of another group entity.

For cash-settled share-based payment transactions, services received and the liability incurred are measured at the fair value of the liability. Until and at settlement, the fair value of the liability is remeasured at the end of each reporting period with any changes in fair value recognized in profit or loss for the period.

The Group has equity-settled share-based compensation plans, under which it receives services from qualifying employees in exchange for equity instruments. The employee services received in exchange for the grant of the equity-settled payments are measured at the fair value of the equity instruments granted and are recognized as expenses, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards.

B.4 New Standards issued but not yet effective

New standards and interpretations as well as amendments to existing standards and interpretations are usually not applied by the Group before the effective date.

Interpretations and amendments to existing standards that will be effective for financial years beginning after 1 January 2017, and which have not been applied in preparing these consolidated financial statements are:

- IFRS 10 and IAS 28 Amendment- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (EU effective date: indefinitely postponed): This amendment is not expected to have any impact on the Group's financial statements.
- IFRS 15- Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. On 12 April 2016, clarifying amendments were issued that have the same effective date as the standard itself. Effects from the implementation is currently being analysed.
- IFRS 9 Financial Instruments: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

The following new standards were issued by the International Accounting Standards Board (IASB) and are expected to be of relevance for the company. These are not yet effective in the EU and hence have not been applied in preparing these consolidated financial statements.

- In January 2016, IASB published IFRS 16 “Leases” (EU effective date: 1 January 2019). IFRS 16 replaces IAS 17 “Leases” and the associated interpretations.

  According to the new regulations, lessees are required to account for all leases in the form of a right of use, and a corresponding leasing liability. A lease contract exists if the fulfilment of the contract depends on the use of an identifiable asset and the customer simultaneously acquires control of this asset. The presentation in the income statement is essentially a finance lease transaction, so that the right of use usually depreciates on a straight-line basis and the leasing liability is updated using the effective interest method. Leases with a total term of a maximum of twelve months, and leases of so called low value assets (purchase price up to USD 5,000) are excluded from this principle.

  IFRS 16 is to be applied to fiscal years starting on or after January 1, 2019. Early adoption is permitted, as long as IFRS 15 has already been applied. The EU endorsement of IFRS 16 is still pending. We will evaluate the effects of the new standard on all lease agreements where the Group is a lessee (refer to Note I.10.1) after the standard is endorsed.
- IAS 7 Disclosure Initiative- Amendments to IAS 7 (Effective date: 1 January 2017). The amendments to IAS 7 Statement of Cash Flows are part of the IASB’s Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is not expected to have any material impact on the Group‘s financial statements.
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses- Amendments to IAS 12 (Effective date: 1 January 2017). The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. This amendment is not expected to have any material impact on the Group‘s financial statements.

C. SIGNISFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected.

Other disclosures relating to the Group's exposure to risks and uncertainties include

Financial risk management and policies	Notes I.4
Sensitivity analyses disclosures	Notes I.5

C.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

C.1.1 Consolidation and Associates

Generally entities are classified as Associates in case the Group holds more than 20% and less than 50% of the voting rights. However the Group classifies entities as an Associate also if it considers that it has a significant influence on such entity based on the underlying investment documentation.

If the entity holds less than 20% of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated.

Significant influence is usually evidenced in one or more of the following ways:

- Representation on the board of directors or equivalent governing body of the investee
- Participation in policy-making processes, including participation in decisions about dividends or other distributions
- Material transactions between the entity and its investee
- Interchange of material personnel (typically third-party investors do not participate in any formal roles as they only appear in their function as financial investors)
- Provision of essential technical information (The Group entered into an asset management agreement with all parties involved. A significant part of these asset management services is to provide the investee with the Group's expertise which also involves technical information (i.e. market information, asset management, business plan expertise)

C.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

C.2.1 Success fee

In some Projects, the Group is entitled to receive a success fee ("Promote fee") equalling to 15% to 20% of the net project returns. The claim for the Promote fee is only recognised when the relevant transaction documentation resulting in a net project return has been validly entered into, and becomes only payable after all investor commitments have been fully repaid to the investors. At this time, it is probable that the Promote fee will flow to the Group. Success fees represent a compensation for the Group's investment management services rendered in relation to a particular investment, and predominantly is an element in the fee pattern of investment products for private clients. In case, certain amounts of the net project return are withheld at closing of a transaction for escrow purposes, the payment of the pro-rated Promote fee is also deferred until the amounts in escrow are released.

C.2.2 Valuation of Investment properties of Associates or Joint Ventures

The fair value of investment property as the main assets of the Associates or Joint Venture is determined by using recognised valuation techniques. Such fair value measurement has a significant impact on the Group's Investment in Associates and Joint Ventures. The valuation technique comprises mainly the income method (DCF based).

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value.

This involves the projection of future cash flows which are discounted by a market-derived discount rate in order to determine the property's present value. The fair value measurement of investment property is considered to be Level 3.

Main key input parameters under the level 3 valuation models include:

- Discount rate
- Cap-rate
- Market rents
- Vacancy rate (current/long-term)
- Fluctuation rate
- Annual rent adaptation
- Maintenance costs
- Inflation rate
- Costs to sell

The net cash flow for the planning period is discounted to the valuation date using an appropriate discount rate for each property.

The discount rate is used to forecast future cash flows into perpetuity following the ten year planning period (as it is assumed that properties are held for a 10 year period). The individual capitalisation rate is based on each property's discount rate in year 10, which accounts for all potential risks related to a property.

Key input parameters may vary depending on the real estate property usage (i.e. commercial or residential building, student homes and developments), on the location and condition of the property and the current market trends.

If the property market or general economic situation develops negatively, there is a risk that the measurements might have to be adjusted. If the real estate assets have to be impaired, this would have a negative effect on the Group's Investment in Associates, Loans to Associates and Receivables from Associates.

The following sensitivity analysis shows how the Group's Investment in Associates, Loans to Associates and Joint ventures would have been affected if the relevant property value of the Associates or Joint ventures increased/decreased by 5% and 10% (as a result of changes in the main key input parameters stated above):

Sensitivity analysis to determine the change in Investments in Associate

k€	Property value (+10%)	Property value (+5%)	Carrying value 31 Dec 2016	Property value (-5%)	Property value (-10%)
Project:					
4711[3]	1,466	1,466	1,466	1,466	1,466
ACROSS[3]	1,149	1,149	1,149	1,149	1,149
ANNAPURNA[3]	1,519	1,519	1,519	1,519	1,519
DANUBE[3]	2,050	2,050	2,050	2,050	2,050
DONALD[1]	226	226	226	226	226
ENERGY[2]	108	108	108	108	108
HARBOUR[3]	1,331	1,331	1,331	1,331	1,331
HIGHSTREET I	4,618	4,039	3,495	2,841	2,235
HIGHSTREET II	4,029	3,740	3,450	3,160	2,805
HIGHSTREET IV	5,761	5,389	5,016	4,644	4,232
HIGHSTREET PI	5,765	5,361	4,946	4,420	3,877
HIGHSTREET PII[1]	3,358	3,358	3,358	3,358	3,358
HIGHSTREET V	1,574	1,448	1,292	1,134	964
HIGHSTREET VI[1]	5,145	5,145	5,145	5,145	5,145
ROSE[3]	322	322	322	322	322
TURBO FRA	995	900	805	711	616
Others	64	64	64	64	64
Total	**39,480**	**37,615**	**35,744**	**33,649**	**31,469**

[1] Initial at-equity valuation at cost or without investment property
[2] Investment properties are sold, only undistributed profits
[3] Investment properties under construction (measured at cost)

Sensitivity analysis to determine the change in Joint Ventures

k€	Property value (+10%)	Property value (+5%)	Carrying value 31 Dec 2016	Property value (-5%)	Property value (-10%)
Project:					
SCORE [1]	4	4	4	4	4
Total	**4**	**4**	**4**	**4**	**4**

[1] Initial at-equity valuation at cost or without investment property

Sensitivity analysis to determine the change in Investments in Associate

k€	Property value (+10%)	Property value (+5%)	**Carrying value 31 Dec 2015**	Property value (-5%)	Property value (-10%)
Project:					
DANUBE[1]	1,260	1,260	1,260	1,260	1,260
DONALD[1]	820	820	820	820	820
ENERGY[2]	108	108	108	108	108
HIGHSTREET I	8,117	7,564	7,011	6,459	5,906
HIGHSTREET II	3,397	3,196	2,979	2,727	2,476
HIGHSTREET IV	4,406	4,358	4,308	4,242	4,176
HIGHSTREET PI[1]	18	18	18	18	18
TURBO FRA	1,090	994	899	804	709
BEN	6,197	5,640	5,082	4,524	3,966
T6 [2]	3,495	3,495	3,495	3,495	3,495
TURBO VIE	3,714	3,438	3,161	2,885	2,609
SQUIRREL[2]	38	38	38	38	38
VITU [2]	11	11	11	11	11
PHOENIX [2]	1	1	1	1	1
Total	**32,670**	**30,938**	**29,189**	**27,390**	**25,590**

[1] Initial at-equity valuation at cost
[2] Investment properties are sold, only undistributed profits

Sensitivity analysis to determine the change in Joint Ventures

k€	Property value (+10%)	Property value (+5%)	**Carrying value 31 Dec 2015**	Property value (-5%)	Property value (-10%)
Project:					
IBERIAN Advisors [1]	25	25	25	25	25
SALUTE [1]	29	29	29	29	29
SCORE [1]	4	4	4	4	4
Total	**58**	**58**	**58**	**58**	**58**

[1] Initial at-equity valuation at cost

D. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its assets and services and has three reportable segments, as follows:

- Real Estate Investment Management
- Alignment Capital Management
- Real Estate Operations and Warehousing

The segment definition and reporting in the Group corresponds to internal reporting to the operating decision-maker and is based on operating business divisions (“management approach”). The operating decision-maker is the EMC.

The Group generates the major part of its revenues and income in Germany, because the Group and/or its Associates/Joint Ventures are primarily concentrated on the German real estate market.

D.1 Real Estate Investment Management

The Group acts as a real estate investment manager, and covers every stage of the lifecycle of a real estate investment. As an integral part of its investment philosophy, the Group has an in-depth understanding of the details and dynamics of the underlying real estate assets and markets, and focuses on value creation by way of hands-on management. The services provided by the Group throughout the lifecycle of an investment mainly include

- the origination, structuring and execution of investment products tailored to the needs of its clients and in line with regulatory requirements,
- ongoing and day-to-day asset, fund and property management over the holding period as well as
- management of the realization of the investment product through multiple exit channels (asset-by-asset sales, portfolio sales, auctions, etc.).

Along the real estate investment lifecycle, the Group generates a variety of fees such as acquisition-related fees, management fees, as well as success fees (Promote fees). Such fees are typically based on the volume of the underlying assets under management and the management performance measured as cash profits generated for the clients from the underlying investment product.

D.2 Alignment Capital Management

A key element of the business model of the Group are alignment capital investments, in particular investment products for its semi-institutional/private clients. Typically, such alignment capital investments range between 5% and 10% (with certain exceptions for particular transactions) of the total equity capital invested into an investment product. As a result, in addition to the fee-based income generated through its real estate investment management services; the Group also participates in the performance of the investment products by way of dividend payments, and realizes capital gains upon successful exit from the investment products.

D.3 Real Estate Operations and Warehousing

As a complementary element to its real estate investment and alignment capital management, the Group also engages in identifying and securing real estate investment opportunities prior to converting/transferring them into an investment product tailor-made for investors (Warehousing). By acquiring such assets for its own account and balance sheet, the Group is able to secure asset supply especially in competitive market situations, and build up seed portfolios in particular for institutional clients while setting up and structuring the investment product for the clients in parallel. Warehousing provides the Group with a key competitive advantage. Over the holding period, the Group is managing the assets, implements value enhancement measures and receives/consolidates the income from the underlying real estate operations. Upon transfer/conversion into an investment structure/product, the Group typically realizes a margin over the initial purchase price (warehousing gain/premium).

D.4 Segment information

Segment Information for the year ended 31 December 2016

k€	Real Estate Investment Manage-ment	Alignment Capital Manage-ment	Real Estate Operations/ Warehousing	**Total Segments**	Overhead (not alloca-ted)	Adjustments and elimina-tions	Consolidated Financial Statements
Revenues:							
Total revenues	40,769	-	1,441	**42,210**	-	-	42,210
Income/expenses							
Expenses from Real Estate Investment Management	(23,167)	-	-	(23,167)	-	-	(23,167)
Share of Profit or Loss from Associates and Joint Ventures	-	5,255	-	5,255	-	-	5,255
Expenses from Management of Associates and Joint Ventures	-	(2,637)	-	(2,637)	-	-	(2,637)
Net Gain from Selling Property Holding Companies	-	-	12,244	12,244	-	-	12,244
Expenses from Real Estate Operations	-	-	(4,044)	(4,044)	-	-	(4,044)
General and Administrative Expenses	-	-	-	-	(9,963)	-	(9,963)
Depreciation & Amortisation	-	-	-	-	(374)	-	(374)
Financial Income	-	-	-	-	514	-	514
Financial Expenses	-	-	-	-	(3,315)	-	(3,315)
Other income/ expenses and taxes	-	-	-	-	(1,167)	-	(1,167)
Segment Profit	17,601	2,617	9,641	**29,860**	(14,304)	-	15,556
Total Assets	9,374	58,201	19,612	**87,186**	43,418	-	130,605
Total Liabilities	7,798	(2,008)	14,812	**20,602**	23,556	-	44,159
Other disclosures							
Investment in associates	-	35,744	-	35,744	-	-	35,744
Investment in joint venture	-	4	-	4	-	-	4
Other segment assets	1,536	26,561	-	28,097	311	-	28,407

Segment Information for the year ended 31 December 2015

k€	Real Estate Investment Manage-ment	Alignment Capital Manage-ment	Real Estate Operations/ Warehousing	**Total Segments**	Overhead (not allocated)	Adjustments and eliminations	Consolidated Financial Statements
Revenues:							
Total revenues	38,034	-	1,880	**39,914**	-	-	39,914
Income/expenses							
Expenses from Real Estate Investment Management	(19,779)	-	-	(19,779)	-	-	(19,779)
Share of Profit or Loss from Associates and Joint Ventures	-	4,695	-	4,695	-	-	4,695
Expenses from Management of Associates and Joint Ventures	-	(667)	-	(667)	-	-	(667)
Net Gain from Selling Property Holding Companies	-	-	2,506	2,506	-	-	2,506
Expenses from Real Estate Operations	-	-	(2,077)	(2,077)	-	-	(2,077)
General and Administrative Expenses	-	-	-	-	(13,118)	-	(13,118)
Depreciation & Amortisation	-	-	-	-	(349)	-	(349)
Financial Income	-	-	-	-	173	-	173
Financial Expenses	-	-	(2,386)	(2,386)	(1,073)	-	(3,458)
Other income/ expenses and taxes	-	-	-	-	2,248	-	2,248
Segment Profit	18,255	4,028	(77)	**22,206**	(12,118)	-	10,087
Total Assets	6,277	48,150	44,491	**98,917**	9,767	-	108,684
Total Liabilities	5,760	551	44,712	**51,023**	23,305	-	74,328
Other disclosures							
Investment in associates	-	29,189	-	29,189	-	-	29,189
Investment in joint venture	-	58	-	58	-	-	58
Other segment assets	210	21,494	-	21,704	-	-	21,704

No operating segments have been aggregated to form the above reportable operating segments.

The Group operates currently with a focus on Germany, Austria and Spain. The Group has segmented its capital allocation by geographical area based on the location of the properties in its Real Estate Investment Management as well as Real Estate

Operations/Warehousing business. The following table sets forth the Group's capital allocation (comprising Investment in Associates or Joint Ventures, Long-term Loans to Associates, Receivables from Associates or Joint Ventures and Inventories) and revenues by geography for the periods indicated:

Geographical Segment Information (Secondary Segments)

k€	**2016**	2015
Capital Allocation	**64,744**	**86,687**
Germany	60,095	77,790
Austria	2,305	4,441
Spain	2,343	4,456
Revenues	**42,210**	**39,914**
Germany	37,078	38,914
Austria	4,340	1,000
Spain	792	-

The Group's revenues comprise the revenue from segment Real Estate Investment Management (acquisition and sales fees, Asset and Property Management fees and realised Promote fees) as well as the net rental income and the revenues from service charges from segment Real Estate Operations and Warehousing.

The EMC monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The Group's General and Administrative Expenses, Financial Income and Expenses, and Income Taxes (including Deferred and Current Taxes) are managed on a Group basis and are not allocated to operating segments.

The following Projects and customers account for more than 10% of consolidated revenue. These revenues are completely recognised in the segment Real Estate Investment Management and relate to Promote fees.

Information about Projects and customers with more than 10 % of the Group's revenues

k€	**2016**	2015
Project TURBO VIE	4,936	**-**
Project T6	-	8,790

Capital expenditure consists of additions of property, plant and equipment, intangible assets and Investments in Associates and Joint Ventures.

E. FAIR VALUE OF ASSETS AND LIABILITIES

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of available inputs. The Group has determined the following Fair Value Hierarchies:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (comparable transactions)
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (Valuation models)

As in previous year the Group's fair value measurements of assets and liabilities are all within Level 3 (Refer to Note C.2.2).

The EMC considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen. Any changes in valuation methods are discussed and agreed with the Group's board of directors.

F. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

F.1 Property, Plant and Equipment

Property, Plant and Equipment

Financial Year k€	**2016 Total**	2015 Total
Acquisition cost		
As of 1 January	1,304	1,105
Additions	914	202
Changes from Business combinations and sales of subsidiaries	0	0
Disposals	(44)	(3)
As of 31 December	**2,174**	**1,304**
Amortisation and impairment losses		
As of 1 January	662	427
Depreciation charge for the year	276	235
As of 31 December	**939**	**662**
Total (Carrying amount)	**1,235**	**642**

Property, plant and equipment exclusively comprise cars as well as office and other equipment. Office and other equipment is mainly part of the Group's property management company CAPERA Immobilien Service GmbH ("CAPERA"), the Alternative Investment Fund Manager Corestate Capital Fund Management S.à r.l. and the Asset Management Company CORESTATE Capital Advisors GmbH.

F.2 Intangible assets

Intangible Assets

Financial Year k€	2016 Total	2015 Total
Acquisition cost		
As of 1 January	289	287
Additions	933	8
Disposals	(3)	(6)
As of 31 December	**1,219**	**289**
Amortisation and impairment losses		
As of 1 January	193	120
Amortisation charge for the year	95	74
As of 31 December	**289**	**193**
Total (Carrying amount)	**930**	**96**

Intangible assets comprise the corporate brand “YOUNIQ” (k€433; refer to Note B.3.8) as well as software licences and the setup costs of the Company’s homepage.

F.3 Investments in Associates and Joint Ventures

Investments in Associates - Overview

				Economic participation quota*	
Project	Name of associate	Country of incorporation	Place of business	31 Dec 2016	31 Dec 2015
ACROSS	ACROSS TopCo 1 S.à r.l. and ACROSS TopCo 2 S.à r.l.	Luxembourg	Germany	10.0%	n.a.
ANNAPURNA	Iberian HoldCo III, S.L.	Spain	Spain	10.3%	n.a.
BEN	CORESTATE IREI Holding S.A.	Luxembourg	Germany	22.4%	23.9%
BERRY	Corestate Berry HoldCo S.à.r.l. i.L.	Luxembourg	Germany	10.8%	10.8%
CLG	CLG Facility Management GmbH	Germany	Germany	49.0%	n.a.
DANUBE	Corestate VIE Development S.à r.l.	Luxembourg	Austria	9.7%	9.7%
DONALD	Müller 34 GmbH	Germany	Germany	5.1%	n.a.
DONALD	Donald HoldCo S.à r.l.	Luxembourg	Germany	sold	18.7%
ENERGY	Corestate Energy HoldCo S.à r.l. i.L.	Luxembourg	Germany	10.7%	10.7%
HARBOUR	HARBOUR AcquiCo 1 AIF S.à r.l. and HARBOUR AcquiCo 2 AIF S.à r.l.	Luxembourg	Germany	14.8%	n.a.
HIGHSTREET I	Corestate Highstreet TopCo Limited and Highstreet TopCo II Limited	Guernsey	Germany	12.3%	12.2%
HIGHSTREET II	Corestate Highstreet II TopCo Limited and Highstreet II AcquiCo Limited	Guernsey	Germany	8.2%	8.2%
HIGHSTREET IV	Highstreet IV TopCo Limited	Guernsey	Germany	9.5%	9.5%
HIGHSTREET PI	Highstreet Premium I TopCo Limited and Highstreet Premium I AcquiCo Limited	Guernsey	Germany	10.0%	10.0%

HIGHSTREET PII	Highstreet Premium II TopCo Limited	Guernsey	Germany	10.0%	n.a.
HIGHSTREET V	Highstreet V TopCo Limited and Highstreet V AcquiCo Limited	Guernsey	Germany	3.5%	n.a.
HIGHSTREET VI	Corestate Highstreet VI TopCo Limited and Corestate Highstreet VI AcuiCo Limited	Guernsey	Germany	10.0%	n.a.
PHOENIX	Phoenix HoldCo I S.à r.l.	Luxembourg	Germany	sold	4.8%
ROSE	ROSE PropCo S.à r.l.	Luxembourg	Germany	5.4%	n.a.
SAILING	Sailing HoldCo I S.à r.l.	Luxembourg	Germany	5.2%	5.2%
SQUIRREL	Squirrel AcquiCo I S.à r.l.	Luxembourg	Germany	5.7%	5.7%
T6	T6 HoldCo S.à r.l.	Luxembourg	Germany	19.1%	19.1%
TURBO FRA	TURBO FRA GmbH (until Dec 2015: Corestate Turbo FRA HoldCo S.à r.l.)	Luxembourg	Germany	10.0%	10.0%
TURBO VIE	Corestate Turbo HoldCo S.à r.l.	Luxembourg	Austria	7.9%	7.9%
4711	Venloer4711 AIF 1 S.à r.l. and Venloer4711 AIF 2 S.à r.l.	Luxembourg	Germany	10.1%	n.a.
VITU	VITU TopCo Limited	Guernsey	Germany	5.1%	5.1%

*Participation quota according to Joint Venture and Co-Investment Agreement

Investments in Joint Ventures - Overview

				Economic participation quote	
Project	Name of Joint Venture	Country of incorporation	Place of business	**31 Dec 2016**	31 Dec 2015
SCORE	SCORE S.à r.l.	Luxembourg	Luxembourg	50.0%	50.0%
IBERIAN Advisors	IBERIAN Corestate Capital Advisors S.L.	Spain	Spain	sold	50.0%
SALUTE	Icono Torre Vida S.A.	Spain	Spain	sold	50.0%

On 20 October 2015 (with amendment on 30 December 2015), CCH SA and Sistema Capital Partners S.à r.l. entered into a joint venture **(Project SCORE)**. Under the joint venture agreement CCH SA acquired from Sistema Capital Partners S.à r.l. 50% of the shares in SCORE S.à r.l., a limited liability company (société à responsabilité limitée) incorporated on 13 October 2015 under Luxembourg law. SCORE S.à r.l. acts as an Investment Advisor regarding Project HIGHSTREET Premium I and the Project HIGHSTREET Premium II (implemented in 2016). The joint venture agreement, amongst other items, governs the allocation of Acquisition-related as well as Asset Management Fees between the joint venture partners in relation to the relevant Projects.

Investments in Associates and Joint Ventures - Movement in carrying value
Period ended 31 December 2016 (k€)

Project	1 Jan 2016	Additions	Share of pro-fit/(loss) for the period	Dividends and capital repayments received in cash	Disposals	31 Dec 2016
ACROSS	-	1,202	(52)	-	-	1,149
ANNAPURNA	-	1,542	(22)	-	-	1,519
BEN	5,082	878	1,619	(7,578)	-	-
CLG	-	53	-	-	-	53
DANUBE	1,260	790	-	-	-	2,050
DONALD	820	-	(168)	-	(426)	226
ENERGY	108	-	-	-	-	108
HARBOUR	-	1,355	(24)	-	-	1,331
HIGHSTREET I	7,011	50	(332)	(3,234)	-	3,495
HIGHSTREET II	2,979	-	471	-	-	3,450
HIGHSTREET IV	4,308	-	709	-	-	5,016
HIGHSTREET PI	18	3,965	963	-	-	4,946
HIGHSTREET PII	-	3,471	(77)	-	(36)	3,358
HIGHSTREET V	-	1,500	(208)	-	-	1,292
HIGHSTREET VI	-	5,081	145	-	(81)	5,145
ROSE	-	331	(8)	-	-	322
SQUIRREL	38	-	(38)	-	-	-
T6	3,495	-	-	(3,495)	-	-
TURBO FRA	899	-	(94)	-	-	805
TURBO VIE	3,161	-	169	(3,330)	-	-
4711	-	1,475	(9)	-	-	1,466
VITU	11	-	142	(142)	-	11
Associates, total	**29,189**	**21,692**	**3,204**	**(17,798)**	**(543)**	**35,744**
IBERIAN Advisors	25	-	-	-	(25)	-
SALUTE	29	-	2,051	-	(2,080)	-
SCORE	4	-	-	-	-	4
Joint Venture, total	**58**	**-**	**2,051**	**-**	**(2,105)**	**4**
Total	**29,247**	**21,692**	**5,255**	**(17,798)**	**(2,649)**	**35,747**

Investments in Associates and Joint Ventures - Movement in carrying value
Period ended 31 December 2015 (k€)

Project	1 Jan 2015	Additions	Share of profit/(loss) for the period	Dividends and capital repayments received in cash	Disposals	31 Dec 2015
BEN	4,956	1,465	(339)	-	(1,000)	5,082
DANUBE	-	8,800	-	-	(7,540)	1,260
DONALD	1,091	384	(93)	(563)	-	820
ENERGY	1,693	-	(177)	(1,408)	-	108
HIGHSTREET I	7,405	-	111	(504)	-	7,011
HIGHSTREET II	-	3,055	(76)	-	-	2,979
HIGHSTREET IV	-	4,400	(92)	-	-	4,308
HIGHSTREET PI	-	130	-	-	(113)	18
PHOENIX	112	-	9	(120)	-	1
SAILING	-	3	(3)	-	-	-
SQUIRREL	950	-	602	(1,515)	-	38
T6	1,153	3,200	738	-	(1,596)	3,495
TURBO FRA	3,755	-	2,264	(285)	(4,835)	899
TURBO VIE	1,410	-	1,752	-	-	3,161
VITU	11	-	-	-	-	11
Associates, total	**22,536**	**21,437**	**4,695**	**(4,395)**	**(15,083)**	**29,189**
IBERIAN Advisors	-	25	-	-	-	25
SALUTE	-	29	-	-	-	29
SCORE	-	4	-	-	-	4
Joint Venture, total	-	58	-	-	-	**58**
Total	**22,536**	**21,495**	**4,695**	**(4,395)**	**(15,083)**	**29,247**

Concerning the reconciliation to the profit and loss statement we refer to Notes G.5.

The following table sets out key financial information for the projects the Group is invested in.

Key Financial Information of the Group's investments in Associates in 2016 (by Projects)

k€	HIGHSTREET I	HIGHSTREET II
Investment Property	141,990	102,662
Other non-current assets	221	153
Cash (restricted and free cash)	5,213	6,913
Other current assets	4,010	1,572
Non-current financial liabilities	(88,938)	(65,707)
Other non-current liabilities	(29,387)	(3,582)
Current financial liabilities	(48)	(79)
Other current liabilities	(4,519)	(1,526)
Equity	**28,542**	**40,405**
Revenues	11,360	6,114
Net Operating Income from rental operations	6,678	4,148
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(390)	(97)
Profit/(loss) from changes in valuation of Investment Property	(1,997)	6,622
Interest income	-	-
Interest expenses	(2,919)	(722)
Income tax expense or income	(175)	(1,390)
Profit/(loss) from continuing operations	(3,252)	6,479
Post tax profit/(loss) from discontinuing operations	-	-
Other comprehensive income	-	-
Total comprehensive income	(3,252)	6,479

	HIGHSTREET IV	HIGHSTREET V	HIGHSTREET VI	HIGHSTREET PI	HIGHSTREET PII
	110,528	93,228	23,471	119,800	90,569
	216	808	-	250	-
	8,704	3,323	28,377	7,704	4,554
	6,923	7,339	1,320	3,182	839
	(68,533)	(64,921)	-	(72,768)	(60,431)
	(2,036)	(1,152)	-	(3,445)	(383)
	(173)	(849)	-	(1,522)	(3)
	(3,923)	(5,504)	(2,258)	(3,743)	(1,322)
	51,705	**32,273**	**50,910**	**49,459**	**33,822**
	5,022	2,131	-	8,375	670
	3,596	631	(8)	4,801	448
	(371)	(3,082)	(15)	(977)	(51)
	9,704	420	-	4,818	-
	-	-	2	0	-
	(437)	(332)	-	(918)	(54)
	(1,771)	(1,021)	-	(1,127)	(27)
	8,627	(5,196)	(89)	4,032	(768)
	-	-	-	-	-
	-	-	-	-	-
	8,627	(5,196)	(89)	4,032	(768)

Key Financial Information of the Group's investments in Associates in 2016 (by Projects)

k€	TURBO FRA	DONALD
Investment Property	27,800	6,207
Other non-current assets	-	-
Cash (restricted and free cash)	1,200	1,796
Other current assets	11	292
Non-current financial liabilities	(13,426)	(4,437)
Other non-current liabilities	(6,452)	-
Current financial liabilities	(274)	-
Other current liabilities	(805)	(562)
Equity	**8,054**	**3,296**
Revenues	1,744	-
Net Operating Income from rental operations	1,215	-
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(79)	-
Profit/(loss) from changes in valuation of Investment Property	(928)	-
Interest income	-	5
Interest expenses	(243)	(195)
Income tax expense or income	140	-
Profit/(loss) from continuing operations	(314)	(698)
Post tax profit/(loss) from discontinuing operations	-	-
Other comprehensive income	-	-
Total comprehensive income	(314)	(698)

ANNAPURNA	HARBOUR	4711	ACROSS
12,813	8,170	-	13,766
-	-	-	-
2,252	3,211	14,673	2,654
435	167	-	348
-	-	-	(6,020)
-	-	-	-
-	-	-	(0)
(95)	(1,084)	(89)	(174)
15,406	**10,465**	**14,584**	**10,573**
-	-	-	162
(52)	-	-	109
(72)	(48)	(44)	(6)
-	-	-	-
-	-	(2)	-
-	(0)	-	(89)
-	-	-	(1)
(219)	(160)	(91)	(424)
-	-	-	-
-	-	-	-
(219)	(160)	(91)	(424)

Key Financial Information of the Group’s investments in Associates in 2015 (by Projects)

k€	PHOENIX	HIGHSTREET I	HIGHSTREET II
Investment Property	-	143,960	75,187
Other non-current assets	-	231	101
Cash (restricted and free cash)	584	5,703	6,014
Other current assets	479	2,798	1,052
Non-current financial liabilities	-	(89,199)	(45,517)
Other non-current liabilities	-	(2,792)	(1,184)
Current financial liabilities	(2)	(0)	(37)
Other current liabilities	(886)	(3,436)	(1,740)
Equity	**174**	**57,264**	**33,876**
Revenues	25	10,653	2,267
Net Operating Income from rental operations	15	6,033	1,651
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	192	(1,420)	(738)
Profit/(loss) from changes in valuation of Investment Property	-	1,052	760
Interest income	-	-	-
Interest expenses	(0)	(1,346)	(184)
Income tax expense or income	30	(1,045)	(432)
Profit/(loss) from continuing operations	(62)	1,078	(864)
Post tax profit/(loss) from discontinuing operations	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	(62)	1,078	(864)
Capital repayment	-	504	-

HIGHSTREET IV	HIGHSTREET PI	BEN	BERRY	ENERGY
13,148	-	85,000	-	-
-	-	3,767	-	-
29,360	160	6,103	2,454	2,063
2,283	115	6,133	33	490
-	-	(57,745)	-	-
-	-	(4,862)	-	-
(0)	-	(1,255)	-	-
(1,713)	(174)	(10,183)	(863)	(1,851)
43,078	**101**	**26,957**	**1,624**	**702**
37	-	10,578	-	-
17	-	5,935	37	-
(606)	-	(473)	(23)	(7)
-	-	4,312	-	-
-	-	30	9	-
-	-	(1,690)	(1)	-
(4)	-	(1,236)	(41)	(3)
(922)	(74)	361	(304)	(217)
-	-	(1,557)	-	-
-	-	95	-	-
(922)	(74)	(1,101)	(304)	(217)
-	-	-	-	-

Key Financial Information of the Group's investments in Associates in 2015 (by Projects)

k€	TURBO VIE	SQUIRREL	T6
Investment Property	87,400	-	-
Other non-current assets	53	5	30,890
Cash (restricted and free cash)	5,173	1,058	7,588
Other current assets	1,115	23	-
Non-current financial liabilities	-	-	-
Other non-current liabilities	(9,000)	-	-
Current financial liabilities	(36,615)	-	-
Other current liabilities	(1,429)	(747)	(3,068)
Equity	**46,697**	**339**	**35,411**
Revenues	624	3,311	13,285
Net Operating Income from rental operations	269	(519)	12,005
Profit/(loss) from the Acquisition or Sale of Real Estate Assets	(106)	(104)	10,461
Profit/(loss) from changes in valuation of Investment Property	28,910	3,697	-
Interest income	9	1	276
Interest expenses	(786)	(208)	(2,695)
Income tax expense or income	(7)	1,348	(203)
Profit/(loss) from continuing operations	26,684	2,075	15,884
Post tax profit/(loss) from discontinuing operations	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	26,684	2,075	15,884
Capital repayment	-	-	-

VITU	TURBO FRA	DONALD	SAILING	DANUBE
-	28,000	-	-	-
-	-	-	5	8,090
2,051	1,135	865	1,644	1,172
5,722	316	3,706	259	16
-	(12,919)	-	-	-
-	(3,153)	-	(11,805)	-
-	(168)	(0)	-	-
(457)	(814)	(90)	(245)	(431)
7,316	**12,396**	**4,482**	**(10,142)**	**8,845**
-	1,684	-	9,989	-
(6)	1,170	(0)	912	-
(441)	(142)	-	(141)	-
-	4,982	-	80	-
-	0	9	0	1,610
-	(280)	-	(2,383)	-
(4)	(1,737)	(5)	(166)	(3)
(716)	3,926	(495)	(4,769)	(764)
-	-	-	-	-
-	-	-	-	-
(716)	3,926	(495)	(4,769)	(764)
-	-	-	-	-

F.4 Other Financial Instruments

Other Financial Instruments

k€	Ownership interests	31 Dec 2016	31 Dec 2015
Investments in non-consolidated subsidiaries		**1**	**0**
GENEK Gesellschaft für Energieeinkauf mbG & Co. KG		1	-
Other non-current financial instruments		**2,216**	**31**
JP Residential X S.à r.l.	5.1%	833	-
BVK Corestate Frankfurt Riedberg GmbH & Co. KG	5.1%	709	-
BVK Corestate Potsdam GmbH & Co. KG	5.1%	372	-
BVK Corestate Mainz GmbH & Co. KG	5.1%	265	-
AF Hekate GmbH & Co. KG	5.1%	31	31
BVK Corestate Bayreuth GmbH & Co. KG	5.1%	6	-
Total		**2,217**	**31**

In October 2016 the Group sold its existing student home investment products (Projects BEN and TURBO VIE) with assets located in Mainz, Potsdam, Bayreuth, Frankfurt am Main, and Vienna to a real estate fund established for Bayerische Versorgungskammer ("BVK Fund"). The Group acquired a minority interest of 5.1% in each German property holding company. As part of such structure, the Group has a put option for the minority interests after a period of five years.

The same concept was applied in the cause of the acquisition of the so called "Grindelhochhaus" in Hamburg for such fund vehicle of BVK.

F.5 Long-term Loans to Associates

Long-term Loans to Associates

k€	31 Dec 2016	31 Dec 2015
Loan granted to Project HIGHSTREET PREMIUM I	**1,849**	**-**
Loan	1,800	-
Accrued interests	49	-
Loans granted to Project TURBO FRA	**643**	**-**
Loan	570	-
Accrued interests	74	-
Loans granted to Project SAILING	**-**	**-**
Loan	-	592
Individual allowance for non-recoverable loans	-	(592)
Total	**2,493**	**-**

The unsecured loan of k€1,800 (plus accrued interest) granted to Project HIGHSTREET PREMIUM I was used to pre-finance certain capital expenditures in the portfolio until related debt financing becomes available.

The unsecured loans granted to Project TURBO FRA (k€644; 31 December 2015: k€634) bear a fixed interest of 6% per annum and reflect the Group's remaining alignment capital in such investment product. Both loans are repayable in full (including accrued interests) in April 2019.

F.6 Deferred Tax Assets

Deferred Tax Assets

k€	31 Dec 2016	31 Dec 2015
Deferred Tax Assets	**2,363**	**2,590**
from tax loss carryforward	1,752	1,850
from temporary differences on share-based payments	342	-
from temporary differences on liabilities	241	490
from temporary differences on receivables	13	186
from temporary differences on pensions	15	65
less Deferred Tax Liabilities	**-**	**(185)**
from temporary differences on receivables	-	(15)
from temporary differences on liabilities	-	(170)
Total	**2,363**	**2,406**

Deferred tax assets and liabilities are calculated on a company by company basis.

The tax loss carry-forward regarding corporation tax based on the loss of the period of CCH SA, which mainly relates to costs in connection with the aborted IPO in 2015 as well as listing expenses and cost recharges from CCAG. As a result of the Luxembourg tax reform 2017 (voted by the Luxembourg Parliament on 14 December 2016) a tax rate of 27.08% (previous year 29.22%) was used to calculate these deferred taxes. Further, the Group has not identified any tax loss carry-forward it can not use (previous year k€658).

Deferred Taxes from temporary differences on share-based payments mainly relate to the payment regarding the MCIF Bonus program (refer to Note I.6.2)

As in previous year, the deferred taxes from temporary differences on liabilities mainly result from CC AG based on temporary differences between tax base and IFRS accounting in relation to liabilities from the MCIF (refer to Note I.6.2). Consequently; the relevant tax rate of CC AG (14.60%, previous year 14.60%) were used to determine deferred taxes.

F.7 Advance Payments for Property Purchase Prices

Advance Payments for Property Purchase Prices

k€	31 Dec 2016	31 Dec 2015
Project 4711	1,300	-
Project CROWN	5	-
Project HIGHSTREET PI	-	1,000
Total	**1,305**	**1,000**

An amount of k€1,300 was paid on a notary escrow account as advance payment for the warehousing asset located in Cologne (Project 4711).

F.8 Inventories

Inventories

Financial Year k€	2016 total	2015 total
Acquisition cost	-	-
As of 1 January	39,216	-
Additions	63,251	59,473
Sale of property holding companies	(86,561)	(20,257)
As of 31 December	**15,905**	**39,216**
Write-downs to net realisable value	-	-
As of 1 January	-	-
As of 31 December	**-**	**-**
Total (Carrying amount)	**15,905**	**39,216**

Inventories comprise real estate properties of segment "Real Estate Operations and Warehousing" which are to be converted into client investment products by way of selling them into independent investment structures (real estate properties held for trading purposes).

The additions mainly result from the acquisition of commercial properties located in Kronberg/Germany (Project CROWN, k€15,690), Frankfurt am Main/Germany (Project ACROSS, k€10,175), Bocholt (Project HIGHSTREET VI, k€21,989) and Madrid/Spain (Project ANNAPURNA, k€11,862) as well as from the acquisition of a plot of land located in Berlin (Project DONALD, k€2,870). Except for Project CROWN such assets were converted into investment products and sold to independent investment structures (refer to Note I.10).

In accordance with existing loan agreements, inventories totalling k€15,690 (previous year: k€36,990) are pledged as security, and are related to Project CROWN only.

According to the underlying business plan, Project CROWN shall be sold once the targeted lease up is completed.

F.9 Receivables from Associates

Receivables from Associates

k€	31 Dec 2016	31 Dec 2015
Receivables from Project HIGHSTREET VI	1,996	-
Receivables from Project 4711	1,479	-
Receivables from Project HARBOUR	864	-
Receivables from Project ANNAPURNA	824	-
Receivables from Project HIGHSTREET V	739	-
Receivables from Project BEN	594	-
Receivables from Project VITU	500	1,000
Receivables from Project TURBO VIE	263	20
Receivables from Project ROSE	255	-
Receivables from Project HIGHSTREET PII	208	-
Receivables from Project ENERGY	186	165
Receivables from Project DONALD	125	7
Receivables from Project HIGHSTREET PI	56	-
Receivables from Project HIGHSTREET II	52	3
Receivables from Project HIGHSTREET I	32	60
Receivables from Project ACROSS	28	-
Receivables from Project BERRY	28	-
Receivables from Project SAILING	21	-
Receivables from Project HIGHSTREET IV	3	631
Receivables from Project T6	-	8,949
Receivables from Project TURBO FRA	-	634
Others	7	-
Total	**8,263**	**11,469**

Receivables from Associates mainly result from acquisition and onboarding fees in accordance with the underlying Joint Venture and Co-Investment Agreements in connection with the structuring and implementation of the projects as well as asset management fees for ongoing projects.

Receivables from Project VITU (k€500; 31 December 2015: k€1,000) and Project TURBO VIE (k€263; 31 December 2015: k€20) are mainly related to Promote fees, which are payable when the corresponding funds on the escrow accounts are released.

F.10 Receivables from Joint Venture

Receivables from Joint Venture

k€	**31 Dec 2016**	31 Dec 2015
Receivables from Project SCORE	1,031	1,354
Interest-bearing loan granted to Project SALUTE (including accrued interests)	-	3,725
Receivables from IBERIAN Advisors- Costs recharges	-	676
Total	**1,031**	**5,755**

Receivables from Project SCORE result from the entry fee in connection with Project HIGHSTREET Premium II (k€847 plus VAT) (previous year: Project HIGHSTREET Premium I of k€1,157 plus VAT).

F.11 Trade Receivables

Trade receivables of k€5,271 (previous year k€3,984) primarily relate to acquisition fees resulting from the sale of Projects BEN and TURBO VIE to the BVK Fund as well as the acquisition of the “Grindelhochhaus” for the BVK Fund (refer to Note F.4). In addition, trade receivables include various fee income streams generated by the Group’s Real Estate Investment Management Business with third party clients.

F.12 Other short-term Receivables

Other short-term Receivables

k€	**31 Dec 2016**	31 Dec 2015
Notary escrow account	836	255
Remaining additional purchase price	445	-
Receivables from employees and insurance claims	106	64
Creditors with debit account	60	-
Transaction Costs Reimbursements	26	21
Receivables from liability remuneration	18	-
Cash in transit	15	5
Advance Payments for IT Systems	8	-
Receivables due from related parties	8	95
Loans to Shareholder	-	855
Others	7	33
Total	**1,530**	**1,329**

The notary escrow account primarily comprise an advance payment in relation to Project KING (Microliving development project in Duesseldorf) in the amount of k€730. Closing of the acquisition for the Group’s warehousing activities is expected for February 2017.

Remaining additional purchase prices result from the sale of Project DONALD, a microliving development in Berlin, for which certain parts of the sales prices payable by the client are linked to construction progress.

The loan granted to the shareholder Ralph Winter was repaid in full on 30 September 2016. Fixed interest was charged at 1.50% per annum.

F.13 Other Short-term Assets

Other Short-term Assets

k€	31 Dec 2016	31 Dec 2015
Prepayments associated with the acquisition of Hannover Leasing Group	1,600	-
Short-term receivables from other taxes (VAT)	904	553
Prepaid Expenses	581	159
Rental Deposits	257	183
Others	35	44
Total	**3,376**	**940**

The Group has signed an SPA to purchase a 94.9% stake in Hannover Leasing GmbH & Co. KG ("Hannover Leasing Group"). Hannover Leasing Group is one of the leading asset managers and providers of core/core plus real estate based investment products to both institutional as well as retail investors. Hannover Leasing Group also offers various other investment products such as aviation leasing, and has approximately EUR 16bln of asset under management. Completion of the transaction is still subject to the conclusion of owner control procedures by BaFin, which is expected to occur in the first half of 2017. The main shareholder, Landesbank Hessen-Thüringen Girozentrale ("Helaba") will remain as a minority shareholder with a 5.1% stake in Hannover Leasing Group for a period of 5 years. The prepayments in connection with the planned acquisition of Hannover Leasing Group comprise an initial payment of k€600 under the SPA entered into with a minority shareholder, as well as a refundable transaction fee of k€1,000 vesting upon closing of the transaction paid to W5 Group GmbH (refer to Note I.6).

F.14 Restricted Cash, Cash and Cash Equivalents

Restricted Cash (k€700; previous year: k€2,800) and Cash and Cash Equivalents (k€47,509; previous year: k€9,647) in the consolidated Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. The Group has included restricted cash as well as cash and cash equivalents as they are considered an integral part of the Group's cash management.

Restricted cash of k€700 (previous year k€2,800) is in relation to Project DONALD (previous year cash on CAPEX accounts), and reflects a security deposit agreed under the transaction documentation.

F.15 Share Capital

F.15.1 Share capital

Share capital

k€	2016	2015
As of 1 January	**195**	**90**
Issue of share capital (contribution in cash)	555	35
Issue of share capital (in cash from private placement)	190	-
Issue of share capital (from exercise of share options)	6	-
Capital increase through a contribution in kind	-	160
Reclassification	-	(90)
As of 31 December	**946**	**195**

(until 23 September 2015: Share capital of CORESTATE Capital AG)

The Company's share capital is set at € 945,801.14, represented by 12,610,681 shares, all of which are fully paid up. All Shares are dematerialized shares without a par value (Dematerialized shares are only represented by a record in a securities account. Ownership in the Shares is established by such inscription in a securities account.). The Shares are freely transferable in accordance with the legal requirements for shares in dematerialized form, that is, through book-entry transfers. There are no prohibitions on disposals or restrictions with respect to the transferability of the Shares. All Shares are subject to and governed by Luxembourg law.

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

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

The share capital of the Company has developed since inception as follows:

As of the incorporation of the Company on 21 August 2015 the Company had a share capital of Euro 35,000.00, divided into 1,750,000 shares with a nominal value of Euro 0.02 each. The Company has been incorporated pursuant to contributions in cash made by Ralph Winter, who subscribed to 1,124,108 shares, Thomas Landschreiber, who subscribed to 117,032 shares, Intershop Holding AG, which subscribed to 491,232 shares, Christine Winter, who subscribed to 11,333 shares and Silke Hechler (née Otto), who subscribed to 6,295 shares. All the shares had been subscribed at their nominal value, being two cent (Euro 0.02).

By resolution of the shareholders of the Company passed at an extraordinary general meeting of shareholders as of 23 September 2015, the share capital was increased by an aggregate amount of one hundred fifty-nine thousand eight hundred forty-six Euro (Euro 159,846.00) in order to bring it from its current amount of thirty-five thousand Euro (35,000.00) represented by one million seven hundred fifty thousand (1,750,000) shares, up to a new amount of one hundred ninety-four thousand eight hundred forty-six Euro (Euro 194,846.00), represented by nine million seven hundred forty-two thousand three hundred (9,742,300) shares, through the creation and issuance of seven million nine hundred ninety-two thousand three hundred (7,992,300) shares of the Company, with a nominal value of two cents of an Euro (Euro 0.02) each. This capital increase was implemented through a contribution in kind of the shareholders' shares (Namensaktien) and participation certificates (Partizipationsscheine) in CCAG, having a total contribution value of twenty-nine million five hundred eighty thousand eight hundred forty-six Euro (Euro 29,580,846.00) Shares in CCAG and participation certificates in CCAG were treated equally.

The extraordinary General Meeting of the shareholders of CORESTATE Capital Holding S.A. held on 31 August 2016 resolved to convert all issued and unissued shares of the Company, having a nominal value of € 0.02 each, into shares without nominal value. Further, by resolution of the shareholders of the Company passed at an extraordinary general meeting of shareholders on 31 August 2016, the share capital was increased by an aggregate amount of € 555,154.00 in order to bring it from its current amount of € 194,846 represented by 9,742,300 shares, up to a new amount of € 750,000.00, represented by 10,000,000 shares, through the creation and issuance of 257,700 new shares of the Company, without par value. This capital increase was implemented through a contribution in cash in an aggregate amount of € 555,154.00.

On 28 September 2016, the management board of the Company has authorised the issuance of 2,532,354 new shares without par value for an aggregate subscription price of € 189,926.61 (to be entirely recorded in the share capital account) to new investors, in order to bring the share capital of the Company from an amount of € 750,000.00 up to a new amount of € 939,926.61 represented by 12,532,354 shares without par value (the Private Placement Authorised Capital Issuance). The Private Placement Authorised Capital Issuance was implemented through a contribution in cash in an aggregate amount one € 189,926.61 and a contribution in cash dedicated to the Company's capital share premium account amounting to € 42,860,091.39, in both cases effected by the investors taking part in the private placement. The issue price amounted to € 17 per share.

On 28 September 2016, the management board of the Company has also authorised the issuance of 78,327 new shares without par value for an aggregate subscription price of € 5,874.53 (to be entirely contributed to the share capital account (the DS Authorised Capital)) to Mr Daniel Schoch, in order to bring the share capital of the Company from an amount of € 939,926.61 up to a new amount of € 945,801.14 represented by 12,610,681 shares without par value.

F.15.2 Authorised capital

The authorised capital of the Company was originally set at € 270,525.00 represented by a maximum of 3,607,000 shares without par value. If fully exercised this authorised capital would be added to the existing issued share capital of the Company and result in an aggregate issued share capital of € 1,020,525.00 represented by 13,607,000 shares without par value.

Pursuant to article 5.5 of the Company's Articles of Association, the Management Board is authorised (subject in principle to the prior approval of the supervisory board, except as regards the issuance of shares in the context of the initial public offering), during a period starting on 31 August 2016, and expiring on the fifth anniversary of such date, to increase the current share capital up to the amount of the authorised capital, in whole or in part from time to time, (i) by way of issuance of shares in consideration for a payment in cash, (ii) by way of issuance of shares in consideration for a payment in kind and (iii) by way of capitalization of distributable profits and reserves, including share premium and capital surplus, with or without an issuance of new shares.

The Management Board is authorised to determine the terms and conditions attaching to any subscription and issuance of shares pursuant to the authority granted under article 5.5 of the Company's Articles of Association, including by setting the time and place of the issue or the successive issues of shares, the issue price, with or without a share premium, and the terms and conditions of payment for the shares under any documents and agreements including, without limitation, convertible loans, option agreements or stock option plans.

The Management Board is also authorised to issue convertible bonds, or any other convertible debt instruments, bonds carrying subscription rights or any other instruments entitling their holders to subscribe for or be allocated with shares, such as, without limitation, warrants, under the authorised capital.

The Management Board may withdraw or limit the preferential subscription rights of the shareholders under the authorised capital in accordance with the Articles of Association.

As of 31 December 2016, 2,610,681 shares representing a share capital increase of € 195,801.15 have been issued by the management board out of the authorised capital, pursuant to the Private Placement Authorised Capital Issuance and the DS Authorised Capital Issuance and as such, an amount of € 74,723.85 represented by 996,319 shares without par value remains available as authorised capital.

F.15.3 Share repurchases

The Company does not currently hold any of its own shares, nor does a third party on behalf or for account of the Company.

According to article 6.3 of the Articles of Association, the Company may, to the extent and under the terms permitted by law, repurchase its own shares. The Company does not currently hold any of its own shares, nor does a third party on behalf or for account of the Company.

F.16 Other Reserves

The composition and development of the other reserves is shown in the consolidated Statement of Changes in Equity.

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

The annual general meeting of shareholders decides on the allocation of the annual profit, if any. In accordance with the Company's Articles of Association, every year at least 5% of the annual net income (based on the local statutory financial statements) of the Company have to be set aside in order to build up the "legal reserve". This allocation ceases to be compulsory when the legal reserve amounts to 10% of the issued share capital but shall again be compulsory if the reserve falls below such threshold of 10%. In 2017, the Company's annual general meeting of shareholders will decide to allocate an amount of € 94,580.11 (10% of the subscribed share capital) to the legal reserve.

The remaining balance of the net profit is at the disposal of the annual general meeting of shareholders. The general meeting of shareholders may also allocate net profits to reserves other than the legal reserve, and, subject to compliance with all legal requirements, such reserves are available for distribution by a decision of the general meeting of shareholders.

On 5 August 2016 and 31 August 2016, respectively, the general meeting of shareholders approved the distribution of an amount of € 6,000,000 (€ 0.62 per ordinary share) and € 550,000 (€ 0.06 per ordinary share) out of the freely distributable reserves ("other reserves") of the Company to the existing shareholders as well as k€68 dividends paid to non-controlling interests. The Company intends to pay dividends in the future, targeting a payout ratio of between 70% and 80% of the Adjusted Net Profit.

The private placement dated 28 September 2016 resulted in a cash capital increase allocated to the other reserves in an amount of € 42,860,091.39.

F.17 Non-controlling Interests

The net profit/loss of non-controlling interests for the year 2016 mainly relates the Group property management platform CAPERA (k€160; previous year k€431) with non-controlling interests of 30.00%.

F.18 Long-term Financial Liabilities to Banks

Long-term Financial Liabilities to Banks

k€	Nominal amount	Maturity	Interest rate	**Face value as of 31 Dec 2016**	Face value as of 31 Dec 2015
Rüsselsheimer Volksbank eG	10,500	30.06.2021	Euribor plus margin	9,073	-
Schwyzer Kantonalbank Lombard Fixed-Term	kCHF 10,000	30.06.2020	Euribor plus margin	5,053	8,000
Deutsche Hypothekenbank AG	24,750	31.03.2021	Euribor plus margin	-	17,378
Total				**14,126**	**25,378**

Financial liabilities to banks with a remaining term of more than one year are presented as long-term financial liabilities to banks. In 2016, all liabilities with a maturity in 2017 were reclassified as short-term financial liabilities to banks (see Note F.21).

With loan agreement dated 22 March 2016, the Group company Crown PropCo GmbH has entered into a loan agreement with Rüsselsheimer Volksbank eG providing for a loan to Crown PropCo GmbH of up to k€10,500 million for the financing of the acquisition and refurbishment of a real estate asset in Kronberg. The loan matures on 30 June 2021 and is repayable in 60 monthly instalments (59 repayment instalments in an amount of k€26 and one (final) repayment instalment in an amount of k€8,951). The loan bears interest at a rate of (currently) 1.25%. Such interest rate is based on 3-months Euribor and will be increased if 3-months Euribor increases to (or above) 0.25%. The loan is secured by, inter alia, a land charge over the Kronberg property and an assignment of rent receivables.

In July 2014, Schwyzer Kantonalbank and CC AG have entered into a master agreement for a credit facility of up to kCHF 10,000 valid until 2020. The facility will be reduced by kCHF 2,000 annually starting 31 December 2016, i.e. the maximum amount to be drawn under the facility in 2017 is fixed at kCHF 8,000. The credit facility is secured by a global assignment of receivables, and the parties have agreed the certain covenants related to statutory financial statements of CC AG according to the Swiss Code of Obligations (OR):

- Equity ratio of more than 40%
- Earnings before interest and tax (EBIT) of more than kCHF 2,000 p.a. with agreed adjustments

Under the master agreement, CC AG may draw either in € or CHF and both on a fixed or variable interest basis. On 31 December 2016, the facility was utilised in an aggregate amount of k€8,750. On 04 January 2017 an amount of k€1,300 was repaid, thereby reducing the facility to kCHF 8,000. As per 31 December 2016 the total undrawn amounts under the credit facility financed by Schwyzer Kantonalbank amount to k€0.

On 13 December 2015, Deutsche Hypothekenbank (Aktiengesellschaft) provided the Group company Corestate CAPTIVE PropCo III S.à r.l. k€17,500 in order to partly finance the purchase price of a commercial building in Paderborn. In 2016, all shares in Corestate CAPTIVE PropCo III S.à r.l. were sold to Project HIGHSTREET PI (refer to Note I.9) and the bank loan was fully repaid.

There were neither delays nor defaults in the loan repayment and interest payments in the financial year 2016.

F.19 Net Employee defined Benefit Liabilities

The Group has a defined benefit pension plan in Switzerland (funded). CC AG is affiliated to the Swiss Life Collective BVG Foundation (contract no. 816576) based in Zurich for the provision of occupational benefits. All benefits in accordance with the regulations are reinsured in their entirety with Swiss Life Ltd. within the framework of the corresponding contract.

This pension plan fully reinsures the risks of disability, death and longevity with Swiss Life. Swiss Life invests the vested pension capital and provides a 100% capital and interest guarantee. The guaranteed interest was 1.75% for mandatory retirement savings and 1.25% for supplementary retirement savings. The pension plan is entitled to an annual bonus from Swiss Life comprising the effective savings, risk and cost results.

The technical administration and management of the savings account are guaranteed by Swiss Life on behalf of the collective foundation. Insurance benefits due are paid directly to the entitled persons by Swiss Life in the name of and for the account of the collective foundation. CC AG has committed itself to pay the annual contributions and costs due under the pension fund regulations.

The contract of affiliation between CC AG and the collective foundation can be terminated by either side. In the event of a termination recipients of retirement and survivors' benefits would remain with the collective foundation. CC AG hereby commits itself to transfer its active insured members and recipients of disability benefits to the new employee benefits institution, thus releasing the collective foundation from all obligations.

So-called „fully insured" BVG plans under IAS 19 shall be considered as defined benefit plans. The reasons are as follows:

- In the event of contract cancellation there is no guarantee that the employee benefits can be continued under the same conditions,
- The risk and cost premiums are charged at different levels.

The valuation of employee benefits obligations in accordance with international accounting standards is carried out regardless of the legal configuration of the pension plans and employee benefits institutions. The standards influence solely the financial result of the company and not that of the employee benefits institution. These results are not relevant for an actuarial assessment in accordance with Article 52e, BVG.

No plan amendments, curtailment or settlement happened from 1 January 2011 till 31 December 2016.

CC AG outsources the asset liability management strategy and asset allocation to Swiss Life Ltd. The risks of disability, death and longevity are reinsured in their entirety with Swiss Life Ltd.

2016 changes in the defined benefit obligation and fair value of plan assets:

Net Employee defined Benefit Liabilities

k€	DBO	Plan assets	Difference
As of 1 January 2016	**1,439**	**996**	**443**
Current service cost (employer)	130	-	130
Administration costs	8	-	8
Ordinary contributions paid by employees	16	16	-
Interest expense on defined benefit obligation	14	-	14
Contributions paid by plan participants	-	-	-
Benefits paid from plan assets	(520)	(520)	-
Past service costs	-	-	-
Interest income on plan assets	-	10	(10)
Ordinary contributions paid by employer	-	29	(29)
Return on plan assets excl. interest income	-	3	(3)
Actuarial (gain)/loss on defined benefit obligation	(450)	-	(450)
Exchange (gain)/loss	(4)	(2)	(2)
As of 31 December 2016	**633**	**532**	**102**
Actuarial (gain)/loss arising from changes in financial assumptions	(455)		

2015 changes in the defined benefit obligation and fair value of plan assets:

Net Employee defined Benefit Liabilities

k€	DBO	Plan assets	Difference
As of 1 January 2015	**746**	**439**	**307**
Current service cost (employer)	81	-	81
Administration costs	5	-	5
Ordinary contributions paid by employees	44	44	-
Interest expense on defined benefit obligation	7	-	7
Contributions paid by plan participants	436	436	(0)
Benefits paid from plan assets	(102)	(102)	-
Past service costs	(39)	-	(39)
Interest income on plan assets	-	4	(4)
Ordinary contributions paid by employer	-	81	(81)
Return on plan assets excl. interest income	-	10	(10)
Actuarial (gain)/loss on defined benefit obligation	135	-	135
Exchange (gain)/loss	125	82	43
As of 31 December 2015	**1,439**	**996**	**443**
Actuarial (gain)/loss arising from changes in financial assumptions	167		

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

Actuarial assumptions

	2016	2015
Discount rate, end of period	0.60%	1.00%
Salary increase, end of period	1.00%	1.00%
Increase in pension, end of period	0.00%	0.00%
Retirement age	M65/W64	M65/W64
Demographic assumptions	BVG 2015 GT	BVG 2010 GT

Sebsitivity analysis

	31 Dec 2016 DBO	31 Dec 2016 Service Cost
Discount rate +0.5%	-9.2%	-9.9%
Discount rate -0.5%	11.0%	11.8%
Salary increase +0.5%	0.6%	1.8%
Salary increase -0.5%	-0.6%	-2.6%
Life expectancy +1 year	-1.1%	-1.1%
Life expectancy -1 year	1.1%	1.1%

The major categories of plan assets of the fair value of the total plan assets are as follows:

Disaggregated Fair Value of plan assets

k€	**2016**	2015
Insurance contracts (not quoted market price)	532	996
Cash (quoted market price)	0	-
Total	**532**	**996**

The following payments are expected contributions to the defined benefit plan in future years:

Expected contributions to the defined Benefit Plan in future years

k€	**2016**	2015
Expected annual employee contribution in next year	12	53
Expected annual employer's contribution in next year	23	97
Projected benefits expected to be paid in:		
year +1	50	113
year +2	45	107
year +3	41	102
year +4	38	98
year +5	35	94
year +6 to +10	144	436
Macaulay duration in years	20,1	20,2

The average duration of the defined benefit plan obligation at the end of the reporting period is 10.5 years (2015: 11.6 years).

F.20 Other non-current Liabilities

Other non-current Liabilities

k€	**31 Dec 2016**	31 Dec 2015
Warehousing facility from SO Holding AG	6,050	-
Liabilities from employee benefits	1,840	1,275
Bond 1 issued to UNIVERSAL INVESTMENTS LUXEMBOURG S.A.	1,100	-
Bond 2 issued to UNIVERSAL INVESTMENTS LUXEMBOURG S.A.	740	-
Total	**9,730**	**1,275**

As of 9 June 2016 the Group has established a € 25.0 million revolving loan facility for the financing of acquisition or development of real estate assets in the European Union, the UK and Switzerland in the course of the Group's warehousing activities with SO Holding AG as lender. SO Holding AG is a company related to one of the Group's longstanding private clients. As of 31 December 2016, loans in the aggregate amount of k€5,733 have been drawn under this facility. The facility has a term of four years and bears interest at a rate of 8% p.a. on drawn amounts. A commitment fee of 8% p.a. applies with respect to all undrawn amounts. The loan is secured by share pledges over the borrowers under the facility and by a pledge over an interest reserve account in Luxembourg, in which the Group deposits on a monthly basis 1/12 of the annual interest and commitment fee payable under the loan agreement. The loan agreement provides for various customary covenants and events of default. A cancellation right in respect of the entire facility is triggered, inter alia, if a party which is not majority-owned or controlled by Mr Ralph Winter acquires 50% or more of the share capital of the Company or can exercise 50% of more of the voting rights in the Company.

Liabilities from employee benefits result from the annual MCIF contribution (refer to Note I.6.2).

As part of establishing the BVK Fund, the Group undertook to act as minority shareholder for certain share deal acquisitions. The minority investments are held via Corestate Student Home Holding S.a r.l. ("CSHH") – (refer to Note F.4). The relevant purchase price for the minority investments is financed by equity of the Group as well as to a large extent by bearer notes issued by CSHH, and ultimately acquired by the BVK Fund. The bearer notes have an annual coupon of 7% which is essentially covered by the dividend income received by CSHH from the underlying minority investments. As at 31 December 2016, two notes are issued by CSHH to the BVK Fund:

1. Bearer Note of € 1,100 K, term 10 years, financing the acquisition of minority interests in student home companies holding assets in Mainz, Potsdam, Frankfurt am Main, and Bayreuth.

2. Bearer Note of € 740 K, term 10 years, financing the acquisition of minority interests in a student home company holding an asset in Hamburg

In relation to the minority investments, CSHH has a put option after 5 years at an exercise price equivalent to the fair value of the underlying real estate at the time of the exercise of such put option. Any proceeds from the exercise of the put option will need to be applied first for repaying the corresponding bearer note."

The corresponding minority interests are shown as other financial instruments under the non-current assets.

F.21 Short-term Financial Liabilities to Banks

Short-term Financial Liabilities to Banks

k€	Nominal amount	Maturity	Interest rate	**Face value as of 31 Dec 2016**	Face value as of 31 Dec 2015
Schwyzer Kantonalbank Lombard Fixed-Term	kCHF 10,000	2017	Euribor plus margin	3,734	-
Rüsselsheimer Volksbank e.G.	10,500	2017	Euribor plus margin	270	-
Total				**4,004**	**0**

Short-term financial liabilities to banks reflect loans with a maturity within the next 12-month from the reporting date as well as interest accrued and due within the next twelve month on both long-term and short-term financial liabilities.

F.22 Short-term Liabilities to Associates

Short-term Liabilities to Associates

k€	31 Dec 2016	31 Dec 2015
Liabilities due to Project BEN	541	-
Liabilities due to Project ROSE	91	-
Liabilities due to Project HARBOUR	76	-
Liabilities due to Project HIGHSTREET PI	67	90
Liabilities due to Project HIGHSTREET IV	50	-
Liabilities due to Project 4711	41	-
Liabilities due to Project ACROSS	29	-
Liabilities due to Project HIGHSTREET V	25	-
Liabilities due to Project HIGHSTREET II	25	-
Other Projects	3	1
Total	**948**	**91**

Liabilities due to Project BEN mainly result from the acquisition of the brand "YOUNIQ" (k€444) as well as IT-hardware and furniture (k€56) as part of establishing the Group's operating platform for the operation of student home and microliving projects.

Short-term liabilities also comprise the accrued development fee of Projects ROSE (k€91), ACROSS (k€29) and HARBOUR (k€76). The development fees will be realised over the remaining construction period.

F.23 Trade Payables

Accounts payable (k€7,266; previous year k€8,258) mainly consist of amounts due to external service providers as well as capital raising agents.

F.24 Current Income Tax Liabilities

Current Income Tax Liabilities

k€	31 Dec 2016	31 Dec 2015
Swiss corporate Income taxes	684	354
Luxembourg income taxes	116	19
German income taxes	95	111
German trade taxes	95	119
Austrian corporate Income taxes	61	-
Others	0	0
Total	**1,050**	**603**

The Swiss corporate income tax mainly relates to a refundable withholding tax of k€600 resulting from the dividend payment of CCAG to CCH SA. The corresponding refund reclaim is shown as a current income tax asset.

F.25 Other Current Liabilities

Other Current Liabilities

k€	**31 Dec 2016**	31 Dec 2015
Liabilities from employee benefits	4,115	2,790
Short-term liabilities from other taxes (VAT, stamp duty)	1,871	1,023
Prepayments received	332	200
Liabilities from CAPERA's minority shareholders	268	258
Liabilities from social security contributions	67	20
Short-term accounts payable from accrued interest	17	-
Deposits received	13	43
Deferred income	13	3
Bridge loan from Intershop Holding AG	-	21,205
Bridge loan from W5 Group GmbH (warehousing)	-	4,014
Liabilities from purchase prices not paid yet	-	3,200
Bridge loan from W5 Group GmbH	-	1,726
Bridge loan from Thomas Landschreiber	-	1,523
Concession agreement	-	1,050
Accrued Asset and Property Management revenues	-	475
Advance payments from tenants	-	259
Liabilities due to legal advice	-	245
Liabilities from share-based payments	-	215
Liabilities from purchase prices not paid yet (Sistema)	-	4
Others	240	26
Total	**6,934**	**38,279**

Liabilities from employee benefits relate to expected bonus payments of the relevant Group companies for current financial year (payable in April 2017) including such portion of the bonus to be contributed to the Group’s MCIF scheme for members of the EMC as well as certain other employees.

Prepayments received comprise advance payments from certain third party management agreements.

G. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

G.1 Revenue from Acquisition Related Fees

Revenue from Acquisition Related Fees

k€	**2016**	2015
Revenue from Acquisition Fee	8,615	3,483
Revenue from Onboarding Fee	1,000	1,000
Total	**9,615**	**4,483**

In 2016, revenue from Acquisition Fees increased by 147.3% versus the preceding year. Revenue from Acquisition Fees for the financial 2016 was mainly attributable to Projects HIGHSTREET IV, HIGHSTREET V, HIGHSTREET VI and HIGHSTREET PREMIUM II as well as to project developments of Project ROSE, HARBOUR, ANNAPURNA, ACROSS, 4711 and Project YOUNG. Project YOUNG is the sale of student homes in Bayreuth, Mainz, Potsdam, Frankfurt am Main, and Vienna to the BVK Fund.

Revenue from onboarding Fees for the financial year 2016 was attributable to Projects HIGHSTREET V and HIGHSTREET VI.

G.2 Revenue from Asset and Property Management

Revenue from Asset and Property Management

k€	**2016**	2015
Revenue from Property Management Fee	11,847	9,148
Revenue from Asset Management Fee	13,246	10,694
Revenue from Sales Fee from third party AM	90	1,044
Revenue Other Fees	152	-
Total	**25,336**	**20,886**

G.3 Revenue from Promote Fees realized

Revenue from Promote Fees realized

k€	**2016**	2015
Promote realised	6,699	12,298
Success capital introduction Fee towards third parties	(882)	(124)
Total	**5,817**	**12,174**

The Promote fee realised primarily relates to Projects BEN and TURBO VIE, i.e. the sale of various student homes to the BVK Fund (previous year: Projects T6, SQUIRREL and TURBO FRA). Success capital introduction fees are capital raising commissions agreed with third party equity broker upon commitment of the relevant equity investments by the clients, and linked to the actual performance of the underlying investment.

G.4 Total Expenses from Real Estate Investment Management

Expenses from Real Estate Investment include both personnel and overhead expenses (e.g. rent and leasing expenses, IT and telecommunication expenses, travel expenses, Legal and other advisory fees) relating to the Group's Real Estate Investment Management activities.

Personnel expenses account for k€13,559 (previous year: k€11,649) and overhead expenses account for k€9,608 (previous year: k€8,130). The increase versus 2015 is primarily driven by an expansion of the Group's property management activities as well as various new hires for both its investment teams as well its institutional clients group.

G.5 Share of Profit or Loss from Associates

Share of Profit or Loss from Associates

k€	2016	2015
Share of profit / (loss) from Associates for the year / net of tax	**3,204**	**4,695**
Project BEN	1,619	(339)
Project HIGHSTREET PI	963	-
Project HIGHSTREET IV	709	(92)
Project HIGHSTREET II	471	(76)
Project TURBO VIE	169	1,752
Project HIGHSTREET VI	145	-
Project VITU	142	-
Project PHOENIX	18	9
Project T6	-	738
Project SAILING	-	(3)
Project ENERGY	-	(177)
Project ROSE	(8)	-
Project 4711	(9)	-
Project ANNAPURNA	(22)	-
Project HARBOUR	(24)	-
Project SQUIRREL	(38)	602
Project ACROSS	(52)	-
Project HIGHSTREET PII	(77)	-
Project TURBO FRA	(94)	2,264
Project DONALD	(168)	(93)
Project HIGHSTREET V	(208)	-
Project HIGHSTREET I	(332)	111
Share of profit / (loss) from Associates for the year / net of tax	**2,051**	**-**
Project SALUTE	2,051	-
Total	**5,255**	**4,695**

Share of profit/loss for the year comprises the Group's share of the results of operations of the Associate or the Joint Venture using the equity method as well as gains and losses from the disposal of shares in Associates or Joint Venture (reference is made to Notes B.3.5.6 and F.3), in particular the sale of the German student home portfolio to the BVK Fund as well as the successful exit from the Madrid-based development Icono Torre Vida (Project SALUTE) in the course of the restructuring of the Group's go-to-market approach in Spain. Contributions from various Highstreet portfolios are driven by year-end real estate valuation results as well as operating performance while the contributions from the various microliving projects (e.g. project ROSE, ACROSS, etc.) mainly reflect expensed acquisition-related cost.

G.6 Expenses from Management of Associates and Joint Ventures

Expenses from Management of Associates include both personnel and overhead expenses allocated to the Management of Associates. Such allocation is based on the pro-rated management fees incurred on the group's alignment investment in the relevant projects (k€546; previous year k€667). In addition, for the financial year 2016, this line item includes k€2,099 expense incurred in relation to the wind-down of the joint venture with various companies of the Grupo Villar Mir in the course of restructuring the Group's go-to-market approach in Spain.

G.7 Net Gain from Selling Property Holding Companies

Net Gain from Selling Property Holding Companies

k€	**2016**	2015
Project HIGHSTREET PI	5,268	-
Project DONALD	1,623	-
Project ANNAPURNA	1,382	-
Project HIGHSTREET VI	1,385	-
Project ACROSS	1,337	-
Project HARBOUR	1,241	-
Project HIGHSTREET II	-	2,506
Others	10	-
Total	**12,244**	**2,506**

The gains from selling property holding companies reflect the realized margin from the Group's warehousing activities. The increase is driven by a substantial pick-up in warehousing activity and volume.

G.8 Expenses from Real Estate Operations/Warehousing

Expenses from Real Estate Operations/Warehousing include both personnel and overhead expenses allocated to the management the Group's warehousing activities. The allocation is based on an intragroup 1% acquisition and exit fee, respectively, on the relevant real estate value charged from the Group Real Estate Investment Management segment to such segment. Such charge is incurred upon acquiring or selling a property for or to the warehouse, respectively (k€3,064; previous year k€831).

In addition, Expenses from Real Estate Operations/Warehousing include expenses in relation to the operation of the assets while in warehouse (k€980; previous year 1,246).

G.9 General and Administrative Expenses

General and Administrative Expenses include both personnel and overhead expenses not allocated to either Expenses from Real Estate Investment Management, Expenses from Management for Associates or Expenses from Real Estate Operations.

Personnel expenses account for k€4,471 (pervious year: k€2,705) and overhead expenses (including listing related costs) account for k€5,492 (previous year: k€10,413).

Personnel expenses increased due to the growing size and complexity of the Group's operations and extension to serve institutional clients also.

In addition, General and Administrative Expenses include one-off items in relation to the Company's private placement and subsequent listing in October 2016 (refer to Note F.15) (k€809), the acquisition of Hannover Leasing Group (k€1,294) as well as expenses resulting from the DS Authorised Capital and shares granted to members of the EMC upon the occurrence of the listing (k€967).

Prior year's General and Administrative Expenses include cost in relation to the aborted IPO in an aggregate amount of k€5,825.

Adjusted for such one-off items for both 2015 and 2016, General and Administrative Expenses decreased from k€7,593 to k€6,892.

G.10 Other Income

Other Income primarily includes cost reimbursements from investment structures (k€147; previous year k€690) as well as revenues from office subleases.

G.11 Depreciation and Amortisation

Depreciation and Amortisation

k€	**2016**	2015
Intangible assets- scheduled depreciation	(95)	(109)
Property, plant and equipment- scheduled depreciation	(276)	(235)
Others	(3)	(5)
Total	**(374)**	**(349)**

G.12 Financial Income

Financial Income

k€	**2016**	2015
Interest income	382	173
Other financial income	133	-
Total	**514**	**173**

G.13 Financial Expenses

Financial Expenses

k€	2016	2015
Interest expenses from related parties	(1,860)	(2,207)
Interest expenses	(1,017)	(459)
Financing Fees	(125)	(76)
Bank Charges	(106)	(28)
Foreign currency income / expenses	(44)	(197)
Impairment losses on loans	(1)	(572)
SWAP valuation expenses	-	(77)
Others	(163)	158
Total	**(3,315)**	**(3,458)**

Regarding the composition of interest expenses from related parties we refer to Note I.6.

Interest expenses are related to interest paid and accrued for the warehousing facility structured with SO Holding AG, the revolving credit facility with Schwyzer Kantonalbank as well as the financing provided by Rüsselsheimer Volksbank eG in the course of the acquisition of Project CROWN.

H. INCOME TAX EXPENSES

Income tax (expense) / benefit

k€	2016	2015
Current income tax expense	(904)	(122)
Deferred taxes	(409)	1,568
Total	**(1,313)**	**1,446**

The deferred taxes mainly result from temporary differences in the recognition of assets and liabilities of CCAG under Swiss GAAP and from the capitalisation of deferred tax assets on tax loss carry-forwards of CCH SA (refer to Note F.6).

The company has not recognized deferred tax liabilities for income taxes or foreign withholding taxes on the cumulative earnings of subsidiaries of k€13,419 and k€4,184, respectively in fiscal 2016 and 2015 because the earnings are intended to be permanently reinvested in the subsidiaries.

Current income tax expense is broken down by country as set out in the table below. While income taxes in Germany are taxes on income generated by operating subsidiaries Corestate Capital Advisors GmbH as well as the property management business of Capera, Swiss income tax is primarily driven by stamp duties incurred upon the sale of various subsidiaries as well as the swiss “Kantonal- und Gemeindesteuer”.

Current income tax (expense) / benefit (broken down by region)

k€	2016	2015
Income tax Switzerland	(434)	63
Income tax Germany	(357)	(104)
Income tax Luxembourg	(60)	(69)
Income tax Spain	-	(11)
Income tax other countries	(54)	(0)
Total	**(904)**	**(122)**

Tax rate reconciliation

The tax reconciliation statement below describes the relationship between the effective tax expense/benefit as recorded in the Group's Income Statement and the originally expected tax expenses based on the consolidated Earnings before Taxes (EBT) according to IFRS by applying the statutory income tax rate of 29.22% for CCH SA in Luxembourg.

According to IAS 12, the effective tax expense/benefit for the accounting period consists of current taxes on income and profit and of deferred taxes.

Tax rate reconciliation

k€	2016	2015
Consolidated Earnings before Taxes (EBT) according to IFRS	16,870	8,642
Luxembourg statutory income tax rate for CCH SA	29.220%	29.220%
Projected income tax (gain) / burden	**4,929**	**2,525**
Adjustments in respect of current income tax of previous years	(79)	(106)
Effect from changes in tax rates	136	-
Effect from write-off of deferred tax assets	764	1,053
Effect from permanent differences	430	270
Effect from different tax rates	(803)	(2,140)
Effect from dividends and other income exempt from taxation	(4,067)	(3,129)
Other differences	4	82
Income tax reported in the Group's income statement	**1,313**	**(1,446)**
Effective tax rate	7.79%	-16.73%

Changes in tax rates of deferred tax assets results from the adjustment of the Luxembourg corporate income tax rate from 29,22% to 27,08% as well as write-off of unusable tax losses. Effects from dividends and other tax exempt income relate to both warehousing margins as well as capital gains realized upon sale of certain alignments investments and Promote fees which are not taxable.

I. OTHER INFORMATION

I.1 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding is calculated as follows:

Calculation of weighted average number of ordinary shares (undiluted)

	2016		2015	
	number of shares outstanding	days outstanding	number of shares outstanding	days outstanding
Shares at the beginning of the period	**9,742,300**	**366**	**7,992,300**	**365**
Establishment of CCH SA through cash contributions on 21 August 2015	-		1,750,000	132
Issue of new shares (in cash) on 31 August 2016	257,700	122		
Issue of new shares (including DS Authorised Capital) (in cash) on 28 September 2016	2,610,681	94		
Shares at the end of the period	**12,610,681**		**9,742,300**	
Weighted average number of ordinary shares outstanding for the period	**10,498,703**		**8,625,177**	

Calculation of weighted average number of shares (diluted)

	2016	2015
	number of shares	number of shares
New shares from the exercise of share-based payments	127,452	127,452
Average stock price since 4 October 2016 (€/share)	19.86	19.86
Total value of new shares from the exercise of share-based payments (in €)	2,531,196.72	2,531,196.72
Exercise price of new shares (€/share)	12.32	12.32
Difference between stock price and exercise price (in €)	961,089.87	961,089.87
Calculation of fictitious bonus shares	48,393	48,393
Weighted average number of ordinary shares outstanding for the period	**10,547,096**	**8,673,570**

Earnings per share, both undiluted as well as undiluted are calculated as follows:

Earnings per share (undiluted)

k€	2016	2015
Profit attributable to ordinary equity holders of the parent for basic earnings	**15,396**	**9,656**
Weighted average number of ordinary shares (total)	**10,498,703**	**8,625,177**
Earnings per share	**1.47 €**	**1.12€**

Earnings per share (diluted)

k€	2016	2015
Profit attributable to ordinary equity holders of the parent for basic earnings	**15,396**	**9,656**
Weighted average number of ordinary shares (total)	**10,547,096**	**8,673,570**
Earnings per share (diluted)	**1.46 €**	**1.11€**

Further, the utilisation of the remaining additional authorised capital approved by the Annual General Meeting of the Company (refer to Note F.15.2) will lead to a further dilution of earnings per share in future.

I.2 Capital management

The Group's policy is to maintain a strong capital base in order to maintain investor, creditor, and general capital markets confidence, and to support the ongoing development and growth of the Group for further maximising shareholder value. Shareholder value is measured both in terms of earnings per share and related share price development as well as running dividend yield.

For the purpose of the Group's capital management, capital includes share capital and all other equity reserves attributable to the shareholders of the parent.

The Group proactively manages its capital structure and makes necessary adjustments by either changing dividend pay-outs, returning capital to shareholders or issuing new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2015.

I.3 Commitments and contingencies

I.3.1 Capital commitments

As of 31 December 2016, the Group has outstanding capital commitments for Project HIGHSTREET PREMIUM II (k€1,039).

I.3.2 Guarantees

There are no guarantees outstanding since the Group follows a strict non-recourse financing and security structure.

I.3.3 Contingent liabilities

There were no contingent liabilities for the provision of collateral for third-party liabilities.

There are no unresolved legal disputes outside the ordinary business activities.

I.4 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and receivables, trade and other payables with the main purpose of financing the Group's operations. The Group has loan, trade and other receivables, as well as cash and cash equivalents directly resulting from its operations. The Group also holds available-for-sale investments and enters into derivative transactions if necessary. The Group is exposed to credit risk, liquidity risk and interest rate risk.

The overarching risk management system, which is designed in line with the size of the Group, is geared towards the unpredictable nature of developments on the financial markets and aims to minimise potential negative effects on the Group's financial position. The Group identifies measures and hedges financial risks at regular intervals.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. The Group's EMC oversees the management of these risks to ensure that an appropriate balance between risk and control is achieved.

The Group does not use any derivative financial instruments currently. All investments are dominated in Euros, therefore foreign exchange risks are largely eliminated. Going forward, should the Group decide to use any derivative instruments, it would solely be for the purpose of limiting potential risks and not for speculative profit objectives.

The EMC reviews and agrees policies for managing each of these risks which are summarised below.

I.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short and long-term debt obligations with floating interest rates.

In the case of variable-rate (loan) liabilities, there is an interest rate risk insofar as the interest rate for the loans raised is usually linked to the EURIBOR reference rate (European Interbank Offered Rate).

At the reporting date the interest rate profile of the Group's interest bearing liabilities is shown in Note F.18 and F.21. All financial assets – with the exception of loans to shareholders and Associates- are non-interest bearing.

I.4.2. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Except for a minor portion of its cost base, which is denominated in CHF, the Group does not have any foreign currency risk relating to financial instruments.

I.4.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from trade receivables as well as from receivables from associates and joint ventures) which, in turn, are dependent on the operating performance of the underlying investments. Such operating performance is very closely monitored by the Group's asset, property, and financial management teams.

The carrying amount of the Group's financial assets represents the maximum credit exposure.

I.4.4 Liquidity risk

The Group monitors its risk of a shortage of funds using a recurring liquidity planning tool which is updated on a monthly basis. For short-term liquidity risks an efficient net working capital management is in place.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Maturities of financial liabilities (31 December 2016)

k€	Closing Balance 31 Dec 2016	< 1 year	1 to 5 years	> 5 year
Bank loans	18,130	3,718	15,444	-
Short-term Liabilities to Associates	948	948	-	-
Trade payables	7,266	7,266	-	-
Other financial liabilities	16,664	9,387	7,775	2,484
Total financial liabilities	**43,007**	**21,319**	**23,219**	**2,484**

Maturities of financial liabilities (31 December 2015)

k€	Closing Balance 31 Dec 2015	< 1 year	1 to 5 years	> 5 year
Bank loans	25,378	423	12,834	15,647
Short-term Liabilities to Associates	91	91	-	-
Trade payables	8,258	8,258	-	-
Other financial liabilities	39,554	39,670	1,275	-
Total financial liabilities	**73,282**	**48,443**	**14,109**	**15,647**

With the exception of some personnel-related liabilities (mostly MCIF) as well as bank loans and other financial liabilities resulting from the warehousing facility provided by SO Holding AG, financial liabilities are expected to be settled within twelve months of the end of the reporting period.

The EMC is of the opinion that the Group is in a position to meet the payment obligations in the next twelve months from the date of these consolidated financial statements.

I.5 Financial instruments

Financial instruments can be classified as original or derivative financial instruments. Original financial instruments on the assets side include receivables and cash and cash equivalents. Original financial assets are shown at amortised costs. On the liabilities side, original financial instruments include liabilities valued at amortised cost. Derivative financial instruments such as caps and swaps are shown at fair value.

Where default risks are identifiable for financial assets these risks are recognised as impairment losses.

I.5.1 Sensitivity analysis for variable rate instruments

In the event of a change in the interest rate by 100 basis points ("bps"), the annual interest expense from the variable-rate bank loans would increase or decrease by approximately k€181 – based on the value of the loans as of the end of the reporting period.

I.5.2 Fair value

Within the Group, only original financial instruments are used. Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments:

k€	IAS 39 Category	**Carrying amount 31 Dec 2016**	Armortised cost	Fair value recognised through pro-fit and loss	Fair value recognised directly in equity (OCI)	not applicable	**Fair value 31 Dec 2016**
Other financial instruments	Afs	2,217	-	-	2,217	-	2,217
Receivables from associates	LaR	10,756	10,756	-	-	-	10,756
Receivables from joint ventures	LaR	1,031	1,031	-	-	-	1,031
Trade receivables	LaR	5,271	5,271	-	-	-	5,271
Other short-term receivables	LaR	1,530	1,530	-	-	-	1,530
Other short-term assets	LaR	3,376	3,376	-	-	-	3,376
Cash and cash equivalents	n/a	48,209	-	-	-	48,209	48,209
Total financial assets		**72,389**					**72,389**
Other non-current liabilities	FLaFV	9,730	7,889	1,840	-	-	9,730
Long-term financial liabilities to banks	FLAC	14,126	14,126	-	-	-	14,126
Short-term liabilities to banks	FLAC	4,004	4,004	-	-	-	4,004
Short-term liabilities to associates	FLAC	948	948	-	-	-	948
Trade payables	FLAC	7,266	7,266	-	-	-	7,266
Other current liabilities	FLAC/FLAFV	6,934	6,934	-	-	-	6,934
Total financial liabilities		**43,007**					**43,007**

(List of abbreviations: Afs = Available for sale; LaR = Loans and Receivables; FLAC = Financial Liability at cost; FLAFV = Financial Liability at Fair Value)

Other financial instruments at measured at fair value recognised through profit and loss as well as measured at fair value recognised directly in OCI do relate to Liabilities from employee benefits result from the annual MCIF contribution (refer to Note I.6.2) and the minority shares of the BVK fund.

k€	IAS 39 Category	**Carrying amount 31 Dec 2015**	Armortised cost	Fair value recognised through pro-fit and loss	Fair value recognised directly in equity (OCI)	not applicable	**Fair value 31 Dec 2015**
Other financial instruments	Afs	31	-	-	31	-	31
Receivables from associates	LaR	11,469	11,469	-	-	-	11,469
Receivables from joint ventures	LaR	5,755	5,755	-	-	-	5,755
Trade receivables	LaR	3,984	3,984	-	-	-	3,984
Other short-term receivables	LaR	1,329	1,329	-	-	-	1,329
Other short-term assets	LaR	940	940	-	-	-	940
Cash and cash equivalents	n/a	12,447	-	-	-	12,447	12,447
Total financial assets		**35,955**					**35,955**
Other non-current liabilities	FLaFV	1,275	-	1,275	-	-	1,275
Long-term financial liabilities to banks	FLAC	25,378	25,378	-	-	-	25,378
Short-term liabilities to associates	FLAC	91	91	-	-	-	91
Trade payables	FLAC	8,258	8,258	-	-	-	8,258
Other current liabilities	FLAC/FLAFV	38,279	38,279	-	-	-	38,279
Total financial liabilities		**73,282**					**73,282**

(List of abbreviations: Afs = Available for sale; LaR = Loans and Receivables; FLAC = Financial Liability at cost; FLAFV = Financial Liability at Fair Value)

I.6 Related party information

A party is generally considered to be related if such party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Note I.7 provides information about the Group's structure, including details of the subsidiaries and the holding Company. CCH SA has identified these Group companies as well as the following entities and persons as related parties:

<u>Major shareholders and shareholders' related entities</u>

- Ralph Winter
- Thomas Landschreiber
- Daniel Schoch
- Micha Blattmann
- Urs Felder
- Azteca Holding AG
- Blattmann Advokatur & Notariat
- Felur Swiss Treuhand AG
- Flygon Holding LLC
- INTERSHOP Holding AG
- W5 Group GmbH (formerly vitB AG)
- W5 Group LLC

Ralph Winter is a senior advisor to the Group through a consultancy agreement between W5 Group GmbH and CCH SA. W5 Group GmbH and W5 Group LLC are both investment advisory firms wholly-owned by Ralph Winter. Flygon Holding LLC as well is wholly-owned by Ralph Winter and is an investment vehicle which holds all of the shares indirectly owned by Ralph Winter in the Company. INTERSHOP Holding AG is a real estate holding company listed on the Swiss stock exchange, and was holding ca. 28% in the Company's then registered share capital until 30 June 2016. Thomas Landschreiber and Daniel Schoch are members of the Company' board of management (EMC) while Micha Blattmann and Urs Felder are members of the Company's supervisory board. Blattmann Advokatur & Notariat is Micha Blattmann law firm while Felur Swiss Treuhand AG is tax Swiss tax advisory firm wholly-owned by Urs Felder.

<u>CCH SA Key Management Personel:</u>

- Sascha Wilhelm (Chief Executive Officer of CORESTATE Capital Holding S.A. and a member of the Group's Investment Committee) – since 21 August 2015
- Thomas Landschreiber (Chief Investment Officer of CORESTATE Capital Holding S.A. and a member of the Group's Investment Committee) – since 21 August 2015
- Daniel Schoch (Chief Financial Officer of CORESTATE Capital Holding S.A. and a member of the Group's Investment Committee) – since 21 August 2015

The members of the Management Board were appointed by the Supervisory Board for a term until 31 December 2018 with respect to Thomas Landschreiber, and 31 December 2019 with respect to Daniel Schoch and Sascha Wilhelm, respectively.

In addition to the individually agreed base salary and annual bonus payments, under their service agreements, the Management Board members are entitled to ancillary benefits that include, among other things, continued payment of remuneration in case of sickness or death for a certain period, contributions to private health insurance as well as D&O and E&O insurance coverage at usual market terms. The Company also reimburses all travelling costs and incidental expenses.

Members of Supervisory Board:

The Supervisory Board must be composed of at least three individuals, and currently consists of the following members:

- Micha Blattmann (Chairman, Manager) – since 23 September 2015
- Urs Felder (self-employed tax and accounting Expert) – since 21 August 2015
- Ulrich Plett (Wirtschaftsprüfer) – since 23 September 2015
- The mandates of the following individuals have expired in the reporting period or the prior financial year, respectively.
- Andreas Wirz (Architect, member of the Executive board of Intershop Holding AG) – since 21 August 2015 until 30 June 2016
- Thomas Zinnöcker (Diplom-Kaufmann) – from 23 September 2015 until 10 March 2016
- Ralph Winter (self-employed management Consultant) – from 21 August 2015 until 23 September 2015

The Supervisory Board members are entitled to receive an annual fee of k€25 plus VAT (if any). The deputy chairman of the Supervisory Board is entitled to receive an annual fee of k€37.5 plus VAT (if any) and the chairman of the Supervisory Board of k€50 plus VAT (if any). The annual fee is payable within 10 days after the end of each financial year. In addition to the annual fee, each member of the Supervisory Board is entitled to € 750 for each meeting such member attends in person (physically or via phone). The Supervisory Board Members are also reimbursed of all reasonable and properly documented costs incurred as part of their mandate, and benefit from a market-standard D&O insurance entered into by the Company.

In the supervisory board meeting on 10 March 2016 the members decided to reduce the annual fee by 50% retrospectively.

Associates (Co-Investments)

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group invests typically between 5% and 10% in its investment products for private clients as alignment capital investment. Since the Group provides comprehensive real estate investment management services to such investments structures, these investment structures in each case qualify as an Associate under the IFRS regime. The revenues generated with such Associates are based on market-standard Joint-Venture and Co-Investments Agreements (JVCIA) as well as various asset and property management agreements and are entered into with and approved by its clients. Note F.3 provides an overview of the Group's Investment in Associates.

I.6.1 Transactions with shareholders and shareholder related entities

The following table sets out all payments made to shareholders and shareholders' related entities made by the Group in the period 1 January 2016 through 31 December 2016. Hence, such amounts do not necessarily reconcile with the Consolidated Income Statement for the financial year 2016.

Transactions with shareholders and shareholders related entities

k€	2016	2015
Fees paid to W5 Group GmbH/W5 Group LLC under consultancy agreements	(514)	(455)
Cost reimbursements to W5 Group GmbH/W5 Group LLC	(248)	(364)
Payments made in connection with the acquisition of Hannover Leasing Group	(1,689)	-
Interests expenses from shareholder loans	(2,504)	(2,357)
Proceeds from loans granted by shareholders	8,000	49,589
Repayment of loans granted by shareholders	(35,814)	(21,775)
Sales of Shares in Subsidiaries or Associates to shareholders	(4,982)	1,014
Repayment of loans granted to shareholders	855	-
Interests income on loans granted to shareholders	6	13
Dividends (including capital repayments) paid to shareholders	(6,484)	(13,790)
Rental income from sublease with W5 Group GmbH	7	15

Fees and cost reimbursements paid to W5 Group GmbH/W5 Group LLC are payments made in relation to the underlying consultancy agreements. Under such agreements, the various companies wholly-owned by Ralph Winter rendered services with respect to general strategic advisory, capital raising and private client relations as well as investment product sourcing.

Prior to the Group actively participating the acquisition process Hannover Leasing Group in November 2016, W5 Group GmbH, together with Azteca Holding AG have spend a considerable amount of time and resources on such potential transaction (in particular for building the relationship with the sellers and conducting due diligence activities). Against that background, payments made to Azteca Holding AG do relate to the acquisition of Hannover Leasing Group, and include a finder's fee of k€1,000 as well as the reimbursement of an initial payment of k€689 originally made by Azteca Holding AG under a contract with Hannover Leasing Group's minority shareholder in relation to such minority shareholder's pre-emption rights and interest in Hannover Leasing Group, and to certain transaction related expenses.

Interest expenses on shareholder loans do relate to various loans provided by Ralph Winter, Thomas Landschreiber as well as INTERSHOP Holding AG, in particular with respect to financing the Group's warehousing activities.

Proceeds from and repayment of loans granted by shareholders relate to financing of the Group's warehousing activities, and involve Ralph Winter, Thomas Landschreiber as well as INTERSHOP Holding AG.

Proceeds from the Sale of Shares in Subsidiaries or Associates do relate to Project DONALD. The property holding companies in relation to such underlying real estate assets where originally majority owned and financed by W5 Group GmbH. Prior to converting Project DONALD into a student home development project for one of the Company's private clients, the holdings in the property holding companies were restructured, and as a result, the Group acquired the 81,25% stake originally held by W5 Group GmbH (including a margin of k€974).

I.6.2 Transactions with Key Management Personnel

Transactions with Key Management Personnel and member of Supervisory Board

k€	**2016**	2015
Short-term employee benefits	(2,086)	(1,561)
Remuneration to members of the supervisory board	(72)	(115)
Payments to member of the supervisory board	(234)	(342)
EMC Bonus Awards contributed to MCIF	(421)	(394)
Profit Distributions to key management personell from MCIF	-	(55)

Short-term employee benefits relate the payment of the annual base salary agreed under the service agreements with the members of the EMC as well as the cash component of the annual bonus award of the EMC members.

The EMC members as well as certain other employees have a minority interest (Limited Partner) in Corestate MCIF GmbH & Co. KG (MCIF). All profits of MCIF are distributable to these Limited Partners (disproportionate profit distribution).Under the MCIF scheme, the EMC members but also certain other key personnel are required to contribute up to one third of the annual bonus (as compensation element for their service for the respective financial year) to CORESTATE MCIF GmbH & Co. KG as a deferred bonus payment (annual MCIF contribution). MCIF invests alongside the Group in alignment capital investments, thereby serving as a retention instrument for the plan participants since the annual MCIF contribution becomes payable to the participants only after three years, and is further subject to good and bad leaver provisions. Profits generated by MCIF, however are immediately distributed to the participants pro rata their participations in the underlying alignment capital investment. All pay-outs to the MCIF participants are made in cash (cash-settled share-based payment transaction). As of 31 December 2016, k€566 of which k€421 relate to the members of the EMC (as of 31 December 2015: k€546 of which k€394 relate to the members of the EMC) have been recognized as expense relating to MCIF (this amount also represents the fair value of MCIF related annual bonus awards). The respective liability recognized in the Statement of Financial Position as per 31 December 2016 is k€1,840 (as of 31 December 2015: k€1,275).

Upon occurrence of the listing on October 4, 2016 of the Company's shares on the Frankfurt stock exchange, the members of the EMC were granted a special payment on the basis of the individual service agreements in form of shares in the company (so-called "share-based payment") in an aggregate amount of k€2,167. Such share-based payments are part of the Management Board's remuneration. In addition, the related wage tax and fringe benefits such as social security contributions are to be borne by the Company (refer to note I.6).

The share-based compensation granted will only be forfeited under certain circumstances (i.e. when the Company terminates the service agreement for cause or the service agreement is terminated upon request of the member of the ECM during the relevant current term). In turn, the share grants individually agreed for each member of the EMC vest over various periods linked to the term of the underlying service agreement.

The fair value of such share grants is calculated as € 17.00 per share less projected dividend payments per share during the relevant vesting period, and is amortized (i.e. recognised through profit and loss) based on the vesting periods individually agreed for each member of the ECM. The total expense recognized through profit and loss in relation to such share grants to the EMC in the financial year 2016 was k€547, and also includes wage taxes and related social security contributions. A corresponding deferred tax asset amounting to k€148 was also recognized through profit and loss.

The Group's chief financial officer was granted an option to acquire 1.25% of CC AG at 50% of the fair value (equity settled share-based payment plan) in December 2007, contingent on the fulfilment of certain specified vesting conditions. The service period commenced on 1 April 2008. The vesting period was variable and vesting occurred once certain performance conditions (total revenues, implementation of certain company structures and functions) are fulfilled on a cumulative basis. Upon vesting the option could be exercised within 36 months. The exercise price to acquire 1.25% of CC AG would have been based on a company valuation to be performed by a renowned expert.

The fair value of such option has been determined based on the acquisition of a non-controlling interest stake by a third party. All vesting conditions were met around the Company's contemplated (but aborted) initial public offering in October 2015. The fair value of the award is expensed on a straight-line basis over the period from 2007 to 2015.

Total fair value of this award was k€98. In the financial year 2016 k€36 (previous year k€12) were recognized as personnel expense. In September 2016, such award was restructured and exercised in the course of the private placement and subsequent listing of the Company's shares on the Frankfurt Stock Exchange (refer to note F.15.1). The total expense recognized through profit and loss in relation to the corresponding DS Authorised Capital in the financial year 2016 was k€420 and relates to wage taxes incurred in Switzerland. A corresponding deferred tax asset amounting to k€194 was also recognized through profit and loss.

Compensation of members of the Supervisory Board includes both the annual fees as well as cost reimbursements incurred. In 2016, a total Supervisory Board compensation of k€72 (previous year k€56) was recognised.

Other payments made to members of the Supervisory Board include compensation for various professional services rendered by Blattmann Advokator & Notariat (k€165) and Felur Swiss Treuhand AG (k€54).

I.6.3 Transactions with Associates (Co-Investments) and Joint Ventures (cooperation with local partners)

The terms and condition agreed with Associates for the services of the Group are negotiated and set out in the underlying documentation for each investment product entered into with the respective clients (JVCIA, management agreements etc.). Hence, such terms and conditions are considered to be at arm's length.

We refer to Notes F.5, F.9, F.10 and F.22 for further details on the receivables, liabilities and other transactions with Associates or Joint Ventures.

Transactions with Associates (Co-Investments)

k€	**2016**	2015
Revenue from Aquisition Related Fees	9,615	4,483
Revenue from Asset and Property Management	9,629	6,744
Revenue from Sales Fees	-	491
Revenue from Promote Fees realized	6,699	12,298
Proceeds from Selling Property Holding Companies	12,244	2,506
Interest income from Associate	136	172

Balance with Associates (Co-Investments)

k€	**2016**	2015
Loans received from Associates	8,263	11,469
Liabilities from Associates	1,031	5,755
Liabilities from Joint venture partners	2,493	-
Receivables from Associates	948	99
Receivabes from Joint Venture	-	150
Liabilities to related parties	-	28,471

We refer to Notes F.5, F.9, F.10 and F.22 for further details on the receivables, liabilities and other transactions with Associates or Joint Ventures.

I.7 Consolidated Statement of Cash Flow

The consolidated Statement of Cash Flow shows how the Group's liquid funds have changed over the course of the financial year through inflows and outflows. As per IAS 7 cash flows from operating activities are distinguished from cash flows from investment activities and cash flows from financing activities. When determining the cash flow from operating activities using the indirect method, the profit for the period was adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, as well as items of income or expense associated with investing or financing cash flows. Therefore, direct comparison with the corresponding changes in the published consolidated Statement of Financial Position is not possible.

In accordance with the IAS 7 option, interest paid is shown under cash flow used in/from financing activities.

The financial funds considered in the consolidated Statement of Cash Flow include cash and cash equivalents.

The cash flows from investment and financing activities are directly related to payments. The total of the cash flows from the acquisition or sale of subsidiaries is shown separately and classified as investment activity in the cash flow statement.

Cash flows from Sale of Subsidiaries and business units in 2016

k€	Share sales price received	Cash balance of the subsidiary	Net cash inflow/ (outflow) from sale of subsidiaries
Sales of Project HIGHSTREET PREMIUM I	5,858	3,097	2,762
Sale of Project Project DONALD	6,601	832	5,769
Sale of Project ANNAPURNA	2,961	2,705	256
Sale of Project HARBOUR	3,932	2,402	1,530
Sale of Project Project HIGHSTREET VI	1,878	444	1,434
Sale of Project Project ACROSS	7,444	1,851	5,593
Sale of other companies	112	311	(199)
Total 2016	**28,786**	**11,642**	**17,144**

Cash flows from Acquisition of Subsidiaries in 2016

k€	Share purchase price paid	Cash balance of the subsidiary	Net cash inflow/ (outflow) from acqusition of subsidiaries
Acquisition of business of Youniq Service GmbH	0	-	(0)
Acquisition/foundation of companies without business	10,342	1,807	(8,535)
Total 2016	**10,342**	**1,807**	**(8,535)**

Cash flows from Sale of Subsidiaries and business units in 2015

k€	Share sales price received	Cash balance of the subsidiary	Net cash inflow/ (outflow) from sale of subsidiaries
Sale of HIGHSTREET II PropCo I GmbH	2,500	323	2,177
Sale of other companies without operations	7,710	100	7,610
Total 2015	**10,210**	**423**	**9,786**

Cash flows from Acquistion of Subsidiaries in 2015

k€	Share purchase price paid	Cash balance of the subsidiary	Net cash inflow/ (outflow) from acqusition of subsidiaries
Acquistion/foundation of companies without business	574	547	(26)
Total 2015	**574**	**547**	**(26)**

I.8 Group entities

CCH SA is the parent company of the Group. The ultimate beneficial owner party is Ralph Winter.

The consolidated financial statements include basically all companies which the group controls, i.e. typically for which CCH SA owns, directly or indirectly through subsidiaries, more than half of the voting power. There are no restrictions regarding Cash or Dividend Payments from such subsidiaries.

With the exception of CORESTATE MCIF GmbH & Co.KG (Note I.6.2) the equity interest is equal to the voting rights.

Group entities

		31 Dec 2016	31 Dec 2015
Name	Seat and Country of incorporation	% equity interest	% equity interest
Corestate Capital Holding S.A.	Luxembourg	**Parent Company**	**Parent Company**
CORESTATE CAPITAL AG	Zug/Switzerland	100.00%	100.00%
1 2 3 6 Vermögensverwaltung GmbH (CORESTATE Co Investment Verwaltungs GmbH)	Frankfurt am Main/Germany	100.00%	100.00%
ACROSS HoldCo S.à r.l. (Highstreet VI PropCo II S.à r.l.)	Luxembourg	100.00%	100.00%
CAPERA Immobilien Service GmbH	Vienna/Austria	100.00%	70.00%
CAP FinCo S.à r.l.	Luxembourg	100.00%	100.00%
CAP HoldCo S.à r.l.	Luxembourg	100.00%	94.90%
Corestate CAPTIVE PropCo V S.à r.l.	Luxembourg	100.00%	94.90%
CORESTATE Capital Advisors (Singapore) Pte. Ltd.	Singapore	100.00%	100.00%
CORESTATE Capital Advisors GmbH	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE Capital Beteiligungs Verwaltung GmbH	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE Capital Developments GmbH	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE Capital Partners GmbH (CORESTATE Capital Finance GmbH)	Zug/Switzerland	100.00%	100.00%
CORESTATE CAPITAL Fund Management S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Capital Sales Holding S.à r.l. (Highstreet II PropCo III S.à r.l.)	Luxembourg	100.00%	100.00%
CORESTATE Capital Transactions AG	Zug/Switzerland	100.00%	100.00%
Corestate Capital Vorratsgesellschaft mbH 1	Frankfurt am Main/Germany	100.00%	100.00%
Corestate Capital Vorratsgesellschaft mbh EINS & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE CIV GmbH	Frankfurt am Main/Germany	100.00%	100.00%
Corestate Investment 1 S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Sailing HoldCo S.à r.l.	Luxembourg	100.00%	100.00%

Group entities (continued)

Name	Seat and Country of incorporation	31 Dec 2016 % equity interest	31 Dec 2015 % equity interest
Energy AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
Iberian HoldCo I S.L.	Madrid/Spain	100.00%	100.00%
Iberian HoldCo II S.L.	Madrid/Spain	100.00%	100.00%
Iberian Investment I HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Iberian Investment I TopCo Ltd.	Guernsey	100.00%	100.00%
Iberian Investment II HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Iberian PropCo I S.L.	Madrid/Spain	100.00%	100.00%
Iberian PropCo II S.L.	Madrid/Spain	100.00%	100.00%
RECAP FinCo II S.à r.l. (Highstreet VI PropCo IV S.à r.l.)	Luxembourg	100.00%	100.00%
ROSE HoldCo S.à r.l. (Highstreet V PropCo III S.à r.l.)	Luxembourg	100.00%	100.00%
TURBO FRA AcquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
VITU AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
Bayreuth Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	n.a.
Corestate Condor HoldCo GmbH	Vienna/Austria	100.00%	n.a.
Corestate Condor PropCo GmbH	Vienna/Austria	100.00%	n.a.
Corestate Condor TopCo GmbH (Platin 1315. GmbH)	Frankfurt am Main/Germany	100.00%	n.a.
Corestate MicroLiving NewCo GmbH	Leipzig/Germany	100.00%	n.a.
Corestate Student Home Holding S.à r.l.	Luxembourg	100.00%	n.a.
Corestate ZGE Feeder GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	n.a.
Crown PropCo GmbH	Frankfurt am Main/Germany	100.00%	n.a.
DONALD HoldCo S.à r.l.	Luxembourg	100.00%	n.a.
Frankfurt Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	n.a.
Grindel AcquiCo II S.à r.l.	Luxembourg	100.00%	n.a.
Highstreet VIII AcquiCo Ltd.	Guernsey	100.00%	n.a.
Highstreet VIII HoldCo S.à r.l.	Luxembourg	100.00%	n.a.
Highstreet VIII PropCo I S.à r.l.	Luxembourg	100.00%	n.a.
Highstreet VIII PropCo II S.à r.l.	Luxembourg	100.00%	n.a.
Highstreet VIII TopCo Ltd.	Guernsey	100.00%	n.a.
ISAR Beteiligungsverwaltungs GmbH	Frankfurt am Main/Germany	100.00%	n.a.
ISARTAL Beteiligungsverwaltungs GmbH	Frankfurt am Main/Germany	100.00%	n.a.
King HoldCo S.à r.l.	Luxembourg	100.00%	n.a.
King PropCo S.à r.l.	Luxembourg	100.00%	n.a.
Mainz Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	n.a.
Müller34 Student Home Projektentwicklung- und Verwaltung GmbH	Frankfurt am Main/Germany	100.00%	n.a.
Potsdam Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	n.a.

Group entities (continued)

Name	Seat and Country of incorporation	31 Dec 2016 % equity interest	31 Dec 2015 % equity interest
Venloer4711 PropCo S.à r.l. (Project 13 PropCo S.à r.l.)	Luxembourg	100.00%	n.a.
RECAP FinCo III S.à r.l.	Luxembourg	100.00%	n.a.
RECAP FinCo IV S.à r.l. (CC SH HoldCo 01 S.à r.l.)	Luxembourg	100.00%	n.a.
RECAP FinCo S.à r.l.	Luxembourg	100.00%	n.a.
RECAP FinCo V S.à r.l. (Project 13 HoldCo S.à r.l.)	Luxembourg	100.00%	n.a.
SQUIRREL AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	100.00%
CORESTATE MCIF GmbH & Co. KG	Frankfurt am Main/Germany	86.67%	86.67%
Soest HoldCo S.à r.l. (Corestate Shelf HoldCo 2 S.à r.l.- Soest)	Luxembourg	81.80%	81.80%
CAPERA Immobilien Service GmbH	Neu-Isenburg/Germany	70.00%	70.00%
Corestate SAND HoldCo S.à r.l.	Luxembourg	69.74%	69.74%
T6 AquiCo II GmbH & Co. KG	Frankfurt am Main/Germany	merged	100.00%
Corestate CAPTIVE PropCo II S.à r.l.	Luxembourg	sold	94.90%
Corestate CAPTIVE PropCo III S.à r.l.	Luxembourg	sold	94.90%
Corestate CAPTIVE PropCo IV S.à r.l.	Luxembourg	sold	94.90%
ACROSS (EL7) S.à r.l. (Highstreet VI PropCo III S.à r.l.)	Luxembourg	sold	100.00%
Corestate CAPTIVE PropCo I GmbH	Frankfurt am Main/Germany	sold	100.00%
HIGHSTREET FinCo I S.à r.l. (Highstreet II AquiCo S.à r.l.)	Luxembourg	sold	100.00%
HIGHSTREET FinCo II S.à r.l.	Luxembourg	sold	100.00%
Highstreet TopCo II Ltd. (Highstreet IV AcquiCo Ltd.)	Guernsey	sold	100.00%
Highstreet V AcquiCo Ltd.	Guernsey	sold	100.00%
Highstreet V HoldCo S.à r.l.	Luxembourg	sold	100.00%
Highstreet V PropCo II Sarl	Luxembourg	sold	100.00%
Highstreet V TopCo Ltd.	Guernsey	sold	100.00%
ROSE PropCo S.à r.l. (Highstreet V PropCo IV S.à r.l.)	Luxembourg	sold	100.00%
CORESTATE Capital Advisors (UK) LLP	London/Great Britain	sold	100.00%
Iberian PropCo III S.L.	Madrid/Spain	sold	100.00%
RECAP FinCo I S.à r.l. (Iberian Investment III HoldCo S.à r.l.)	Luxembourg	sold	100.00%
Iberian HoldCo III S.L.	Madrid/Spain	sold	100.00%

CORESTATE Capital Fund Management S.à r.l, Luxembourg, was authorised by the Commission de Surveillance du Secteur Financier („CSSF") in January 2015 to act as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD"). As a licensed AIFM, CORESTATE Capital Fund Management S.à r.l. is able to benefit from the marketing passport introduced under the AIFMD. This passport allows it to market real estate Alternative Investment Funds ("AIF") (i.e., investment products and structure), irrespective of whether these AIFs are established in Luxembourg or in another country in the European Union, to professional investors in the European Union. AIFMs must adhere to strict regulations, and as such, the Group has put in place several internal policies to ensure the Group's compliance with these regulations.

I.9 Deconsolidation

During the financial year 2016, the following companies were deconsolidated, primarily in relation to the Group's warehousing activities. Hence, the total effect from consolidation (k€12,244) reflects the gross margin generated from warehousing in 2016.

k€	Project HIGH-STREET PREMI-UM I	Project DONALD	Project ANNA-PURNA	Project HARBOUR	Project HIGH-STREET VI	Project ACROSS	Others	**Total**
Date of sale	Jan/Feb 2016	March 2016	Dec 2016	Dec 2016	Dec 2016	March 2016		
Total proceeds from sale	5,273	6,811	2,258	3,672	1,746	7,296	287	27,343
thereof sales prices (cash)	*5,858*	*6,601*	*2,961*	*3,932*	*1,878*	*7,444*	*112*	*28,786*
Voting rights sold (%)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		
Goodwill	-	2,117	-	-	-	-	-	2,117
Advance Payments for Property Purchase Prices	1,000	-	-	-	-	-	0	1,000
Inventories	39,216	3,294	11,862	26	21,989	10,175	-	86,561
Receivables	340	-	-	-	78	-	-	418
Other assets	35	96	336	30	45	16	26	583
Cash and cash equivalents	3,097	832	2,705	2,402	444	1,851	439	11,770
Total assets	**43,687**	**6,339**	**14,903**	**2,458**	**22,556**	**12,042**	**465**	**102,450**
Financial liabilities due to banks	17,380	-	-	-	-	6,020	0	23,400
Other provisions	-	5	-	-	-	-	-	5
Current tax liabilities	5	1	-	-	-	-	3	9
Liabilities from affiliated companies	24,434	512	7	-	-	-	1	24,953
Trade payables	1,340	511	79	26	1,569	61	71	3,657
Other payables	523	123	13,941	-	20,626	2	112	35,327
Total liabilities	**43,681**	**1,151**	**14,026**	**26**	**22,195**	**6,083**	**187**	**87,351**
Fair value of net assets sold	**6**	**5,188**	**876**	**2,432**	**361**	**5,959**	**278**	**15,099**
Non-controlling interests	-	-	-	-	-	-	-	-
Gain / (loss) from deconsolidation	**5,268**	**1,623**	**1,382**	**1,241**	**1,385**	**1,337**	**10**	**12,244**
Revenues generated until deconsolidation	**-**	**-**	**-**	**-**	**339**	**-**	**-**	**339**
Profit / (loss) until date of deconsolidation	**6**	**(6)**	**(2)**	**-**	**132**	**(13)**	**(52)**	**65**

Sale of shareholders loans

k€	Project HIGH-STREET PREMI-UM I	Project DONALD	Project ANNAPUR-NA	Project HARBOUR	Project HIGH-STREET VI	Project ACROSS	others	**Total**
Sales price shareholder loans	24,538	126	-	-	20,500	-	-	45,164
Bookvalue shareholder loans	(24,538)	(126)	-	-	(20,500)	-	-	(45,164)
Gain/(loss) from sale of shareholder loans	-	-	-	-	-	-	-	-
Total Effects of consolidation	**5,268**	**1,623**	**1,382**	**1,241**	**1,385**	**1,337**	**10**	**12,244**

The real estate holding companies CORESTATE CAPTIVE PropCo I GmbH (commercial property in Halle), CORESTATE CAPTIVE PropCo II S.à r.l. (commercial property in Bremerhaven), CORESTATE CAPTIVE PropCo III S.à r.l. (commercial property in Paderborn) and CORESTATE CAPTIVE PropCo IV S.à r.l. (commercial property in Hamburg) were sold to Project HIGHSTREET PI.

ACROSS (EL7) S.à r.l. with an office building in Frankfurt am Main was sold to Project ACROSS.

The sub-group RECAP FinCo I S.à r.l. with an office building in Madrid/Spain was sold to Project ANNAPURNA.

CC SH PropCo 01 S.à r.l. with an office building in Hamburg was sold to Project HARBOUR.

The real estate holding company Corestate Highstreet VI PropCo I S.à r.l. (commercial property in Bocholt) and the whole subgroup of Corestate Highstreet VI TopCo Limited were sold to Project HIGHSTREET VI.

At the end of March 2016, the Group sold 94.9% of the shares in Müller34 GmbH to a third party. Müller34 GmbH holds a plot of land in Berlin for the subsequent development of a student house. The remaining 5.1% of the shares in Müller34 GmbH are recognised as an investment in associates.

I.10 Leasehold contracts

I.10.1 Operating lease commitments — Group as Lessee

The Group has entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Schedule of lease contracts as per 31 December 2016 (Group as Lessee)

Type of lease contract	lease payment (per month) (incl. VAT, k€)	minimum lease payments in 2017 (incl. VAT, k€)	minimum lease payments 2018 until 2022 (incl. VAT, k€)	minimum lease payments after 2025 (incl. VAT, k€)
Rental agreement	156	1,594	3,291	603
Lease agreement relating to office equipment	88	805	123	-
Car lease	24	286	445	-
Total	**267**	**2,686**	**3,859**	**603**

Detailed schedule of lease contracts as per 31 December 2015 (Group as Lessee)

Type of lease contract	lease payment (per month) (incl. VAT, k€)	minimum lease payments in 2017 (incl. VAT, k€)	minimum lease payments 2018 until 2022 (incl. VAT, k€)	minimum lease payments after 2025 (incl. VAT, k€)
Rental agreement	109	1,121	2,329	76
Lease agreement relating to office equipment	61	264	20	-
Car lease	45	472	464	-
Total	**216**	**1,857**	**2,813**	**76**

I.10.2 Operating lease commitments — Group as Lessee

With the exemption of sub-lease agreements, the Group is not a lessor.

Detailed schedule of lease contracts as per 31 December 2016 (Group as Lessor)

Type of lease contract	lease payment (per month) (incl. VAT, k€)	minimum lease payments in 2017 (incl. VAT, k€)	minimum lease payments 2018 until 2022 (incl. VAT, k€)	minimum lease payments after 2022 (incl. VAT, k€)
Sub-lease agreement	2	26	17	-
Total	**2**	**26**	**17**	**-**

Detailed schedule of lease contracts as per 31 December 2015 (Group as Lessor)

Type of lease contract	lease payment (per month) (incl. VAT, k€)	minimum lease payments in 2016 (incl. VAT, k€)	minimum lease payments 2017 until 2021 (incl. VAT, k€)	minimum lease payments after 2021 (incl. VAT, k€)
Sub-lease agreement	10	32	71	-
Total	**10**	**32**	**71**	**-**

The Group (as the lessor) has concluded agreements regarding letting of its warehousing property located in Kronberg/Germany (Project CROWN). Such long-term lease agreements concern commercial real estate and usually have remaining terms of lease of between 1 and 5 years. Various lease agreements contain a clause according to which the rent can be increased depending on the change of the CPI (consumer price index). A few contracts with a fixed lease term have an option right to extend the lease term. None of the lease contracts contain a pre-emption right.

The minimum lease payments (net rental income), under the assumption of a twelve month notice period and lease expiry date, of k€1,760 (source: internal forecast) will be generated from the existing contracts on the reporting date.

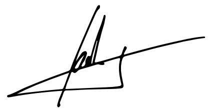
The Group is not subject to any relevant restrictions on financing, dividends or other leasing agreements as a result of its financing operating leases, whether as lessor or lessee.

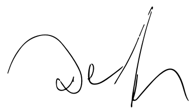
I.11 Significant events after the reporting date (subsequent events)

- In February 2017 the Group signed a purchase agreement for the Royal Liver Building, a Grade A office building in Liverpool/United Kingdom. The asset, located at the world renowned UNESCO World Heritage Waterfront of Liverpool, is the landmark of Liverpool and belongs to the three graces of Liverpool. The asset will be acquired for GBP 48m through the Group's warehousing facility from the Royal London Mutual Insurance Society, and subsequently transferred to an investment structure to be established for some of the Group's private clients. The office building was extensively refurbished in 2008 to deliver a high quality business environment providing modern office space whilst retaining its original architectural features. Strong tenants include BESTINVEST, HSBC, Mott MacDonald, Pershing, Princess Limited and Universities Superannuation Scheme LTD.

Save for the matters set out above, there have been no material events since the reporting date which could have a significant effect on the net assets, financial position or results of operations of the Group.

Luxembourg, 21 February 2017





Sascha Wilhelm
Chief Executive Officer

Daniel Schoch
Chief Financial Officer

Thomas Landschreiber
Chief Investment Officer

Independent auditor’s report

To the Shareholders of
Corestate Capital Holding S.A.
4, rue Jean Monnet
L-2180 Luxembourg

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Corestate Capital Holding S.A., which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors’ responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the “réviseur d’entreprises agréé”

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier”. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the “réviseur d’entreprises agréé”, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the “réviseur d’entreprises agréé” considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Corestate Capital Holding S.A. as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 21 February 2017

Ernst & Young

Société Anonyme

Cabinet de révision agréé

Pavel Nesvedov

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Annual Accounts and Notes

Annual Accounts of CORESTATE Capital Holding S.A., Luxembourg

BALANCE SHEET
FINANCIAL YEAR FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

€	Notes	2016	2015
ASSETS			
A. Subscribed capital unpaid		-	-
I. Subscribed capital not called		-	-
II. Subscribed capital called but unpaid		-	-
B. Formation expenses		-	-
C. Fixed assets		**51,915**	**29,709**
I. Intangible assets	C.1	112	-
1. Costs of development		-	-
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were		112	-
a) acquired for valuable consideration and need not be shown under C.I.3	C.1	112	-
b) created by the undertaking itself		-	-
3. Goodwill, to the extent that it was acquired for valuable consideration		-	-
4. Payments on account and intangible assets under development		-	-
II. Tangible assets		-	-
1. Land and buildings		-	-
2. Plant and machinery		-	-
3. Other fixtures and fittings, tools and equipment		-	-
4. Payments on account and tangible assets in the course of construction		-	-
III. Financial assets	C.2	51,803	29,709
1. Shares in affiliated undertakings	C.2.1	41,241	29,706
2. Loans to affiliated undertakings	C.2.2	2,558	-
3. Participating interests	C.2.3	6,154	4
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	-	-	-
5. Investements held as fixed assets	-	-	-
6. Other loans	C.2.4	1,849	-

€	Notes	2016	2015
D. Current assets		**43,323**	**4,549**
I. Stocks		-	-
1. Raw materials and consumables		-	-
2. Work in progress		-	-
3. Finished goods and goods for resale		-	-
4. Payments on account		-	-
II. Debtors	C.3	10,243	4,480
1. Trade debtors		166	-
a) becoming due and payable within one year		166	-
b) becoming due and payable after more than one year		-	-
2. Amounts owed by affiliated undertakings		827	3,121
a) becoming due and payable within one year		827	3,121
b) becoming due and payable after more than one year		-	-
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests		6,958	1,354
a) becoming due and payable within one year		6,958	1,354
b) becoming due and payable after more than one year		-	-
4. Other debtors		2,292	5
a) becoming due and payable within one year		2,292	5
b) becoming due and payable after more than one year		-	-
III. Investments		-	-
1. Shares in affiliated undertakings		-	-
2. Own shares		-	-
3. Other investments		-	-
IV. Cash at bank and in hand		33,080	69
E. Prepayments	C.4	**87**	**8**
Total Assets		**95,325**	**34,266**

BALANCE SHEET
FINANCIAL YEAR FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

€	Notes	2016	2015
CAPITAL, RESERVES AND LIABILITIES			
A. Capital and reserves	C.5	**74,085**	**23,133**
I. Subscribed capital	C.5.1	946	195
II. Share premium account	C.5.3	65,731	29,421
III. Revaluation reserve		-	-
IV. Reserves	C.6	-	-
1. Legal reserve	C.6.1	-	-
2. Reserve for own shares	C.6.2	-	-
3. Reserves provided for by the articles of association		-	-
4. Other reserves, including the fair value reserve		-	-
a) other available reserves		-	-
b) other non available reserves		-	-
V. Profit and loss brought forward	C.7	(6,482)	-
VI. Profit or loss for the financial year		13,890	(6,482)
VII. Interim dividends		-	-
VII. Capital investment subsidies		-	-
B. Provisions	C.8	**2,646**	**1,148**
1. Provisions for pensions and similar obligations		-	-
2. Provisions for taxation	C.8.1	3	3
3. Other provisions	C.8.2	2,643	1,146
C. Creditors	C.9	**18,398**	**9,984**
1. Debenture loans		-	-
a) Convertible loans		-	-
i) becoming due and payable within one year		-	-
ii) becoming due and payable after more than one year		-	-
b) Non convertible loans		-	-
i) becoming due and payable within one year		-	-
ii) becoming due and payable after more than one year		-	-

€	Notes	**2016**	2015
2. Amounts owed to credit institutions		-	-
a) becoming due and payable within one year		-	-
b) becoming due and payable after more than one year		-	-
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks		-	-
a) becoming due and payable within one year		-	-
b) becoming due and payable after more than one year		-	-
4. Trade creditors	C.9.1	1,115	2,737
a) becoming due and payable within one year		1,115	2,737
b) becoming due and payable after more than one year		-	-
5. Bills of exchange payable		-	-
a) becoming due and payable within one year		-	-
b) becoming due and payable after more than one year		-	-
6. Amounts owed to affiliated undertakings	C.9.2	16,760	3,714
a) becoming due and payable within one year		5,041	3,714
b) becoming due and payable after more than one year		11,718	-
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests		-	-
a) becoming due and payable within one year		-	-
b) becoming due and payable after more than one year		-	-
8. Other creditors	C.9.3	524	3,533
a) Tax authorities		524	191
b) Social security authorities		-	-
c) Other creditors		-	3,343
i) becoming due and payable within one year		-	3,343
ii) becoming due and payable after more than one year		-	-
D. Deffered income	C.10	**196**	**-**
Total (Capital, Reserves and Liabilities)		**95,325**	**34,266**

PROFIT AND LOSS ACCOUNT
FINANCIAL YEAR FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

€	Notes	2016	2015
PROFIT AND LOSS ACCOUNT			
1. Net turnover	D.1	**8,900**	**1,157**
2. Variation in stocks of finished goods and work in progress		**-**	**-**
3. Work performed by the undertaking for its own pruposes and capitalised		**-**	**-**
4. Other operating income	D.2	**589**	**-**
5. Raw materials and consumables and other external expenses		**-**	**-**
a) Raw materials and consumables		-	-
b) Other external expenses		-	-
6. Staff costs	D.3	**(481)**	**(695)**
a) Wages and salaries		**(481)**	**(695)**
b) Social security costs		-	-
i) relating to pensions		-	-
ii) other social security costs		-	-
c) Other staff costs		-	-
7. Value adjustments		**(662)**	**-**
a) in respect of formation expenses and of tangible and intangible fixed assets		(12)	-
b) in respect of current assets		(650)	-
8. Other operating expenses	D.4	**(9,846)**	**(6,786)**
9. Income from participating interests	D.5	**17,788**	**-**
a) derived from affiliated undertakings		17,788	-
b) other income from participating interests		-	-

€	Notes	2016	2015
10. Income from other investments and loans forming part of the fixed assets		**-**	**-**
a) derived from affiliated undertakings		-	-
b) other income not included under a)		-	-
11. Other interest receivable and similar income	D.6	**265**	**44**
a) derived from affiliated undertakings		156	44
b) other interest and similar income		110	-
12. Share of profit or loss of undertakings accounted for under the equity method		**-**	**-**
13. Value adjustments in respect of financial assets and of investments held as current assets		**-**	**-**
14. Interest payable and similar expenses	D.7	**(2,760)**	**(49)**
a) concerning affiliated undertakings		(2,388)	-
b) other interest and similar expenses		(372)	(49)
15. Tax on profit or loss	D.8	**3**	**(3)**
16. Profit or loss after taxation		**13,796**	**(6,332)**
17. Other taxes not shown under items 1 to 16		**94**	**(150)**
18. Profit or loss for the financial year		**13,890**	**(6,482)**

Notes to the Annual Accounts of CORESTATE Capital Holding S.A., Luxembourg

A. CORPORATE INFORMATION

CORESTATE Capital Holding S.A. (hereafter "CCH SA" or "the Company") is a public limited liability company (Société Anonyme) incorporated under Luxembourg law, with registered office at 4, Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. The Company was registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés) (the "Companies Register") under number B 199 780 on 7 September 2015.

CCH SA was established on 21 August 2015 for an unlimited period of time. The Company's financial year starts on 1 January and ends on 31 December of each year. The fist financial year was from 21 August 2015 to 31 December 2015.

Following a private placement raising Euro 43 million gross proceeds (refer to notes C.5.1 and C.5.3) and structured as cash capital increase a listing of CORESTATE Capital Holding S.A. took place on 4 October 2016 (first day of trading). All 12,610,681 ordinary shares in dematerialized form (ISIN LU1296758029/WKN A141J3) are admitted for trading on the Frankfurt Stock Exchange via the non-regulated Entry Standard. Therefore, the Company's shares are not quoted on an European regulated stock exchange (as defined by art. 4 paragraph (1) point 14 of the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments) which essentially simplifies the reporting and publishing requirements. All costs incurred in connection with the listing are recognised as "other operating expenses" in the profit and loss account (refer to note D.4).

The Company also prepares consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union, which are published according to the provisions of the Luxembourg Law and the exchange rules of the Frankfurt Stock Exchange. The Company is included in its consolidated accounts.

The main activity of the Company is as following:

Pursuant to article 4 of the Company's Articles of Association, the purpose of the Company is (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies or other assets including but not limited to real estate assets, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto, and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above).

The Company may borrow in any form. It may enter into any type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issuance programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or any other company. The Company may also give guarantees and grant security interests over some or all of its assets including, without limitation, by way of pledge, transfer or encumbrance, in favour of or for the benefit of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally use any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks. The descriptions above are to be construed broadly and their enumeration is not limiting. The Company's purpose shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing matters. In general, the Company may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its purpose. The Company may carry out any commercial, industrial, and financial operations, which are directly or indirectly connected with its purpose or which may favour its development.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 (as amended), determined and applied by the Board of Managers. In this context, the new Luxembourg Law of 18 December 2015 were also taken into account. The new Luxembourg Law, which is applicable to financial years beginning on or after 1 January 2016, have mainly an impact on the Company's presentation of the annual accounts and amendments in the notes to the Company's accounts. Furthermore, the material concept was introduced and defined as the level of information whose omission or misstatement could reasonably be expected to influence decisions that users make on the basis of the Company's annual accounts. The materiality of individual items must be assessed in the context of other similar items. The new Luxembourg Law clarifies that immaterial information should not be subject to the presentation and disclosure requirements enforced by the Accounting law.

The figures for the year ended 31 December 2015 relating to the following items have been reclassified to ensure comparability with the figures for the year ended 31 December 2016: An amount of k€695 previously shown under "Provisions for pensions and similar obligations" has been reclassified to "Other provisions". This reclassification neither impact the net equity as of 31 December 2015 nor the result for the year then ended.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise their judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The annual accounts are presented in thousand Euros. All values in these notes are rounded to the nearest thousand Euros (kEuro), except where otherwise indicated. The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts or percentage rates, therefore some of the total sums disclosed in the accounts may not add up.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial data set out in this consolidated financial statements, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available, but has been rounded to or equals zero.

B.2 Significant accounting policies

The accounting policies and main valuation rules applied by the Company are the following:

B.2.1 Formation expenses

The formation expenses of the Company are directly charged to the profit and loss account of the period in which they are incurred.

B.2.2 Intangible assets

Historical cost model

Intangible assets are valued at purchase price including the expenses incidental thereto or at production costs, less cumulated depreciation amounts written of and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were have ceased to apply.

The depreciation rates and methods applied are as follows:

Intangible assets

	Depreciation rate p.a.	Depreciation method
Concessions, patents, licences, trademarks and similar rights and assets		
IT-software	33,333%	linear; pro r ata temporis
Homepage	33,333%	linear; pro r ata temporis

B.2.3 Financial assets

Historical cost model

Securities and other financial instruments held as fixed assets are recorded at their acquisition price, including the expenses incidental thereto. They are subject to value adjustments in case of permanent impairment in value. These value adjustments are not maintained if the reasons for making them have ceased to exist.

Loans and claims held as fixed assets are stated at acquisition costs plus capitalised interests less reimbursements to date. A value adjustment is made when the net realisable value is lower than the net book value. These value adjustments are not maintained if the reasons for making them have ceased to exist.

B.2.4 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

B.2.5 Cash at bank and cash in hand

Cash is valued at their nominal value.

B.2.6 Foreign currency translation

The Company maintains its books and records in Euro.

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction.

Formation expenses and long-term assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year/period.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Unrealised exchange losses are recorded in the profit and loss account; realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account whereas the net unrealised exchange gains are not recognised.

B.2.7 Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

B.2.8 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provision for taxation

Current tax provision

Provisions for taxation corresponding to the difference between the tax liability estimated by the Company and the advance payments for the financial years are recorded under the caption "Tax debts".

B.2.9 Debts

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear/actuarial method.

B.2.10 Net turnover

The net turnover comprises the amounts derived from the sale of products and the provision of services falling within the Company's ordinary activities, after deductions of sales rebates and value added tax and other taxes directly linked to the turnover.

C. NOTES TO THE BALANCE SHEET

A detailed statement of changes in fixed assets is attached as appendix 1 of the notes.

C.1 Intangible Assets

The movements for the period are as follows:

Intangible Assets

Financial Year 2016 k€	Concessions, patents, licen-ces, trade marks and similar rights and assets, if they were acquired for valuable consieration	**Total**
Gross book value		
Opening balance as of 1 January 2016	-	-
Additions for the period	125	125
Closing balance as of 31 December 2016	**125**	**125**
Accumulated value adjustements		
Opening balance as of 1 January 2016	-	-
Depreciation change for the year	12	12
Closing balance as of 31 December 2016	**12**	**12**
Net book value - closing balance	**112**	**112**
Net book value- opening balance	-	-

A detailed statement of changes is attached in appendix 1 of the notes.

C.2 Financial Assets

The movements for the period are as follows:

Financial Year 2016 k€	Shares in affiliated undertakings	Loans to affiliated undertakings held as fixed assets	Participating interests	Other loans held as fixed assets	**Total**
Gross book value					
Opening balance as of 1 January 2016	29,706	-	4	-	29,709
Additions for the period	14,055	2,558	5,745	1,849	24,208
Disposals for the period	(2,114)	-	-	-	(2,114)
Transfers for the period	(405)	-	405	-	-
Closing balance as of 31 December 2016	**41,241**	**2,558**	**6,154**	**1,849**	**51,803**
Accumulated value adjustements					
Opening balance as of 1 January 2016	-	-	-	-	-
Closing balance as of 31 December 2016	**-**	**-**	**-**	**-**	**-**
Net book value - closing balance	**41,241**	**2,558**	**6,154**	**1,849**	**51,803**
Net book value- opening balance	29,706	-	4	-	29,709

Undertakings in which the Company holds at least 20% of the share capital or in which it is a general partner are as follows:

Undertalings as of 31 December 2016

			31 December 2016		
Name of the undertaking	Registered office and Country of incorporation	Ownership (in%)	Last balance sheet date	Net equity at the balance sheet date of the company concerned (k€)	Profit or loss for the last financial year (k€)
CORESTATE Capital Holding S.A.	Luxembourg	Parent Company	n/a	n/a	n/a
CORESTATE Capital AG	Zug/ Switzerland	100.00%	31.12.2016	34,638	5,638
RECAP FinCo S.à r.l.	Luxembourg	100.00%	31.12.2016	5,607	(74)
RECAP FinCo IV S.à r.l. (formerly CC SH HoldCo S.à r.l.)	Luxembourg	100.00%	31.12.2016	3,863	1,414
RECAP FinCo V S.à r.l.	Luxembourg	100.00%	31.12.2016	1,343	(17)
Corestate Student Home Holding S.à r.l.	Luxembourg	100.00%	31.12.2016	497	(5)
CORESTATE Capital Fund Management S.à r.l.	Luxembourg	100.00%	31.12.2016	1,116	452
CORESTATE Capital Sales Holding S.à r.l.	Luxembourg	100.00%	31.12.2016	217	(40)
RECAP FinCo. III S.à r.l.	Luxembourg	100.00%	31.12.2016	31	(24)
ROSE HoldCo S.à r.l. (formerly Highstreet V PropCo III S.à r.l.)	Luxembourg	100.00%	31.12.2016	(76)	(107)
RECAP FinCo II S.à r.l. (formerly Highstreet VI PropCo IV S.à r.l.)	Luxembourg	100.00%	31.12.2016	(115)	(142)
Highstreet VIII PropCo I S.à r.l.	Luxembourg	100.00%	31.12.2016	17	(13)
Müller 34 Student Home Projektentwickling- und Verwaltungs GmbH	Luxembourg	100.00%	31.12.2016	13	(12)
ISARTAL Beteiligungsverwaltungs GmbH (formerly Platin 1413. GmbH	Frankfurt am Main/Germany	100.00%	31.12.2016	23	(2)
ISAR Beteiligungsverwaltungs GmbH	Frankfurt am Main/Germany	100.00%	31.12.2016	23	(2)
King HoldCo S.à r.l.	Luxembourg	100.00%	31.12.2016	750	(5)
Corestate ZGE feeder GmbH & Co. KG	Frankfurt am Main/Germany	100.00%	31.12.2016	6	28
SCORE S.à r.l.*	Luxembourg	50.00%	31.12.2016	n.a.	n.a

* Financial Statements as per 31 December 2016 are not prepared for the new founded company at this time
All Information relating to the undertakings based on unaudited Financial Statements

C.2.1 Shares in affiliated undertakings

A detailed composition of shares in affiliated undertakings and a statement of changes are attached in appendix 1 of the notes.

C.2.2 Loans to affiliated undertakings

A detailed composition of participating interests and a statement of changes are attached in appendix 1 of the notes.

The loan of k€2,343 (plus accrued interests) granted to CCAG was used to improve the cash situation of the subsidiary. The unsecured loan is repayable in full as per 31 December 2021, Fixed interest rate is charged at 3% per annum.

The unsecured loan of k€220 (plus accrued interests) granted to CORESTATE Capital Sales Holding S.à r.l. is repayable in full as per 24 October 2021. Fixed interest rate is charged at 3% per annum.

C.2.3 Participating interests

A detailed composition of participating interests and a statement of changes are attached in appendix 1 of the notes.

The Company typically invests between 5% and 10% in its investment products structured for its semi-institutional and private clients as alignment capital investment. Since CCH SA provides comprehensive real estate investment management services to, and is acting as asset manager for such investments structures (also referred to as “Projects”), these investment structures qualify as a participating interests under Lux GAAP. The revenues generated with such Associates are based on market-standard Joint-Venture and Co-Investments Agreements (JVCIA) as well as Asset Management Agreements (AMA), and are entered into with and approved by its clients.

C.2.4 Other loans held as fixed assets

The loan of k€1,800 (plus accrued interests) granted to Project HIGHSTREET PREMIUM I was used to finance certain working capital requirements of the structure. The unsecured loan is repayable in full as per 31 March 2021. Fix interest rate is charged at 5% per annum.

C.3 DEBTORS

Debtors are mainly composed of:

Debtors

k€	31 Dec 2016	31 Dec 2015
Trade debtors	**166**	**-**
Amounts owed by affiliated undertakings	**827**	**3,121**
Receivables from delivery and service relations with CCAG	451	77
Loans to CORESTATE Capital Fund Management S.à r.l.	200	-
Receivables from delivery and service relations with Venloer4711 PropCo 01 S.à r.l.	65	-
Loans to CORESTATE Capital Sales Holding S.à r.l. (including accrued intersts)	50	-
Receivables from Acoss HoldCo S.à r.l.	30	-
Loan to Corestate ZGE Feeder GmbH & Co. KG (including accrued interests)	18	-
Receivables from ROSE HoldCo S.à r.l.	13	-
Loan to CCAG (including accrued interests)	-	2,029
Loan to CAPTIVE PropCo I GmbH (including accrued interests)	-	1,015
Amounts owed by untertakings with which the undertaking is linked by virtue of participating interests	**6,958**	**1,354**
Receivables from Project HIGHSTREET VI	1,976	-
Receivables from Project 4711	1,384	-
Receivables from Project SCORE S.à rl.	1,031	1,354
Receivables from Project HARBOUR	819	-
Receivables from Project ANNAPURNA	793	-
Receivables from Project HIGHSTREET V	705	-
Receivables from Project ROSE	250	-
Other debtors	**2,292**	**5**
Prepayments in connection with the acquisition of Hannover Leasing	1,600	-
Income tax receivable from Swiss withholding tax resulting from dvidend payments of CCAG	600	-
Prepayments in connection with the foundation of new subsidiaries	50	-
VAT receivables	19	1
Deposits	14	4
others	9	0
Total	**10,243**	**4,480**

The Receivables from joint venture SCORE S.à r.l mainly reflects the invoiced entry fee (plus VAT) from Project HIGHSTREET PREMIUM II (previous year Project HIGHSTREET PREMIUM I).

The other amounts owed by undertakings with which the undertaking is linked by virtue of participating interests mainly result from acquisition and onboarding fees in accordance with the underlying Joint Venture and Co-Investment Agreements in connection with the structuring and implementation of the projects.

Other debtors mainly comprise prepayments in connection with the contemplated acquisition of Hannover Leasing GmbH & Co. KG (initial payment of k€600 and refundable acquisition fee of k€1,000 vesting upon closing of the transaction) as well as a tax refund reclaim of k€600 in relation with the dividend payment received from CCAG.

C.4 PREPAYMENTS

Prepayments are mainly composed of prepaid insurance and licence fees for 2017.

C.5 CAPITAL

Capital accounts

k€	Subscribed Capital	Share Premium	Reserves	Profit and Loss brought forward	Profit or loss for the financial year	**Total**
As of 21 August 2015	**35**	**-**	**-**	**-**	**-**	**35**
Issue of subscribed capital (contribution in kind)	160	29,421	-	-	-	29,581
Profit/(loss) for the period	-	-	-	-	(6,482)	(6,482)
As of 31 December 2015	**195**	**29,421**	**-**	**-**	**(6,482)**	**23,133**
Reconcilliation	-	-	-	(6,482)	6,482	-
Issue of subscribed capital (contribution in cash)	555	-	-	-	-	555
Issue of subscribed capital (in cash from private placement)	190	42,860	-	-	-	43,050
Issue of subscribed capital (from exercise of share options)	6	-	-	-	-	6
Distributions	-	(6,550)	-	-	-	(6,550)
Profit/(loss) for the period	-	-	-	-	13,890	13,890
As of 31 December 2016	**946**	**65,731**	**-**	**(6,482)**	**13,890**	**74,085**

C.5.1 Subscribed capital

The Company's share capital is set at Euro 945,801.14, represented by 12,610,681 shares, all of which are fully paid up. All Shares are dematerialized shares without a par value (Dematerialized shares are only represented by a record in a securities account; ownership in the shares is established by such in-scription in a securities account). The Shares are freely transferable in accordance with the legal requirements for shares in dematerialized form, that is, through book-entry transfers. There are no prohibitions on disposals or restrictions with respect to the transferability of the Shares.

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

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

As of the incorporation of the Company on 21 August 2015 the Company had a share capital of Euro 35,000.00, divided into 1,750,000 shares with a nominal value of Euro 0.02 each. The Company has been incorporated pursuant to contributions in cash made by Ralph Winter, who subscribed to 1,124,108 shares, Thomas Landschreiber, who subscribed to 117,032 shares, Intershop Holding AG, which subscribed to 491,232 shares, Christine Winter, who subscribed to 11,333 shares and Silke Hechler (née Otto), who subscribed to 6,295 shares. All the shares had been subscribed at their nominal value, being Euro 0.02.

The share capital of the Company has developed as follows:

By resolution of the shareholders of the Company passed at an extraordinary general meeting of share-holders as of 23 September 2015, the share capital was increased by an aggregate amount of one hundred fifty-nine thousand eight hundred forty-six Euro (Euro 159,846.00) in order to bring it from its current amount of thirty-five thousand Euro 35,000.00 represented by 1,750,000 shares, up to a new amount of Euro 194,846.00, represented 9,742,300 shares, through the creation and issuance of 7,992,300 shares of the Company, with a nominal value of Euro 0.02 each. This capital increase was implemented through a contribution in kind of the shareholders' shares (Namensaktien) and participation certificates (Participationsscheine) in CCAG, having a total contribution value of Euro 29,580,846.00 allocated as follows among the shareholders. Shares in CCAG and participations in CCAG were treated equally.

- Ralph Winter contributed all his 87,200 shares in CCAG and 23,691 participation shares in CCAG against the issuance of 5,133,850 new shares in the Company,
- Thomas Landschreiber contributed all his 8,319 shares in CCAG and 3,226 participation shares in CCAG against the issuance of 534,500 new shares in the Company,
- Intershop Holding AG contributed all its 37,276 shares in CCAG and 11,183 participation shares in CCAG against the issuance of 2,243,450 new shares in the Company,
- Christine Winter contributed all her 1,118 participation shares in CCAG against the issuance of 51,750 new shares in the Company, and
- Silke Hechler (née Otto) contributed all her 621 participation shares in CCAG against the issuance of 28,750 new shares in the Company.

The extraordinary General Meeting of the shareholders of CORESTATE Capital Holding S.A. held on 31 August 2016 resolved to convert all issued and unissued shares of the Company, having a nominal value of Euro 0.02 each, into shares without nominal value. Further, by resolution of the shareholders of the Company passed at an extraordinary general meeting of shareholders on 31 August 2016, the share capital was increased by an aggregate amount of Euro 555,154.00 in order to bring it from its current amount of Euro 194,846 represented by 9,742,300 shares, up to a new amount of Euro 750,000.00, represented by 10,000,000 shares, through the creation and issuance of 257,700 new shares of the Company, without par value. This capital increase was implemented through a contribution in cash in an aggregate amount of Euro 555,154.00, contributed by the shareholders as follows:

- Ralph Winter contributed Euro 512,434.00 in cash against the issuance of 237,870 new shares in the Company,
- Thomas Landschreiber contributed Euro 37,122.00 in cash against the issuance of 17,232 new shares in the Company,
- Christine Winter contributed Euro 3,598.00 in cash against the issuance of 1,670 new shares in the Company, and
- Silke Hechler (née Otto) contributed Euro 2,000.00 in cash against the issuance of 928 new shares in the Company.

On 28 September 2016, the management board of the Company has authorised the issuance to new investors of 2,532,354 new shares without par value for an aggregate subscription price of Euro 189,926.61 (to be entirely recorded in the share capital account), in order to bring the share capital of the Company from an amount of Euro 750,000.00 up to a new amount of Euro 939,926.61 represented by 12,532,354 shares without par value (the Private Placement Authorised Capital Issuance). The Private Placement Authorised Capital Issuance was implemented through a contribution in cash in an aggregate amount one Euro 189,926.61 and a contribution in cash dedicated to the Company's capital share premium account amounting to Euro 42,860,091.39, in both cases effected by the investors taking part in the private placement The issue price amounted to Euro 17 per share.

On 28 September 2016, the management board of the Company has also authorised the issuance to Mr Daniel Schoch of 78,327 new shares without par value for an aggregate subscription price of Euro 5,874.53 (to be entirely contributed to the share capital account), in order to bring the share capital of the Company from an amount of Euro 939,926.61 up to a new amount of Euro 945,801.14 represented by 12,610,681 shares without par value (the DS Authorised Capital).

C.5.2 Authorised capital

The authorised capital of the Company was originally set at Euro 270,525.00 represented by a maximum of 3,607,000 shares without par value. If fully exercised this authorised capital would be added to the existing issued share capital of the Company and result in an aggregate issued share capital of Euro 1,020,525.00 represented by 13,607,000 shares without par value.

Pursuant to article 5.5 of the Company's Articles of Association, the Management Board is authorised (subject in principle to the prior approval of the supervisory board, except as regards the issuance of shares in the context of the initial public offering), during a period starting on 31 August 2016, and expiring on the fifth anniversary of such date, to increase the current share capital up to the amount of the authorised capital, in whole or in part from time to time, (i) by way of issuance of shares in consideration for a payment in cash, (ii) by way of issuance of shares in consideration for a payment in kind and (iii) by way of capitalization of distributable profits and reserves, including share premium and capital surplus, with or without an issuance of new shares.

The Management Board is authorised to determine the terms and conditions attaching to any subscription and issuance of shares pursuant to the authority granted under article 5.5 of the Company's Articles of Association, including by setting the time and place of the issue or the successive issues of shares, the issue price, with or without a share premium, and the terms and conditions of payment for the shares under any documents and agreements including, without limitation, convertible loans, option agreements or stock option plans.

The Management Board is also authorised to issue convertible bonds, or any other convertible debt instruments, bonds carrying subscription rights or any other instruments entitling their holders to subscribe for or be allocated with shares, such as, without limitation, warrants, under the authorised capital.

The Management Board may withdraw or limit the preferential subscription rights of the shareholders under the authorised capital in accordance with the Articles of Association.

C.5.3 Share premium and similar premiums

The movements for the year on the “Share premium and similar premiums” item corresponds to the capital increase dated 28 September 2016 (contribution in cash dedicated to the Company’s capital share premium account amounting to Euro 42,860,091.39) as well as from the two distributions out of the freely available reserves of the Company in an amount of Euro 6,000,000.00 (approved by the General Meeting of the shareholders of CORESTATE Capital Holding S.A. held on 5 August 2016) and Euro 550,000.00 (approved by the General Meeting of the shareholders of CORESTATE Capital Holding S.A. held on 31 August 2016).

C.6 RESERVES

C.6.1 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

In 2017, the Company’s annual shareholders’ meeting will decide to allocate an amount of Euro 94,580.11 (10% of the subscribed share capital) to the legal reserve.

C.6.2 Reserve for own shares

According to article 6.3 of the Articles of Association, the Company may, to the extent and under the terms permitted by law, repurchase its own shares. The Company does not currently hold any of its own shares, nor does a third party on behalf or for account of the Company.

C.7 PROFIT OR LOSS BROUGHT FORWARD

On 29 April 2016, the Company’s annual shareholders’ meeting resolved to carry forward any losses and have been paid for the financial year 2015 (provided that as set out above, the general meeting of shareholders has approved on 5 August 2016 and 31 August 2016, respectively, the distribution of a total amount of Euro 6,550,000.00 out of the freely distributable reserves of the Company to the existing shareholders).

C.8 PROVISIONS

Provisions are made up as follows:

Provisions

k€	**31 Dec 2016**	31 Dec 2015
Provisions for taxation	3	3
Other provisions	2,643	1,146
Total	**2,646**	**1,148**

C.8.1 Provision for taxation

Provisions for taxation

k€	**2016**	2015
As of 1 January / 21 August	**3**	**0**
Reversals	(3)	-
Additions	3	3
As of 31 December	**3**	**3**

A provision for outstanding Luxembourgish wealth tax is recognised (k€ 3).

In previous year, provision for taxation comprised the expected minimum taxation for a holding company seated in Luxembourg.

C.8.2 Other provisions

Other provisions are composed of:

Other provisions

k€	1 Jan 2016	Utlitization	Reversals	Additions	31 Dec 2016
Outstanding invoices	-	-	-	1,206	1,206
Bonus payments to Board of Management	695	(553)	(142)	453	453
Ancillary costs from share based payments	-	-	-	420	420
Audit fees	195	(195)	-	218	218
Tax audit	150	-	-	-	150
Preparation of Financial Statements	50	(50)	-	80	80
Remuneration of the Supervisory Board	56	(56)	-	51	51
Preparation of Tax declaration	-	-	-	44	44
Other provisions	-	-	-	21	21
Total	**1,146**	**(854)**	**(142)**	**2,493**	**2,643**

The provision for outstanding invoices mainly reflects the transaction and due-diligence costs with the contemplated acquisition of Hannover Leasing GmbH & Co. KG.

Liabilities from employee benefits relate to expected bonus payments to the Board of Management for the financial year 2016.

The provision for ancillary costs from share based payments reflects the expenses of the Company in connection with the exercise of the DS Authorised Capital (refer to note C.5.1). The cost for this are passed on CCAG, and relate to income tax expenses to be borne by CCAG.

C.9 CREDITORS

Amounts due and payable for the accounts shown under "Creditors" are as follows:

Creditors

k€	Within one year	After one year and within five years	After more than five years	Total 31 Dec 2016
Trade creditors	1,115	-	-	1,115
Amounts owed to affiliated undertakings	5,041	11,718	-	16,760
Other creditors	524	-	-	524
Total	**6,680**	**11,718**	**-**	**18,398**

The total interest payable on the above described debts amounts to k€646 for the period. The accrued interest payable as at 31 December 2016 amounts to k€124 (previous year k€49).

With the exception of the non-convertible loans, all debts are not secured by collateral on assets.

C.9.1 Trade creditors

Trade creditors (k€1,115; previous year k€2,737) mainly consist of costs in relation to the listing of the prior year due to external service providers.

C.9.2 Amounts owed to affiliated undertakings

Amounts owed to affiliated undertakings

k€	31 Dec 2016	31 Dec 2015
Liabilities from delivery and service relations with CCAG	5,016	3,714
Loan from RECAP FinCo S.à r.l. (including accrued interests)	7,173	-
Loan from RECAP FinCo IV S.à r.l. (including accrued interests)	3,652	-
Loan from Donald HoldCo S.à r.l. (including accrued interests)	508	-
Loan from Across HoldCo S.à r.l. (including accrued interests)	385	-
Payables to Corestate ZGE Feeder GmbH & Co. KG	25	-
Total	**16,760**	**3,714**

The Liabilities from delivery and services relations with CCAG result mainly from cost recharges.

The up-stream loans of k€7,064 granted from RECAP FinCo S.à r.l. and of k€3,650 granted from RECAP FinCo IV S.à r.l. do result from the proceeds granted upon transferring the warehousing assets of Project ANNAPURNA and HIGHSTREET VI. The upstream loans will be netted against the distribution claim of the liquidation.

Loans from Project DONALD (k€500) and Project ACROSS (k€380) result from the group's ongoing cash management.

All loans are unsecured and repayable in full (including accrued interests) in 2021. Fix interest rate is charged with 3.00% per annum.

C.9.3 Other creditors

Other creditors

k€	31 Dec 2016	31 Dec 2015
Tax authorities	**524**	**191**
VAT liabilities	524	191
Other creditors	**-**	**3,343**
Loan from Thomas Landschreiber (including accrued interests)	-	1,523
Loan from W5 Group GmbH (including accrued interests)	-	1,726
Payables to Sistema Capital Partners S.à r.l.	-	4
Payables to HIGHSTREET Premium I HoldCo S.à r.l.	-	90
Total	**524**	**3,533**

The loans (including accrued interests) granted from Thomas Landschreiber and W5 Group GmbH were repaid in full during the financial year 2016.

C.10 DEFERRED INCOME

Deferred income comprises the accrued development fee of the Projects ROSE (k€91), ACROSS (k€29) and HARBOUR (k€76). The development fees will be realised over the construction phase to its completion.

D. NOTES TO THE PROFIT AND LOSS ACCOUNT

D.1 Net-Turnover

Net turnover is broken down by category of activity and geographical markets as follows:

k€	2016	2015
Revenue from Entry Fee	**847**	**1,157**
SCORE S.à r.l.	847	1,157
Revenue from Onboarding Fee	**1,000**	**-**
Project HIGHSTREET V	500	-
Project HIGHSTREET VI	500	-
Revenue from other Acquisition Related Fees	**4,429**	**-**
Project HIGHSTREET VI	1,108	-
Project HIGHSTREET V	1,009	-
Project 4711	744	-
Project ANNAPURNA	537	-
Project HARBOUR	417	-
Project ACROSS	400	-
Project ROSE	214	-
Revenue from Development Fee	**1,352**	**-**
Project 4711	438	-
Project ROSE	337	-
Project ANNAPURNA	255	-
Project HARBOUR	207	-
Project ACROSS	116	-
Revenue from Asset Management Fees	**1,207**	**-**
Project HIGHSTREET V	468	-
Project HIGHSTREET PREMIUM I	539	-
Project ACROSS	39	-
Project HIGHSTREET PREMIUM II	142	-
Project ROSE	19	-
Others	**65**	**-**
Cost recharges to affiliated companies	65	-
Total	**8,900**	**1,157**
Geographical marktes		
Luxembourg	847	1,157
Germany	7,197	-
Switzerland	65	-
Total	**8,900**	**1,157**

The Company typically invests between 5% and 10% in its investment products structured for its semi-institutional and private clients as alignment capital investment. Since CCH SA provides comprehensive real estate investment management services to, and is acting as asset manager for such investments structures (also referred to as "Projects"), these investment structures qualify as a participating interests under Lux GAAP. The revenues generated with such Associates are based on market-standard Joint-Venture and Co-Investments Agreements (JVCIA) as well as Asset Management Agreements (AMA), and are entered into with and approved by its clients.

D.2 OTHER OPERATING INCOME

Other operating income

k€	**2016**	2015
Derecognition of liabilities	164	-
Cost recharges to affiliated companies	420	-
Other/miscellaneous/sundry income	4	-
Total	**589**	**0**

D.3 STAFF COSTS

Staff costs

k€	**2016**	2015
Salaries and wages	**(481)**	**(695)**
Salaries paid to Management Board	(202)	-
Share-based payments from DS Authorised Capital	(420)	-
Management Board's Bonus (in 2016 reversal of the provision)	142	(695)
Total	**(481)**	**(695)**

D.4 OTHER OPERATING EXPENSES

Other operating expenses

k€	**2016**	2015
Recharges intra-group costs	(4,230)	-
2016 listing related expenses	(1,876)	-
Acquisition of Hannover Leasing	(1,294)	-
Legal and consultancy fees	(669)	(10)
Abort costs	(415)	-
Public relation and stock exchange	(310)	(60)
Audit and accounting related advisory fee	(267)	(216)
Accounting and financial statement preparation	(226)	(80)
Travelling expenses	(165)	(7)
Rental and leasing expenses	(85)	(4)
Remuneration of the Supervisory Board	(72)	(56)
Insurance costs	(64)	-
Tax advisory and other professional fees	(50)	-
Offices supplies and IT expenses	(34)	(3)
Acquistion related costs	(25)	-
Allowances for doubful receivables	(1)	-
Initial Public Offering (IPO) 2015	-	(5,825)
Concession agreement	-	(525)
Other miscellaneous expenses	(64)	(0)
Total	**(9,846)**	**(6,786)**

D.5 INCOME FROM PARTICIPATING INTERESTS

Income from participating interests

k€	2016	2015
Derived from affiliated undertakings		
Proceeds from the sale of affilliated undertakings	**5,788**	**-**
Sales of share in RECAP FinCo I S.à r.l.	2,949	-
Sales of share in HIGHSTREET VI PropCo I S.à r.l.	1,797	-
Sales of share in Across HoldCo S.à r.l.	503	-
Sales of share in Captive PropCo I GmbH	435	-
Sales of share in Condor TopCo GmbH	50	-
Sales of share in Across (EL7) S.à r.l.	30	-
Sales of share in ROSE PropCo S.à r.l.	13	-
Sales of share in Annapurna AIF S.à r.l.	12	-
Dividend payments received	**12,000**	**-**
Dividend payment received from CCAG	12,000	-
Total	**17,788**	**0**

In December 2016, the Company received a dividend payment in the amount of k€12,000 from CCAG.

D.6 OTHER INTERESTS RECEIVABLE AND SIMILAR INCOME

Other interest receivable and similar income

k€	2016	2015
derived from affiliated undertakings	**156**	**44**
Interests on loan to Highstreet VI PropCo I S.à r.l.	106	-
Interests on loan to CCAG	40	15
Interests on loan to RECAP inCo S.à r.l.	9	-
Interests on loan to Corstate Capital Sales Holding S.à r.l.	1	-
Interests on loan to Corestate CAPTIVE PropCo. I GmbH	-	29
others (< k€1)	0	-
other interest and similar financial income	**110**	**-**
Interests from Project HIGHSTREET PREMIUM I	65	-
Interests from Project HIGHSTREET II	44	-
Interests income on VAT receivables	0	-
Total	**265**	**44**

D.7 INTERESTS PAYABLE AND SIMILAR EXPENSES

Interest payble and similar expenses

k€	2016	2015
concerning affiliated undertakings	**(2,388)**	**-**
Book value of affiliatd undertakings sold	(2,114)	-
Interests from loan of CCAG	(151)	-
Interests from loan of RECAP FinCo S.à r.l.	(108)	-
Interests from loan of DONALD HoldCo S.à r.l.	(8)	-
Interests from loan of ACROSS HoldCo S.à r.l.	(4)	-
Interests from loan of RECAP FinCo IV S.à r.l.	(2)	-
other interests and similar expenses	**(372)**	**(49)**
Interests from loan of Ralph Winter	(149)	-
Interests from loan of Thomas Landschreiber	(104)	(23)
Interests from loan of W5 Group GmbH	(86)	(26)
Interests from loan of SECHEP Investment Holding S.à r.l.	(25)	-
others	(8)	-
Total	**(2,760)**	**(49)**

D.8 TAXES ON PROFIT AND LOSS

Tax on profit or loss

k€	2016	2015
Current income tax	**3**	**(3)**
Corporate income tax (Luxembourg)	3	(3)
Total	**3**	**(3)**

E. OTHER INFORMATION

E.1 MANAGEMENT BOARD

- Sascha Wilhelm (Chief Executive Officer of CORESTATE Capital Holding S.A. and a member of the Group's Investment Committee) – since 21 August 2015
- Thomas Landschreiber (Chief Investment Officer of CORESTATE Capital Holding S.A. and a member of the Group's Investment Committee) – since 21 August 2015
- Daniel Schoch (Chief Financial Officer of CORESTATE Capital Holding S.A. and a member of the Group's Investment Committee) – since 21 August 2015

The members of the Management Board were appointed by the Supervisory Board for a term set to expire on 31 December 2018 with respect to Thomas Landschreiber, and 31 December 2019 with respect to Daniel Schoch and Sascha Wilhelm, respectively.

The Management Board Members are entitled to a fixed remuneration and an annual bonus. Furthermore, the Management Board Members are eligible for participation in a long-term incentive. Under the respective plan, they are entitled to shares in the Company of a certain value. In addition, the Management Board Members are entitled to ancillary benefits that include, among other things, payment of remuneration in case of sickness or death for a certain period, contributions to private health insurance as well as D&O and E&O insurance coverage at usual market terms. The Company reimburses all travelling costs and incidental expenses in relation with Board meetings.

Share-based payments:

After the listing of the stocks of the Company the members of the Management Board were granted a special payment on the basis of the individual service agreements in form of shares in the company (so-called "share-based payment"). The share-based payments are part of the Management Board's remuneration. Therefore, the related (wage-)taxes are paid by the Company.

The total number of new shares granted to the Management Board amounts to 127.452 shares being equal the rounded up quotient of Euro 2,166,666.67 and the issue price of the Company's shares that are newly issued to selected investors as part of private placement (Euro 17.00). The exercise price per share is calculated as Euro 17.00 less expected dividend payments during the vesting period.

E.2 SUPERVISORY BOARD

The Supervisory Board must be composed of at least three members.

- Micha Blattmann (Chairman, Manager, whose professional address is General-Guisan Strasse 15, CH-6300 Zug/Switzerland) – since 23 September 2015
- Urs Felder (self-employed tax and accounting Expert, whose professional address is at FELUR Swiss Treuhand AG, Sihlamtsstrasse 5, CH-8001 Zurich/Switzerland) – since 21 August 2015
- Ulrich Plett (Wirtschaftsprüfer, whose professional address is Clausewitzstr. 7, D-10629 Berlin/Germany) – since 23 September 2015
- Andreas Wirz (Architect, member of the Executive board of Intershop Holding AG, whose professional address is at Intershop Holding AG, Puls 5 – Giessereistrasse 18, Postbox 1601, CH-8031 Zurich/Switzerland) – since 21 August 2015 until 30 June 2016
- Thomas Zinnöcker (Diplom-Kaufmann, whose professional address is Philipp-Strasse 3, D-44803 Bochum/Germany) – from 23 September 2015 until 10 March 2016
- Ralph Winter (self-employed management Consultant, whose professional address is at CORESTATE Capital AG, Baarerstr. 135, CH-6300 Zug/Switzerland) – from 21 August 2015 until 23 September 2015

The Board members are entitled to receive an annual fee of k€25 plus VAT (if any). The deputy chairman of the Supervisory Board is entitled to receive an annual fee of k€37.5 plus VAT (if any) and the chairman of the Supervisory Board of k€50 plus VAT (if any). The annual fee is payable (after deduction of all applicable taxes) in a single lump sum within 10 days after the end of each financial year. In addition to the annual fee, each member of the Supervisory Board is entitled to Euro 750 for each meeting such member attends in person (physically or via phone). The Supervisory Board Members shall further be reimbursed of all reasonable and properly documented costs incurred as part of their mandate and benefit from a market-standard D&O insurance.

In 2016, a total fee of k€72 (previous year k€56) was recognised.

E.3 RELATED PARTIES TRANSACTIONS

Parties are generally considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Company has identified the following related parties:

- Shareholders (note C.5.1)
- Affiliated companies (note C.2.1)
- Participating interests (note C.2.2)
- Board of Managers (note E.1)
- Supervisory Board (note E.2)

During the period, the following significant transactions entered into with related parties have been concluded:

Transactions	Reference
Loans from shareholders (including accrued interests)	C.9.3, D.7
Foundation of CCH SA and contribution in kind of the shareholders	C.5.1, A
Loan granted to affiliated companies (including accrued interests)	C.3, D.6
Receivables/Fees from various Projects (participating interests)	C.3, D.1
IPO cost 2015 charged from CCAG	C.9.2
Fees and share-based payments for the Management Board	E.1
Fees for Supervisory Board	E.2, D.4

Under a loan agreement dated 28 July 2016 between Ralph Winter as lender and the Company as borrower Ralph Winter had granted a loan to the Company for general corporate purposes in an amount of Euro 6 million. The loan had a term of six months and beared interest at a rate of 8% p.a. It could be prepaid at any time without triggering prepayment costs. No security has been granted to secure the loan. The outstanding loan (including accrued interests) was repaid in full in October 2016.

The Company or CCAG, respectively, invest typically between 5% and 10% in each of its Investment Structures alongside its clients as alignment capital investment. Since the Company or CCAG, respectively, provide comprehensive real estate investment management services to, and are acting as asset manager for such Investments Structures, these Investment Structures qualify as an associate under the IFRS regime. The revenues generated with such associates are based on market-standard Joint-Venture and Co-Investments Agreements as well as Asset Management Agreements, and are entered into with and approved by the other investors.

CCH SA entered into an Investment Advisory Agreement with W5 Group LLC, a company wholly owned by Ralph Winter, on 1 July 2016 (Investment Advisory Agreement). Under such Investment Advisory Agreement, W5 Group LLC is appointed as investment advisor to conduct research in the US investment markets (including but not limited to real estate investment projects in the US) and to identify potential investment opportunities for recommendation to the Company. W5 Group LLC receives a retainer fee on a quarterly basis in an amount of USD 25,000 and, to the extent the services provided by W5 Group LLC under the Investment Advisory Agreement result in a direct or indirect investment in the US market, a specific management and performance fee which will be agreed in the future separately between the parties to the Investment Advisory Agreement. The term of the agreement is fixed at 36 months and may be terminated upon a certain prior notice period at any time by any party. As at 31 December 2016, no concrete investment project has been initiated based on the services provided by W5 Group LLC under the Investment Advisory Agreement and it is currently unclear to which extent any opportunity might be identified at all. For diversification purposes the Company intends to make use of the good network of Mr. Winter in the U.S. but is not in any way modifying its clear focus on the German and selectively other European real estate markets.

E.4 AUDITOR'S FEES

The total fees expensed by the Company and due for the current financial period to the audit firm are presented as follows:

Auditor's fees

k€	2016	2015
Audit fees	302	211
Audit-related fees	83	1,382
Tax related fees	50	300
Other fees (mainly Due Diligence services)	381	-
Total	**816**	**1,894**

Ernst & Young S.A., 35, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg audited the local financial statements as well as the consolidated financial statements of the Company as of and for the year ended 31 December 2015 and issued an unqualified auditors' report.

Ernst & Young S.A. is also appointed as auditor for the Company and the Group for the financial year 2016.

E.5 OFF-BALANCE SHEET COMMITMENTS

There were no financial commitments of the Company as per 31 December 2016.

The nature and the commercial objective of the operations not disclosed on the balance sheet can be described as follows:

E.5.1 Leasing (rents not yet paid)

The Company is party of the following lease contracts:

Detailed schedule of lease conctracts as per 31 December 2016 (Group as Lessee)

Description of lease contract	Lessee	Lessor	Initiation	Maturity	lease payment (per month) (incl. VAT, k€)	minu-mum lease payments in 2017 (incl. VAT, k€)	minu-mum lease payments 2018 until 2022 (incl. VAT, k€)	minu-mum lease payments after 2025 (incl. VAT, k€)	Classifica-tion
Rental agreement relating to office premises in London	Corestate Capital Holding S.A.	AVANTA Warwick Street	18.12.2015	30.06.2017	2	13	-	-	operating lease
Software and IT-Leasing	Corestate Capital Holding S.A.	Control.IT	22.06.2016	31.12.2017	1	18	-	-	operating lease
Total					4	31	-	-	

E.5.2 Contingent liabilities

There were no contingent liabilities for the provision of collateral for third-party liabilities.

There are no unresolved legal disputes outside the ordinary business activities.

E.6 CORPORATE GOVERNANCE

The Company supports the principles of good Corporate Governance for the purpose of responsible, transparent management and control focused on the long-term growth of company value. This is a prerequisite for cultivating the trust of national and international investors and financial markets, business partners, employees and the general public in the Company.

As a Luxembourg société anonyme that is traded on the non-regulated market (Entry Standard) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) in Germany, the Company is not required to adhere to the Luxembourg corporate governance regime applicable to companies that are traded in Luxembourg or to the German corporate governance regime applicable to stock corporations organized in Germany. The Luxembourg law on the exercise of certain rights of the shareholders at general meetings of listed companies dated 24 May 2011, as amended, is not applicable either.

E.7 SUBSEQUENT EVENTS

- With SPA dated 15 November 2016, the Company purchased all shares in the affiliated company CORESTATE Capital Advisors GmbH, Frankfurt am Main, from CCAG. The purchase price of k€31 was paid on 30 December 2016. The beneficial right to the shares, including without limitation, dividends, profits, or the like, were transferred to the Company as of 1 January 2017.
- With SPA dated 10 January 2017, the Company purchased all shares in the affiliated company Iberian Investments I HoldCo S.à r.l., Luxembourg, from Iberian Investments I TopCo Ltd., St Peter Port/Guernsey. The purchase price of k€86 was paid on 10 January 2017. The beneficial right to the shares, including without limitation, dividends, profits, or the like, were transferred to the Company as of 10 January 2017.

Save for the matters set out above, there have been no events since the reporting date which could have a significant effect on the net assets, financial position or results of operations of CCH SA.

Luxembourg, 21 February 2017

Sascha Wilhelm	Daniel Schoch	Thomas Landschreiber
Chief Executive Officer	Chief Financial Officer	Chief Investment Officer

Appendix 1

STATEMENT OF CHANGES IN FIXED ASSETS

		Gross book value				
	Ownership %	1 Jan 2016 k€	Additions k€	Transfers k€	Disposals k€	31 Dec 2016 k€
INTANGIBLE FIXED ASSETS						
Concessions, patents, licences, trade marks and similar rights and assets						
IT Software		-	108	-	-	108
Homepage		-	17	-	-	17
		-	125	-	-	125
Total		**-**	**125**	**-**	**-**	**125**
TANGIBLE FIXED ASSETS						
Total		**-**	**-**	**-**	**-**	**-**
FINANCIAL FIXED ASSETS						
Shares in affiliated undertakings						
CORESTATE CAPITAL AG	100.00%	29,581	-	-	-	29,581
RECAP FinCo S.à r.l.	100.00%	-	5.681	-	-	5,681
RECAP FinCo IV S.à r.l. (formerly CC SH HoldCo S.à r.l.)	100.00%	-	2.449	-	-	2,449
RECAP FinCo V S.à r.l.	100.00%	-	1.360	-	-	1,360
King HoldCo S.à r.l.	100.00%	-	755	-	-	755
Corestate Student Home Holding S.à r.l.	100.00%	-	502	-	-	502
CORESTATE Capital Fund Management S.à r.l.	100.00%	-	400	-	-	400
CORESTATE Capital Sales Holding S.à r.l.	100.00%	-	283	-	-	283
RECAP FinCo III S.à r.l.	100.00%	-	55	-	-	55
ROSE HoldCo S.à r.l. (formerly Highstreet V PropCo III S.à r.l.)	100.00%	-	35	-	-	35
RECAP FinCo II S.à r.l. (formerly Highstreet VI PropCo IV S.à r.l.)	100.00%	30	-	-	-	30
Highstreet VIII PropCo I S.à r.l.	100.00%	-	30	-	-	30
Müller 34 Student Home Projekt-entwicklung- und Verwaltungs GmbH	100.00%	-	28	-	-	28
ISARTAL Beteiligungsverwaltungs GmbH (formerly Platin 1413. GmbH)	100.00%	-	28	-	-	28
ISAR Beteiligungsverwaltungs GmbH	100.00%	-	25	-	-	25
Corestate ZGE Feeder GmbH & Co. KG	100.00%	-	0	-	-	0
Corestate CAPTIVE PropCo I GmbH	100.00%	35	-	-	35	-
Across HoldCo S.à r.l. (formerly Highstreet VI PropCo II S.à r.l.)	100.00%	30	778	(305)	503	-
Across (EL7) S.à r.l. (formerly Highstreet VI PropCo III S.à r.l.)	100.00%	30	-	-	30	-

	Accumulated value adjustments			Net book value	
	1 Jan 2016 k€	Depre- ciation k€	31 Dec 2016 k€	31 Dec 2016 k€	31 Dec 2015 k€
	-	11	11	96	-
	-	1	1	16	-
	-	12	12	112	-
	-	**12**	**12**	**112**	**-**
	-	**-**	**-**	**-**	**-**
	-	-	-	29,581	29,581
	-	-	-	5,681	-
	-	-	-	2,449	-
	-	-	-	1,360	-
	-	-	-	755	-
	-	-	-	502	-
	-	-	-	400	-
	-	-	-	283	-
	-	-	-	55	-
	-	-	-	35	-
	-	-	-	30	30
	-	-	-	30	-
	-	-	-	28	-
	-	-	-	28	-
	-	-	-	25	-
	-	-	-	0	-
	-	-	-	-	35
	-	-	-	-	30
	-	-	-	-	30

		Gross book value				
	Ownership %	1 Jan 2016 k€	Additions k€	Transfers k€	Disposals k€	31 Dec 2016 k€
RECAP FinCo I S.à r.l.	100.00%	-	1,457	-	1,457	-
Venloer4711 AIF 1 S.à r.l. (formerly Venloer4711 AcquiCo 1 S.à r.l.)	100.00%	-	25	(25)	-	-
Venloer4711 AIF 2 S.à r.l. (formerly Venloer4711 AcquiCo 2 S.à r.l.)	100.00%	-	25	(25)	-	-
Harbour AcquiCo 1 S.à r.l.	100.00%	-	25	(25)	-	-
Harbour AcquiCo 2 S.à r.l.	100.00%	-	25	(25)	-	-
Annapurna AIF S.à r.l. (formerly Iberian AcquiCo III S.à r.l.)	100.00%	-	12	-	12	-
Highstreet VI PropCo I S.à r.l.	100.00%	-	12	-	12	-
Corestate Condor TopCo GmbH (formerly Platin 1315. GmbH)	100.00%	-	53	-	53	-
ROSE PropCo S.à r.l. (formerly Highstreet V PropCo IV S.à r.l.)	100.00%	-	13	-	13	-
		29,706	14,055	(405)	2,114	41,241
Loans to affiliated undertakings						
CORESTATE CAPITAL AG (loan and accrued interests)		-	2,344	-	-	2,344
CORESTATE Capital Sales Holding S.à r.l. (loan and accrued interests)		-	214	-	-	214
		-	2,558	-	-	2,558
Shares in undertakings with which the undertaking is linked by virtue of participating interests						
Iberian HoldCo III, S.L.	10.27%	-	1,700	-	-	1,700
Harbour AcquiCo 1 S.à r.l.	14.78%	-	1,388	25	-	1,413
Venloer4711 AIF 2 S.à r.l.	10.05%	-	1,303	25	-	1,328
Across TopCo 2 S.à r.l.	10.00%	-	990	-	-	990
Across HoldCo S.à r.l.	5.10%	-	-	305	-	305
Harbour AcquiCo 2 S.à r.l.	14.78%	-	132	25	-	157
Venloer4711 AIF 1 S.à r.l.	10.05%	-	123	25	-	148
Across TopCo 1 S.à r.l.	10.00%	-	110	-	-	110
SCORE S.à r.l.	50.00%	4	-	-	-	4
		4	5,745	405	-	6,154
Other loans						
HIGHSTREET PREMIUM I PropCo II S.à r.l (loan and accrued interests)		-	1,849	-	-	1,849
		-	1,849	-	-	1,849
Total		**29,709**	**24,208**	**-**	**2,114**	**51,803**
SUM of FIXED ASSETS		**29,709**	**24,332**	**-**	**2,114**	**51,927**

Accumulated value adjustments			Net book value	
1 Jan 2016 k€	Depre-ciation k€	31 Dec 2016 k€	31 Dec 2016 k€	31 Dec 2015 k€
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	41,241	29,706
-	-	-	2,344	-
-	-	-	214	-
-	-	-	2,558	-
-	-	-	1,700	-
-	-	-	1,413	-
-	-	-	1,328	-
-	-	-	990	-
-	-	-	305	-
-	-	-	157	-
-	-	-	148	-
-	-	-	110	-
-	-	-	4	4
-	-	-	6,154	-
-	-	-	1,849	-
-	-	-	1,849	-
-	**-**	**-**	**51,803**	**29,709**
-	**12**	**12**	**51,915**	**29,709**

Independent auditor's report

To the Shareholders of
Corestate Capital Holding S.A.
4, rue Jean Monnet
L-2180 Luxembourg

We have audited the accompanying annual accounts of Corestate Capital Holding S.A., which comprise the balance sheet as at 31 December 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "reviseur d'entreprises agréé', including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

Responsibility of the "réviseur d'entreprises agréé" (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Corestate Capital Holding S.A. as of 31 December 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Luxembourg, 21 February 2017

Ernst & Young

Société Anonyme

Cabinet de révision agréé

Pavel Nesvedov

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