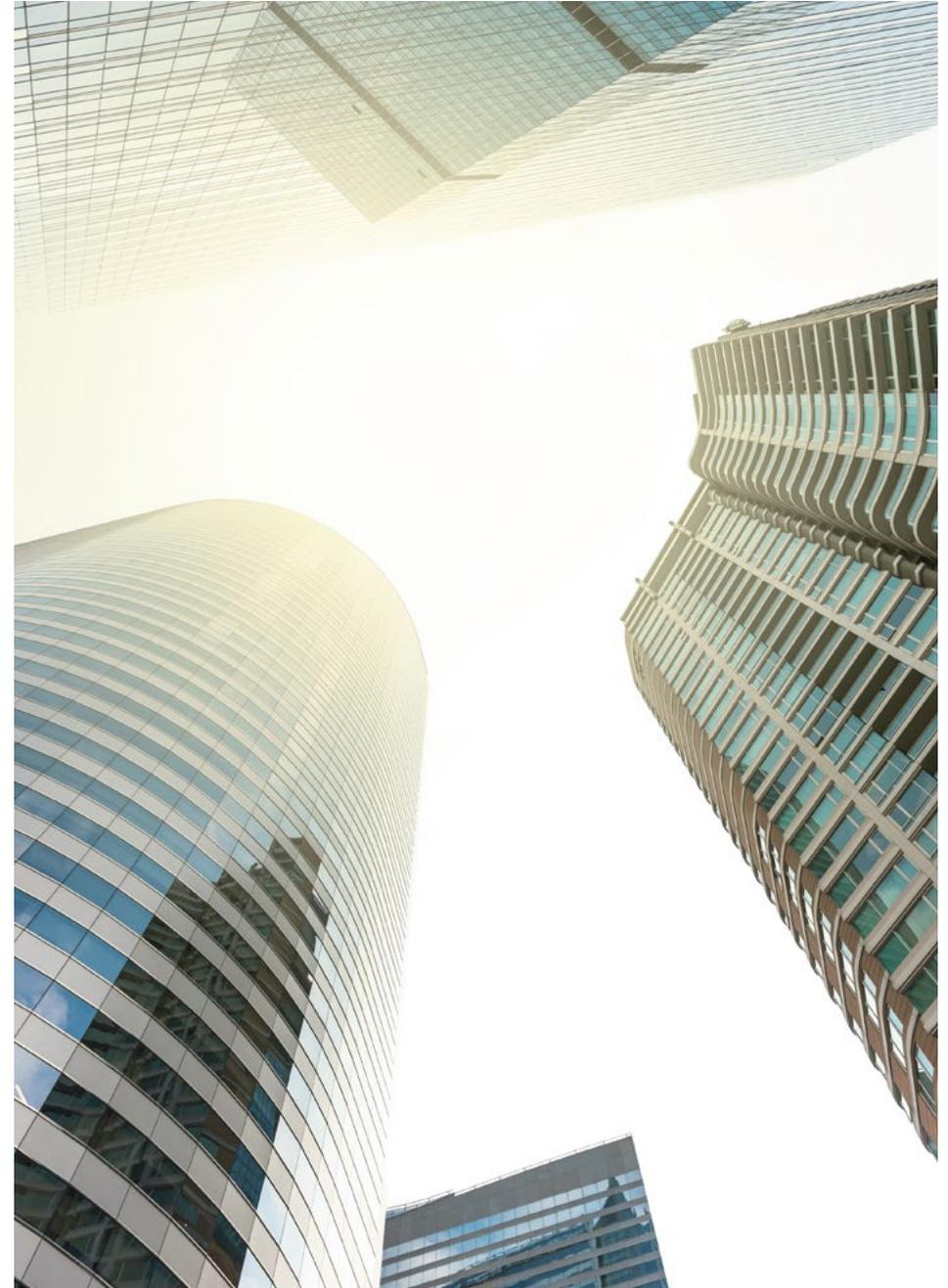




# ANNUAL REPORT 2021

# COMPANY PROFILE

Corestate is an investment manager and co-investor with around € 27.4bn in assets under management, thereof € 19bn assets under management in its core business real estate equity and real estate debt. The Company sees itself as a manager for the entire length of the real estate value chain. Thanks to its fully integrated real estate platform, it is able to offer investors a wide range of services, especially the opportunity to invest in large-scale societal trends such as urbanization, demographic shifts or sustainability – trends that will continue to have a decisive influence on the living and working environment in the long term. The consistent focus on asset classes that will be successful in the long run constitutes a central cornerstone of the Company's strategy. At Corestate, all concepts are supported with ESG expertise that is unique to the industry. With more than 800 experts, Corestate offers clients and investors a full range of services and consultation from a single source, from project financing and real estate management to sales. Corestate is listed on the Frankfurt Stock Exchange and operates as a respected business partner for institutional and semi-institutional investors as well as high-net-worth private investors in 11 countries across Europe, with offices in Frankfurt, Vienna, Zurich, Paris, Madrid and London.



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# KEY FIGURES 2021

		2021 <sup>1</sup>	2020 <sup>1</sup>	Change in %
<b>Aggregated Revenues &amp; Gains<sup>2</sup></b>	million €	<b>215.4</b>	<b>162.0</b>	<b>33.0</b>
Consolidated Total Revenues of the Group	million €	205.8	170.2	20.9
Revenues from Real Estate Equity	million €	77.6	70.4	10.2
Revenues from Real Estate Debt	million €	121.9	93.3	30.6
Income from Rental Income and Service Charges	million €	6.2	6.4	-2.1
<b>EBITDA</b>	million €	<b>26.4</b>	<b>16.2</b>	<b>63.2</b>
EBITDA Margin	%	12.3	10.0	
<b>Adjusted EBITDA<sup>3</sup></b>	million €	<b>43.8</b>	<b>16.2</b>	<b>170.6</b>
Adjusted EBITDA Margin	%	20.3	10.0	
<b>Net Profit</b>	million €	<b>(192.8)</b>	<b>(65.1)</b>	
<b>Adjusted Net Profit<sup>4</sup></b>	million €	<b>23.7</b>	<b>(45.4)</b>	
<b>Earnings per Share (undiluted)</b>	€	<b>(6.29)</b>	<b>(2.87)</b>	

		31.12.2021	31.12.2020
Number of Shares outstanding		<b>34,193,808</b>	<b>25,666,025</b>
Equity Ratio	%	44.3	47.0
Cash and Cash Equivalents	million €	62.8	68.2
Net Debt <sup>5</sup>	million €	526.5	531.4
Net Debt/EBITDA		12.0x	32.8x
Assets under Management at End of Period	billion €	27.4	27.8
Number of Employees at End of Period	FTE	811	757

<sup>1</sup> Continued operations

<sup>2</sup> Aggregated Revenues & Gains include Revenue streams from all three segments (Real Estate Equity, Real Estate Debt and Other).

<sup>3</sup> Adjusted EBITDA is calculated on the EBITDA for the period, net of M&A related costs as well as expenditure for transformation and efficiency programme.

<sup>4</sup> Adjusted Net Profit is calculated based on the Net Profit for the period, net impairment of goodwill and M&A related costs, expenditure for transformation and efficiency programme as well as (deferred) tax effects and depreciation mainly resulting from purchase price allocations.

<sup>5</sup> Adjusted by IFRS 16 financial liability



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# LETTER FROM THE MANAGEMENT

Dear Shareholders,  
Esteemed Business Partners and Friends of Corestate,  
Ladies and Gentlemen,



The past months have been very challenging and exciting for Corestate and for me as well. Looking back, I can say that I am still very taken of the unique opportunity handed to me at the end of 2021 to take charge of managing and developing Corestate. To this day, my first impression of the Company and its people has proved correct in every respect. What I found at Corestate was a resilient business model with room for improvement and a high-performing team hungry for success. These are excellent foundations upon which to lead the Company towards a promising future by making the right strategic decisions. I am just as convinced of this today as I was when I joined firstly the Supervisory Board in January 2022. To demonstrate my confidence in Corestate's prospects and make my commitment transparent for all stakeholders, I had already acquired Corestate shares before I took the helm as CEO in March.

Now, the ideal time has come for Corestate to dare a wide-ranging new start. Therefore, the bodies of the company began making the necessary decisions early this year and initiated a comprehensive reshuffle of Corestate's leadership structure. With the newly aligned management team in place, we will continue to pursue the growth course for Corestate, while once again being confronted with the economic effects of the ongoing coronavirus pandemic and the related restrictions in our sector. Nevertheless, conditions for our business improved somewhat in 2021. The volume of transactions involving attractive real estate concepts, the investment appetite of institutional clients and demand for flexible financing solutions on the market all went up.



Overall, this is a positive economic environment in which we can grow the Company and make it fit for the future.

With the strategy of a broad real estate equity and debt approach, we intend to accelerate the transformation of the Group into a focused and integrated real estate investment manager that covers every element of the value chain, from transaction and fund management through to financing. This has meant not only realigning the entire organization and simplifying structures and processes to give Corestate the strong and flexible positioning it needs for the future, but also focusing the business model on our core real estate activities to sharpen our profile on the market. One of the decisions we made as a result was to divest a large part of our personnel-intensive and low-yield property management business. At the beginning of 2022, we have already successfully completed the disposal of a significant share of our non-real estate portfolio in the form of our aircraft and media funds. This was another change for which Corestate laid the groundwork in the past financial year, and which will allow us to concentrate solely on our sustainable and profitable real estate business going forward.

Taking over a German credit platform and fully licensed securities trading bank in the first half of 2021 has not only uniquely rounded out Corestate's existing business model, but it has also put the company in a position to leverage a variety of value-enhancing synergy potential in its product offering as well as in its sales activities when approaching customers.

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In the debt business, the past year also saw a good performance by HFS, a leading provider of mezzanine finance on the German housing and commercial real estate market, as well as the launch of new products such as Stratos VI. This is the first fund that will make us a one-stop shop for professional investors looking for senior and subordinated loans for high-yield development and existing properties in German-speaking countries. Other selected highlights in the operating business in 2021 included the acquisition of the office project Weitblick 1.7 in Augsburg, the new timber-constructed school building and portfolio revitalization in Munich, the financing of the Fürst project in Berlin, the opening of the Landmark Micro Living property Trllple in Vienna, the forward-looking office project Vision One in Stuttgart or various STAM investments and acquisitions for the Opera and Highlands funds.

In terms of our growth, we are pleased to look back on a good operational year 2021, despite the difficult and uncertain market conditions. According to the financial guidance, which still included discontinued operations, we expected aggregated revenues and gains of between € 235m and € 260m. On a like-for-like basis, Corestate ultimately delivered € 246m. With regard to profitability, we have decided to make precautions for higher risk provisioning in order to position ourselves solidly and future-proof in all respects. Thus, in the light of a healthy operational performance we digested a significant amount of extraordinary impairments on several financial assets and receivables in particular in our earnings. Therefore the guidance for adjusted EBITDA was between € 90m and € 115m and the company came out at € 44m. On adjusted net profit the Group aimed for a figure of between € 90m and € 115m and came out at € 24m. Also in this case, considering the perspective development of the HFS fund volume, we decided to write down a certain amount of the goodwill position against our results. Beyond these one-off accounting effects, these figures mainly reflect a solid operational performance of Corestate in 2021, which we owe first and foremost to the hard work and dedication of Corestate's employees at all our locations.



A lot has happened at Corestate in the past months. Let's talk about the future: We will initiate a comprehensive re-branding of the Corestate Group and extend the real estate equity business with the aim of increasing our assets under management and achieving successful growth. The Group will also expand its real estate debt business as a key pillar of our business model and deepen existing customer relationships. To do this, Corestate needs a robust and future-proof strategy to enhance its competitiveness and regain the necessary trust from customers and investors. All these strategic building blocks will be accompanied by a program initiated already in 2021 and well-ressourced with sufficient provisioning to increase our efficiency and reduce complexity at all levels in the Company in 2022.

We have done everything necessary to prepare Corestate to benefit from this and therefore we expect the Company to re-gain speed as well as profitability. We also predict that our equity and private debt business will deliver another strong year. In 2022, we will continue to work on improving our leverage by reducing our financial liabilities with the goal of achieving financial leverage ratio in the range of 2x to 3x by the end of the year. In the coming months we will start our comprehensive refinancing measures of our convertible bond and our straight bond so that we are equally well prepared for the future from a financial perspective.

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Focusing on our core business while establishing new and transparent corporate governance structure with a dynamic team will help us to unlock previously unused potential. Against this backdrop and in view of the continuing positive market development in the real estate sector, we expect an annual organic growth in our core assets under management of 5 to 10% in the medium term, which will of course be reflected in our revenues and earnings. All in all, for the fiscal year 2022 we forecast aggregated revenues of between € 210m and € 230m and a EBITDA of between € 90m and € 110m. This outlook always considers the financial impact from the carve-out of our non-real-estate portfolio and all foreseeable implications from the spin-off of our property management business activities. We are well on track to returning to Corestate's former strength. Our shareholders, too, should benefit from this again in the future. With this tailwind, the governing bodies of the Company intend to resume the regular dividend policy and aim to pay a dividend in 2023 of at least € 0.50 to its shareholders from the 2022 net earnings.

We would like to thank the entire Corestate team for their strong commitment, dedicated work and contribution to driving forward our business in these difficult times. Finally, we would like to thank all our clients, partners and shareholders for their continued backing.

Luxembourg, 21 April 2022

**Stavros Efremidis**  
Chief Executive Officer

**Izabela Danner**  
Chief Operating Officer

**Udo Giegerich**  
Chief Financial Officer

**Ralf Struckmeyer**  
Chief Investment Officer



# REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The past year has been both extremely turbulent and full of exciting new developments for Corestate. There was also a noticeable change to the shareholder structure, particularly in the last few days of December. Despite the challenging conditions and the far-reaching effects of the COVID-19 pandemic, Corestate managed to close 2021 on a positive note in terms of its operating activities. The Company would not have been able to do this without the dedication of its employees and its strong position against the competition. The Group also plans to expand its position in the market in the future. As it moves forward, the Supervisory Board will effectively and efficiently monitor the Management Board during the transformation of the Group – and, above all, during the consistent implementation of the new strategy – to ensure profitable growth, and will regularly use its expertise to provide support and advice. In the past financial year, Corestate was able to forge a successful path thanks to the acquisition of Corestate Bank GmbH (formerly Aggregate Financial Services GmbH, “AFS”) and the ensuing boost to the Debt division, as well as the internal reorganisation of sales. The integrated offering of a financing platform for private debt rounds out Corestate’s profile as a provider of full-package services when it comes to real estate investments and ensures very strong customer loyalty. The Supervisory Board will continue to enthusiastically and closely support the Management Board over the coming years while these strategic activities are being developed.

## COLLABORATION WITH THE MANAGEMENT BOARD

In the reporting year, the Supervisory Board performed the tasks incumbent upon it in accordance with the law, the articles of association and bylaws. The Management Board included the Supervisory Board extensively and at an early stage in all decisions that were fundamental for the company. The Management Board also informed the Supervisory Board regularly, both verbally and in writing, about all issues regarding corporate planning, business and profitability development, the risk situation, risk management and compliance that were relevant to the Company and Group, as well as about the general economic position of the Company. The Management Board used detailed reports to inform the Supervisory Board about material transactions and organisational changes and discuss them in detail at plenary or committee meetings. The Supervisory Board examined the issues in considerable detail and was available to advise the Management Board on the decision-making process at all times.

When the Management Board needed approval from the Supervisory Board for specific measures in line with statutory rules, the articles of association or its bylaws, the Supervisory Board granted its approval after carrying out a thorough review and exhaustive deliberations. The Management Board informed the Supervisory Board of any deviations in the current business development from the agreed plans and gave detailed reasons for such deviations. The Management Board complied with its statutory reporting obligations in full.

In the past financial year, measures to implement the corporate strategy presented at the beginning of 2021 and supported by the Supervisory Board formed the focus of the Supervisory Board’s deliberations. Such measures included the acquisition of AFS and the associated capital increase through contributions in kind.

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## SUPERVISORY BOARD MEETINGS AND COMMITTEE MEETINGS

During the reporting year, the Supervisory Board held four ordinary meetings, 23 extraordinary meetings and one two-day session. In two cases, resolutions were made as written circulation procedures. Individual agenda items relating to Management Board personnel matters were processed while the Management Board Members were not in attendance. All members of the Supervisory Board, the Audit Committee or the Corporate Governance Committee took part in all ordinary and extraordinary meetings throughout their Board affiliation in 2021, apart from one exception. Attendance at these meetings was therefore almost 100%. There were also four ordinary meetings of the Audit Committee and four ordinary meetings of the Corporate Governance Committee.

Between meetings, the Supervisory Board was also in regular contact with the Management Board. In particular, the Chairman of the Supervisory Board discussed with the Management Board issues relating to current business development, planning, the risk situation, risk management and compliance of the Company. The Management Board also informed the Supervisory Board without undue delay, in writing or verbally, of important issues that were of material importance for the assessment of the position and performance, and for the fulfilment of its duties at Corestate.



## PARTICULAR MATTERS FOR THE SUPERVISORY BOARD DELIBERATIONS

In all of the regular meetings, the Supervisory Board addressed the detailed reports from the Management Board on the course of business, in particular the latest developments in aggregated revenues and gains and the results, as well as the position of the Company, including the financial and risk situation. These included an extensive review and discussion of the respective quarterly reports. Matters recurring in more than one meeting included explanations and discussions on the business position, measures for the implementation of the strategy, liquidity development, IT security and corporate compliance. Heads of divisions joined the meetings as guests and reported from their sectors on individual agenda items.

The key points of the accounts review meeting on 19 March 2021 with the auditor in attendance were the preparation, approval and audit of the annual financial statements and the consolidated financial statements for Corestate Capital Holding S.A. The Supervisory Board approved the annual financial statements and the consolidated financial statements following a thorough review and at the recommendation of the Audit Committee, and the annual financial statements were adopted. After in-depth deliberations, the Supervisory Board agreed to the Management Board's net profit distribution proposal, to carry forward the net income for the year onto new account and to suspend the payment of a dividend.

In addition to the recurring items, the Supervisory Board received the latest information on the subsequent closing of the AFS transaction at its meeting on 17 May 2021. Another item on the agenda for this meeting was the approval of the agenda for the ordinary annual general meeting of Corestate Capital Holding S.A. taking place virtually on 28 June 2021.

At the meeting on 09 August 2021, the Supervisory Board discussed the regular submissions and the latest HR report with the Management Board. The Management Board also gave the Supervisory Board an update on the current ESG measures. As a result of the resolution to amend the articles of association adopted by the annual general meeting in 2021, the Supervisory Board approved an amended version of its bylaws.

Alongside the report on the quarterly financial statements and information on the latest business development, the Supervisory Board focused on revising the Management Board's planned assignment of business at the meeting on 8 November 2021. Other items at the meeting included an update concerning the existing substantive legal disputes and procedures as well as a progress report on the implementation of the strategic measures initiated.

At the last ordinary meeting of the reporting year, held on 17 December 2021, the Supervisory Board received information on corporate planning and business development. It approved the budget for 2022 and the planning for the years 2023 to 2026, and looked into the refinancing strategy in detail with the Management Board.

At the extraordinary meetings, the Supervisory Board addressed the strategy and the budget planning, in particular the guidance for 2021, the medium-term planning for the years 2022 to 2025, the latest status of the acquisition projects, the approval of various investment transactions and the further development of the Management Board's remuneration system.

The aim of the two-day Supervisory Board conference on 04 and 05 March 2021 was to host talks from the operational divisions about the latest market developments and the key functions, which provided information on subjects such as strategy, accounting, ESG and HR.

## WORK IN THE COMMITTEES

The Supervisory Board has set up a total of three committees to ensure the efficient performance of its tasks. In the reporting year 2021, Prof. Hermann Anton Wagner headed up the Audit Committee, Dr Friedrich Oelrich headed up the Corporate Governance Committee, and Friedrich Munsberg was in charge of the Nomination and Remuneration Committee. The change in the members of the Supervisory Board at the start of the financial year 2022 brought about changes to the committee members. An overview of the latest breakdown of each committee can be found on the Company's website at [www.corestate-capital.com](http://www.corestate-capital.com).

In the reporting period, the Audit Committee held four meetings. Representatives from Ernst & Young ("EY") took part in the first meeting of the year, held on 19 March 2021. The main activities of the Audit Committee were the intensive audit of the annual and consolidated financial statements, an extensive commentary on the management report and the corporate governance statement, and a detailed commentary on the reports concerning risk management and internal audit work. Throughout these activities, special attention was given to the effectiveness and further development of the risk management, internal control and compliance management systems, as well as the latest issues and proposals from Internal Audit. As a result of these commentaries, the plenary meeting approved the annual financial statements.

At the meeting on 17 May 2021, the Audit Committee focused on the quarterly financial statements for the first quarter of 2021 and the update on business performance and the liquidity situation. The Audit Committee was informed of the latest issues concerning risk management and internal audit work. The meeting also assessed the quality of the audit of the financial statements carried out by EY. Following an in-depth discussion on the quality criteria in the committee and on the presentation of internal quality assurance measures from EY, the Supervisory Board proposed to the annual general meeting to re-elect EY as the auditor for the financial year 2021.

At the meeting on 09 August 2021, the Audit Committee discussed the half-year financial report with the newly elected CFO, Udo Giegerich, in the presence of the auditor EY.

At its last meeting of the year, held on 08 November 2021, the Audit Committee discussed the interim financial statements for the third quarter. Other key points of the meeting included a discussion on potential focus areas for the audit of the financial statements for 2021 as well as updates concerning refinancing and controlling of financial interests.

The recurring subjects of risk management, internal audit work and liquidity planning were covered by the committee regularly in all meetings.

The Corporate Governance Committee held four meetings throughout the past financial year. Deliberations regularly covered specific developments of the German Corporate Governance Code, including the issue of whether or not a declaration of compliance in accordance with the German Corporate Governance Code should be submitted by the Company voluntarily. The meetings also covered social aspects from HR and the achievement of the ambitious ESG targets.

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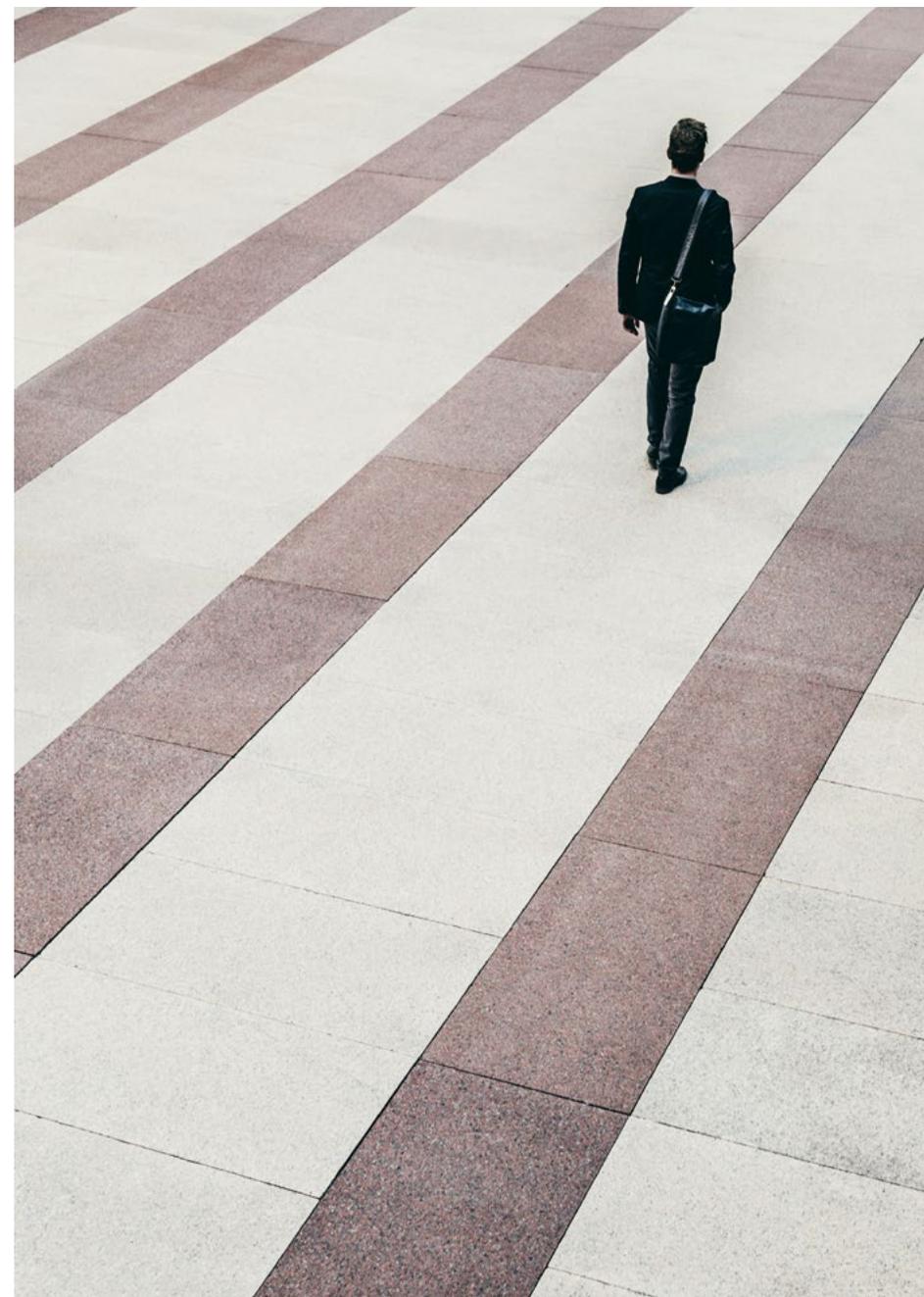
**CORPORATE GOVERNANCE**

Throughout the course of the past financial year, the Supervisory Board also continuously addressed the principles of good corporate governance and regulatory changes in the field itself. The aim is that, in the first half of 2022, the Supervisory Board will declare its agreement with the corporate governance practice currently in place at Corestate as part of the scheduled declaration of compliance on a voluntary basis using a Code checklist, which would then be used as a foundation for the Supervisory Board and the Management Board to submit a declaration of compliance as defined in Section 161 (1) German Stock Corporation Act (AktG) for the first time. This voluntary declaration is to be made permanently accessible to the shareholders on the Company's website and will be assessed in line with the German Corporate Governance Code going forward. In accordance with the recommendations of the Code, the Supervisory Board is to regularly review the efficiency of its work. The Supervisory Board conducted an internal self-assessment in November 2021, which painted a positive view of the activities of the Supervisory Board and its committees.

Conflicts of interest that must be disclosed to the plenary meeting did not occur during the past financial year. The annual general meeting would have been informed about such conflicts of interest in this report.

The Supervisory Board Members are responsible for undertaking any training or professional development measures necessary to fulfil their duties. If required, the Company will support the members of the Supervisory Board through sufficient refund of expenses or through the forwarding of information about selected events. The Company supports new members upon their appointment with the result that two professional development workshops with the Chief Legal Officer and one conference lasting two days were held for the Supervisory Board in the financial year 2021.

Detailed information about corporate governance can be found in the section of the same name on page 23ff of the Annual Report.



## ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

After an in-depth audit, and in line with the resolution of the annual general meeting on 28 June 2021, the Supervisory Board appointed EY as auditor of the financial statements for the financial year 2021 at its meeting on 17 May 2021. EY has been the auditor of the annual and consolidated financial statements for Corestate Capital Holding S.A. and the Group since 2015. EY audited the annual financial statements, as prepared by the Management Board in accordance with the rules of Luxembourg Law, and the consolidated financial statements, prepared on the basis of the International Financial Reporting Standards (IFRS), and issued an unqualified auditor's report in each case. The audit reports, the annual financial statements, the consolidated financial statements and the profit distribution proposal of the Management Board were sent to all members without undue delay after they had been prepared. They were discussed in detail and at length both by the Audit Committee and the entire Supervisory Board at their meetings in March, alongside the documents submitted by the Management Board. The Boards also addressed key audit matters in detail.

EY reported on services that were carried out in addition to the financial statement auditing services. The Supervisory Board did not raise any reservations concerning the findings of the audit. It approved the annual financial statements and the consolidated financial statements prepared by the Management Board and adopted the annual financial statements. The Supervisory Board discussed in detail with the Management Board the proposal for the appropriation of the balance sheet profit/loss. In the financial year 2021 the company made a loss of € 89,029,708.65 and a sum of € 98,677,141.25 will be carried forward to new account. After carrying out its own review and consideration of the Company's financial position, it also approved this proposal.



## CHANGES TO THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

At the start of the year, Corestate announced the acquisition of AFS. As part of this transaction, the AFS founders and former partners Sebastian Ernst and Johannes Märklin were appointed to the Management Board of Corestate Capital Holding S.A. with immediate effect and for a term of three years. Nils Hübener and Daniel Löhken withdrew from the governing body of the Corestate Group by mutual agreement in July 2021. Udo Giegerich completed the existing Management Board team as the Group's new CFO in August. His predecessor, Lars Schnidrig, had left the Corestate Management Board at his own request in May 2021.

There were two changes to personnel on the Supervisory Board in December of the past financial year due to amendments to the shareholder structure following the investment by Stavros Efremidis and Karl Ehlerding. Prof. Dr Hermann Wagner and Friedrich Munsberg announced their intention to resign from the Supervisory Board in letters dated 23 December 2021, effective as at the end of the year. Dr Bertrand Malmendier and Stavros Efremidis were appointed as new members of the Supervisory Board, effective as at 01 January 2022, by way of co-optation. Mr Efremidis was elected Chairman at the first constitutional Supervisory Board meeting on 05 January 2022, and Dr Malmendier was elected to be his deputy.

The Supervisory Board resolved on 07 February 2022 to remove Johannes Märklin and Sebastian Ernst from the Management Board of Corestate and all other group functions.

On 07 March 2022 the Supervisory Board decided to strengthen the governance structure and resolved to appoint the Chairman of the Supervisory Board Stavros Efremidis as CEO with immediate effect. The former CEO René Parmantier left the Group's Management Board to fully focus his activities on Corestate's Real Estate Debt business. In addition, the Group's Management Board was extended to four members by Izabela Danner as Chief Operating Officer (COO) and Ralf Struckmeyer as Chief Investment Officer (CIO). The new members of the Management Board are appointed for a term of three years. On Supervisory Board level, the Deputy Chairman Dr Bertrand Malmendier took over as Chairman of the Supervisory Board. As a new member Dr Roland Folz joined the Supervisory Board on 07 March 2022.

As the incumbent Supervisory Board, it is our firm intention to support the Company with our knowledge and our network in the best possible way going forward. We would like to sincerely thank the former members of the Supervisory Board Friedrich Munsberg and Prof. Hermann Wagner for their hard work over the past year. Dr Friedrich Oelrich, former Chairman of the Board of DekaBank and member of the Corestate Supervisory Board since November 2020, will continue to exercise his mandate.

Corestate is on the right track to continue the successful development and transformation together with the newly aligned Management Board. As these uncertain times continue, our goals are clear: we plan to grow, increase our profitability and improve our financial position, as well as maintain a good corporate culture. We are confident that the improving economic conditions will also provide us with an optimal solid footing this year and that we will perform well. Corestate is in an excellent position both in terms of strategy and on the products side. It has already expanded its business in 2021 and regained some of its reputation and former strength – something all of our employees were instrumental in achieving.

We would like to sincerely thank the whole Corestate workforce for their hard work.

Luxembourg, 21 April 2022  
For the Supervisory Board

**Dr Bertrand Malmendier**  
Chairman

**Dr Roland Folz**  
Deputy Chairman

**Dr Friedrich Oelrich**  
Member

# THE CORESTATE SHARE

## PERFORMANCE

In the course of the year, Corestate shares generally showed a disproportionately weaker performance than most of their peers and the industry indices. This was on the one hand mainly driven by the impact of COVID-19 and on the other hand by the lack of investor confidence in the Company's ability to achieve the planned net debt level by the end of the year.

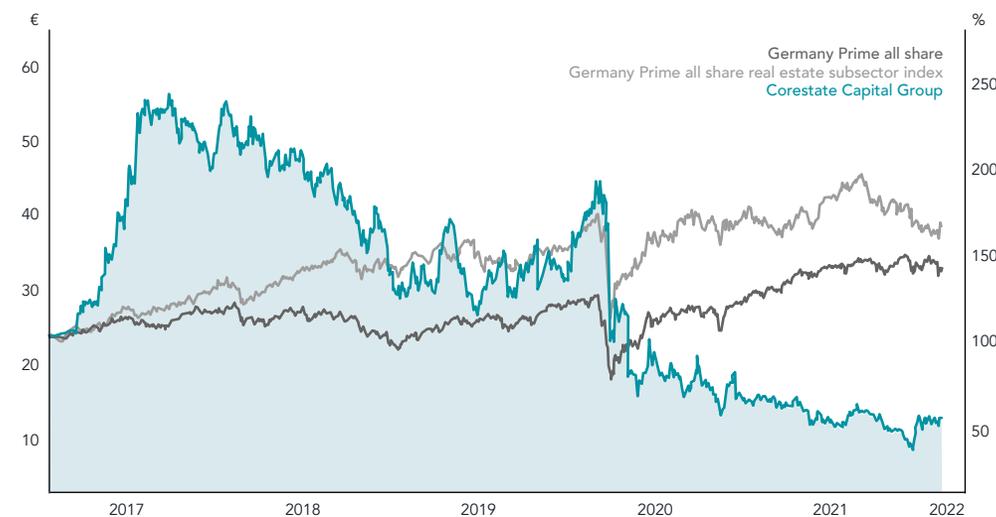
Corestate shares closed at € 11.28 on 30 December 2021, down 22.7% on the last trading day of 2020 (€ 14.60). The Germany Prime All Share Index increased by more than 16.0% in 2021. Corestate shares fell to their intraday low for the year of € 7.58 on 24 November, and reached their intraday high of € 15.39 on 21 January and 02 March. The closing price in XETRA at the end of the year leads to a market capitalization of € 385.7m (previous year: € 499.2m).

Investor trading was lower than in the previous year. On average, 98,361 Corestate shares were traded on XETRA every day in 2021 (previous year: 183,700). Trading volumes thus fell 46.5%.

## Share performance January 2021 to January 2022 (indexed)



## Share performance January 2017 to January 2022 (indexed)



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## Basic Share Data

WKN / ISIN	A141J3 / LU1296758029
Ticker Symbol / Reuters Code	CCAP
Trading Segment	Prime Standard
Stock Exchange	Frankfurt
Type of Stock	No-par value bearer shares
First day of Trading	04 October 2016

## Share Key Figures

	2021	2020	2019	2018	2017
Share Price (XETRA end-year) in €	11.28	14.60	37.50	30.30	53.43
Change in %	-22.7	-61.1	+23.8	-43.3	+130.3
Period High in €	15.39	44.50	39.20	55.30	56.48
Period Low in €	7.65	12.15	26.00	28.80	23.20
Average daily traded Shares	98,360	183,700	16,500	38,180	17,200
Number of Shares	34,193,808	25,666,025	21,354,417	21,329,417	21,294,123
Market Capitalization (XETRA end-year) in €m	385.7	1,142.1	800.8	646.3	1,137.7
Group Earnings per Share in €	(6.29)	(2.87)	5.11	4.91	3.24

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### Capital market communications

We are committed to making sure our communications with shareholders, analysts and institutional investors are open, transparent and reliable. We publish comprehensive and up-to-date information on the development of our business, while also seeking an active exchange with others. We believe it is important to increase transparency and boost trust in Corestate by engaging in ongoing dialog.

The Company again stepped up its investor relations activities in the financial year 2021, particularly addressing international investors, and attended several capital market conferences, mostly in a virtual format, driven by the pandemic. Company's management and Investor Relations department was also intensely marketing the shares with ongoing road show activities at financial centers such as London, Frankfurt and Zurich.

### Capital increase

As the takeover of Aggregate Financial Services (Corestate Bank) was completed in May 2021, Corestate issued 8.5 million new shares as a capital increase against contributions in kind. Thus, the share capital was increased by 33.1% to 34,193,808 shares.

### Annual general meeting

Due to the pandemic, the annual general meeting took place virtually again, on 28 June. All agenda items including the confirmation of the Supervisory Board were adopted by a significant majority.

### Increase in free float and new anchor shareholders

In December 2021, Vestigo and Passiva Participations/Aggregate Holding 2 sold their holdings in Corestate and Karl Ehlerding and Stavros Efremidis subsequently became the new anchor shareholders, with interests of 6.2% and 9.4% respectively. Thus, the free float was increased to 84.4% from 80.3%.

The Company received several voting rights notifications during the year. A detailed list can be found in the shareholders section of the Corestate website. According to the latest notifications, the Company's shareholder structure comprises both new anchor shareholders and Corestate's Management Board. Members of the Management Board hold around 9.5% of shares outstanding (as at 08 March 2022).

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Shareholder structure (08 March 2022)<sup>1</sup>

<sup>1</sup> Based on received voting rights notifications

## Dividend distribution

The Corestate management aspires to a policy of dividend reliability and continuity in which shareholders – as in recent years – receive payment of a dividend in line with the Company's success. At the same time, sufficient cash and cash equivalents to finance net debt reduction, the operating business, a robust equity position and the use of acquisition opportunities to secure the lasting growth of the Company are also in the interests of the shareholders. The Management and Supervisory Boards of Corestate therefore review their dividend recommendation with considerable prudence every year. As a result of the effects of the COVID-19 pandemic, Corestate took the decision not to distribute a dividend for the financial year 2020. Nevertheless, the management aims to re-establish the Company as a successful growth story with an attractive dividend of around one third of earnings per share.

In 2021, Corestate skipped the dividend distribution to the shareholders. However, the future aim of the Management Board is not only to finance the continued growth of the Company but to also maintain the continuity of its dividend policy. Therefore, the Company intends to return to its regular dividend policy and would like to pay its shareholders a dividend of at least € 0.50 from the 2022 consolidated result in the financial year 2023. In addition, the Management Board believes that it is crucial for the Company to maintain stable capital resources in order to achieve sustainable organic growth and increase enterprise value for its shareholders, while also exploiting opportunities for acquisitions.

## Analyst coverage

Equity analysts remain vital multipliers for our shares. At present, a total of five research companies and banks regularly report on Corestate: Baader Helvea, Kepler Cheuvreux, Berenberg, Jefferies, Pareto and Oddo-BHF. At the time this report was prepared, two analysts had issued buy recommendations, two had advised investors to hold the shares and one had recommended selling. As at the end of December, the average target price across all analysts was € 16.80.

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# HIGHLIGHTS 2021



## AFS acquisition

The acquisition of Frankfurt-based Aggregate Financial Services („AFS“) strengthens Corestate’s offering in the area of debt financing and complements the real estate mezzanine business with new products and services.



## Special AIF Stadtquartiere

Corestate sets up Stadtquartiere I, a new open-end special AIF. This fund is the first of its kind in Germany for institutional investors. Investments are focused on relevant urban developments in the centre of medium-sized and large cities in Germany, which enhance and determine the quality of the respective location.

## State-of-the-art project development in Augsburg

Corestate subsidiary Hannover Leasing acquires the state-of-the-art project development ‘Weitblick 1.7’ in Augsburg’s Innovation Park for a closed-end domestic special AIF aimed predominantly at institutional investors. The contract has a total investment volume of around € 85m.



## Fully integrated property management platform

Corestate merges and supplements its service portfolio in property management and establishes a new fully integrated platform for active property management under the umbrella of its Capera Immobilien Service GmbH (Capera) subsidiary. Technical property management and technical asset management will be more closely interlinked in the new project management segment in the future.



## Study for city quarters

Corestate and the analyst firm bulwiengesa investigate the German market for city quarters and publish a new reference work for real estate investors entitled “City Quarters – An Asset Class of the Future“. The study covers more than 600 modern city quarters built between 2009 and 2020 with a market volume of approximately € 200bn.

## AFS becomes Corestate Bank

Corestate completes the takeover of AFS and establishes a leading financing platform for real estate companies. The newly acquired securities trading bank is to operate on the market as “Corestate Bank“ in the future.



## Flagship project in Berlin

Corestate Bank manages the acquisition and development of Berlin’s FÜRST Project on Kurfürstendamm with a volume of more than € 1bn. The Bank structures and places one of the largest transactions of the year as the sole global coordinator and sole agent.

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### CEO acquires Corestate shares

René Parmantier purchases a substantial share package, emphasizing his strong commitment and confidence in the Group's business model. In total, the members of Corestate's Management Board thus hold almost 10% of the shares in the Company.



### Udo Giegerich becomes new CFO

The Supervisory Board of the Corestate Group appoints Udo Giegerich as the new Chief Financial Officer. The 52-year-old mathematical economist thus completes the Management Board of Corestate Capital Holding with effect from 01 August 2021.



### Top office campus 'VISION ONE' in Stuttgart

Corestate acquires the VISION ONE office campus, a forward-looking new construction project in the Stuttgart metropolitan region for a closed-end special AIF. The Corestate subsidiary, Hannover Leasing, provides capital management and asset management services for the property. The total investment volume is around € 160m.

### HFS becomes a one-stop provider of senior and subordinated loans

Helvetic Financial Services AG (HFS) adds the new senior fund Stratos VI to its product portfolio. The real estate bond fund has been set up as a special AIF (German special fund) and is targeted at professional and semi-professional investors. It will finance high-return development and existing properties from the residential and commercial real estate segment in the DACH region



### ESG Report 2021

The ESG report demonstrates the progress made by the Company in implementing its ambitious plans. Corestate was able to reduce CO<sub>2</sub> emissions/m<sup>2</sup> in managed properties by 8% compared to the previous year, six percentage points more than planned. Energy consumption/m<sup>2</sup> fell by 7% in the same period, exceeding the target of 5%. Water consumption was reduced by 14%, compared with an original target of 2%.

### STAM acquires portfolio of new urban logistics

Corestate subsidiary STAM acquires a portfolio of new urban logistics for Highlands II joint venture. STAM, a French logistics specialist, is continuing its expansion into urban logistics with the acquisition of three light industrial parks in the Paris region.



### Change in the shareholder base

Karl Ehlerding and Stavros Efremidis acquire a significant stake in Corestate and thus replace two previous major shareholders. At the same time, Stavros Efremidis becomes the new Chairman of the Corestate Group's Supervisory Board. The Berlin-based Lawyer, Dr Bertrand Malmendier, is elected as Deputy Chairman of the Company's Supervisory Board.

### Largest residential property transaction in Leipzig

The Corestate subsidiary HFS sells a premium new residential construction portfolio with commercial space and a gross lettable area of 22,900 m<sup>2</sup> in Leipzig, Germany, to KGAL Investment Management GmbH's KGAL Wohnen Core 3 institutional fund. Hence, the deal is the largest residential development transaction in Leipzig in 2021, with an amount in the three-digit million range.



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# CORPORATE GOVERNANCE

Corestate Capital Holding S.A. (hereinafter “Corestate” or the “Company”) is strongly committed to the principles of good corporate governance as a basis of responsible and transparent management that is focused on sustainable long-term growth of Company value. We feel that good corporate governance is a fundamental prerequisite for gaining and cultivating the trust of national and international investors and financial markets, business partners, employees as well as the general public.

In accordance with statutory requirements, Corestate follows the principle of the “dual governance system”. This is characterized by a strict separation of personnel between the Management Board as the decision-making management body and the Supervisory Board in its function as the body controlling and supervising the Management Board.

The Company is a Luxembourg public limited company (société anonyme) listed on the regulated market (regulierter Markt), sub-segment with additional post-admission obligations (Prime Standard), of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse). The Company is neither legally required to adhere to the Luxembourg Ten Principles of Corporate Governance of the Luxembourg Stock Exchange mandatory for companies listed in Luxembourg nor to the German Corporate Governance Code (“Code”) applicable to stock corporations organized in Germany.

Nonetheless, the Company has voluntarily followed and largely implemented the rules laid down in the Code. Important steps taken towards Code compliance since 2018 include (i) establishment of regular reporting schemes of the Management Board to the Supervisory Board, (ii) detailed review, gap analysis and set-up of a modern and efficient compliance management system, (iii) detailed review, gap analysis and set-up of modern and efficient risk management and risk controlling procedures oriented towards relevant

IDW standards, (iv) implementation of state-of-the-art rules of procedure (Geschäftsordnungen) for the Management Board, the Supervisory Board and its committees, (v) execution of Code-compliant service agreements for the majority of the Management Board Members, (vi) establishment of a Nomination and Remuneration Committee and a Corporate Governance Committee of the Supervisory Board, (vii) introduction of certain restrictions regarding the mandate of the members of the Management and Supervisory Board (such as age restrictions, the reduction of the maximum term and a maximum number of consecutive terms for the members of the Management and Supervisory Board, (viii) regular assessment of the audits by the Audit Committee, (ix) implementation of regular self-evaluations by the Supervisory Board of the effectiveness of its overall performance and that of its committees pursuant to section D.13 of the Code (Selbstbeurteilung des Aufsichtsrats), (x) dealing with conflicts of interest within the Supervisory Board and the Management Board in accordance with the Code (E.1-E.3), (xi) transparency and external reporting in accordance with F.1 and F.2 of the Code and (xii) measures taken towards gender diversity.

As a next logical step, the Company plans to voluntarily issue a declaration of conformity (Entsprechenserklärung) in accordance with the Code in 2022. The Management Board and the Supervisory Board understand this as another important building component of good corporate governance reflecting the measures taken in this regard.

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## COMPLIANCE

As an integral part of Corestate's group corporate governance, our compliance management system is committed to strict compliance with laws and regulations as well as internal rules and policies. Adherence to and compliance with laws and internal policies is an essential prerequisite for ensuring the sustainable success of the Group, thus safeguarding the interests of both the Company and its stakeholders. Corestate's group compliance management system is constantly under review and is updated based on national and international compliance standards. Each year, existing policies and internal processes are updated, and new policies and processes are established, if necessary.

A key objective of our compliance management system is to safeguard adherence to all applicable laws and regulations and to train employees on the content and significance of relevant rules and legislation. The content and monitoring of compliance based on the compliance management system is designed to support all employees and bodies of the Corestate Capital Group in acting in compliance with the law and internal policies and thus to avoid reputational damage and liability consequences for Corestate, its bodies and employees.



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## FURTHER REMARKS CONCERNING CORPORATE GOVERNANCE

With the annual general meeting, the Supervisory Board and the Management Board, Corestate has three corporate management bodies whose tasks and powers are essentially derived from the Luxembourg Law of 10 August 1915 on Commercial Companies (as amended from time to time) and the Company's articles of association ("Articles").

The shareholders exercise their rights at the annual general meeting, where they resolve, in particular, on the appropriation of profits, measures concerning the share capital, amendments to the Articles, the formal approval of the activities of the Management Board and the Supervisory Board and on the appointment of statutory auditors. Furthermore, the shareholders have an advisory (non-binding) vote on the remuneration policy and the remuneration report of the Company. The annual „annual general meetings are generally held, in accordance with Luxembourg law, at the registered office or any other place in Luxembourg indicated in the convening notice for the annual general meeting. Convening notices, agendas of the meetings, proposed resolutions, ballot papers, proxies and any documents to be submitted to the annual general meeting are available as from the day of convening of the annual general meeting on the Company's website ([www.corestate-capital.com](http://www.corestate-capital.com)). After the annual general meeting, the results of the votes and the minutes are also published on the Company's website.

In the light of the exceptional circumstances surrounding the COVID-19 pandemic, Luxembourg has introduced laws and regulations to ease the requirements relating to the holding of annual general meeting and meetings of the Management and Supervisory Boards. Accordingly, such meetings of the Company may be held exclusively by way of conference calls, videoconferences or similar means of communication, at least until 31 December 2022.

In managing Corestate, the Management Board and the Supervisory Board perform their tasks in a two-tier Board structure, each with separate duties and powers. The Supervisory Board appoints members to the Management Board, determines their remuneration and monitors and advises the Management Board in its management of the Company. The Supervisory Board, as provided for under applicable laws and regulations, has a control function within the Company and is not authorized to take any direct operational management measures for the business.

The Management Board is responsible for independently managing the Company. In particular, the Management Board defines the corporate strategy and discusses coordinates, and agrees on this approach with the Supervisory Board and implements this corporate strategy. In line with established reporting obligations, the Management Board regularly informs the Supervisory Board promptly and comprehensively and requests the latter's approval for certain key business transactions as further provided for under the Articles.



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## COMPOSITION, POWERS AND OPERATING MODE OF THE SUPERVISORY BOARD AND ITS COMMITTEES

According to the Articles, the Supervisory Board must be composed of at least three members. The members of the Supervisory Board are elected by the annual general meeting for a term not exceeding three years and shall be eligible for re-appointment. The annual general meeting determines the number of members of the Supervisory Board, their remuneration and their terms of office. A member of the Supervisory Board may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the annual general meeting.

Until 31 December 2021, the composition of the Supervisory Board of the Company was as follows:

### FRIEDRICH MUNSBERG

Chairman of the Supervisory Board and of the Nomination and Remuneration Committee – executive manager, previous positions include CEO of Dexia Kommunalbank Deutschland AG and Board Member of different banks – appointed by co-optation on 29 November 2020 and confirmed by the annual general meeting held on 28 June 2021;

### PROF. DR HERMANN WAGNER

Chairman of the Audit Committee – professor at Frankfurt School of Finance and Management, certified auditor (Wirtschaftsprüfer), previous positions include partner and Executive Board Member at Ernst & Young – appointed by co-optation on 29 November 2020 and confirmed by the annual general meeting held on 28 June 2021;

### DR FRIEDRICH OELRICH

Chairman of the Corporate Governance Committee – executive manager, previous positions include member of the Management Board of DekaBank Deutsche Girozentrale – appointed by co-optation on 29 November 2020 and confirmed by the annual general meeting held on 28 June 2021.

All members of the Supervisory Board were appointed by co-optation at a meeting of the Supervisory Board held on 29 November 2020 in accordance with article 441-2 of the Luxembourg Law of 10 August 1915 on Commercial Companies (as amended from time to time). Formal confirmation of their appointment was resolved at the annual general meeting of the shareholders of the Company on 28 June 2021.

As at 07 March 2022, the composition of the Supervisory Board of the Company is as follows:

### DR BERTRAND MALMENDIER

Chairman of the Supervisory Board and of the Nomination and Remuneration Committee – lawyer in Berlin and founder of the law firm of the same name – appointed by co-optation on 01 January 2022;

### DR ROLAND FOLZ

Chairman of the Audit Committee – CEO of Solarisbank AG; previous positions include member of the Management Board of HypoVereinsbank AG, Direkt Anlage Bank AG and Mercedes Benz Bank AG – appointed by co-optation on 07 March 2022;

### DR FRIEDRICH OELRICH

Chairman of the Corporate Governance Committee – executive manager, previous positions include member of the Management Board of DekaBank Deutsche Girozentrale – appointed by co-optation on 29 November 2020 and confirmed by the annual general meeting held on 28 June 2021.

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During 2021, the composition of the Supervisory Board of the Company has not changed. However, the Chairman of the Supervisory Board Friedrich Munsberg and the Supervisory Board Member Prof. Dr Hermann Wagner resigned from their positions with effect from 31 December 2021. With effect from 01 January 2022 those two former members of the Supervisory Board were replaced by way of co-optation by Stavros Efremidis as new Chairman and Dr Bertrand Malmendier as a new member of the Supervisory Board.

Members of the Supervisory Board of Corestate are to be appointed such that they have the knowledge, skills and experience that are necessary to properly perform the Board's duties.

In line with applicable laws and the Articles, the Supervisory Board is responsible for the ongoing supervision of the Management Board, without being authorized to actively interfere with such management. The Supervisory Board may validly deliberate and make decisions only if at least one half of its members are present or represented. Decisions are made by the majority of the votes of the members present or represented, whereby the Chairman of the Supervisory Board has a casting vote in case of ties.

In order to fulfil its monitoring duties, the Supervisory Board may require the Management Board to provide information of any kind. It may also undertake or arrange for any investigations necessary for the performance of its duties.

The Chairman coordinates the work of the Supervisory Board, as well as convenes and conducts Supervisory Board meetings as further prescribed under the Articles and applicable laws. Furthermore, the Chairman of the Supervisory Board is the first point of contact for the Management Board and represents the Supervisory Board in dealings with third parties. The Supervisory Board regularly reviews the efficiency of its work based on a questionnaire sent in advance and by a discussion of the results of this questionnaire in a plenary session.

The Audit Committee is responsible for the consideration and evaluation of all material questions concerning the auditing and accounting policies of the Corestate Group and its financial controls and systems, together with related recommendations to be made to the Management Board. Until 31 December 2021, the members of the Audit Committee were Prof. Dr Hermann Wagner (Chairman), Friedrich Munsberg and Dr Friedrich Oelrich.

From 01 January until 06 March 2022, the members of the Audit Committee were Dr Bertrand Malmendier (Chairman), Stavros Efremidis and Dr Friedrich Oelrich. With effect from 07 March 2022, the composition of the Audit Committee is as follows: Dr Roland Folz (Chairman), Dr Bertrand Malmendier and Dr Friedrich Oelrich.

The Corporate Governance Committee advises and supervises the Management Board of the Company (i) in complying with the standards of good and responsible corporate governance, based on the applicable statutory provisions as well as the mission statement of the Code and, where applicable, relevant industry-specific best practices, (ii) in complying with any requirements prescribed by the law and/or the Articles in relation to related party transactions, (iii) in taking measures to ensure compliance with government standards, official regulations and internal guidelines (Compliance) and (iv) on the implementation of the Company's ESG strategy and ESG goals. Until 31 December 2021, the members of the Corporate Governance Committee were Dr Friedrich Oelrich (chairman), Friedrich Munsberg and Prof. Dr Hermann Wagner. From 01 January until 06 March 2022, the members of the Corporate Governance Committee were Dr Friedrich Oelrich (Chairman), Stavros Efremidis and Dr Bertrand Malmendier. With effect from 07 March 2022, the composition of the Corporate Governance Committee is as follows: Dr Friedrich Oelrich (Chairman), Dr Roland Folz and Dr Bertrand Malmendier.

Beside those committees, the Supervisory Board has established a Nomination and Remuneration Committee which meets only as necessary. Its function is to propose suitable candidates to the Supervisory Board for the latter's election proposals submitted to the annual general meeting and to resolve on all remuneration matters concerning the Company's Management Board, including the remuneration report and remuneration policy as provided for under Directive (EU) 2017/828 (Shareholder Rights Directive II – SRD II). Until 31 December 2021, the members of the Nomination and Remuneration Committee were Friedrich Munsberg (Chairman), Dr Friedrich Oelrich and Prof. Dr Hermann Wagner. From 1 January until 6 March 2022, the members of the Nomination and Remuneration Committee were Stavros Efremidis (Chairman), Dr Bertrand Malmendier and Dr Friedrich Oelrich. With effect from 07 March 2022, the composition of the Nomination and Remuneration Committee is as follows: Dr Bertrand Malmendier (Chairman), Dr Roland Folz and Dr Friedrich Oelrich.

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## PROFILE OF COMPETENCIES OF THE SUPERVISORY BOARD

The profile of competencies of Corestate's Supervisory Board defines the professional skills and experience required for the Supervisory Board as a whole to supervise and advise the Management Board in the proper manner. Overall, the qualifications of the individual members of the Supervisory Board should complement each other in a way that secures the broadest possible pool of experience with a variety of specialisations. With regard to professional competencies, members of the Supervisory Board must have a sound understanding of key economic relationships, a comprehensive knowledge of the Company's operating environment, as well as its business models and core functions. These competencies should be rounded off by an outstanding awareness of Corestate's corporate social responsibility and sustainable business activities.

### DESIGN OF THE PROFILE OF COMPETENCIES

The specific competencies and experience of the Supervisory Board should include the following areas:



### Management and leadership

A core task of a listed company is to increase the Company's value and to meet the legitimate expectations of the shareholders, employees, clients and business partners. Many years of experience in managing complex organizations is needed to efficiently control and balance these requirements.

### Real estate market and investment environment

The Supervisory Board and its members should have extensive knowledge in real estate markets, clients, products, financing and transactions in order to expertly assess opportunities and risks, but also to value propositions and developments of individual investments realistically.

### Regulatory framework with a focus on asset management and financing

Increasing customer needs and the growing complexity of regulatory requirements for asset management as well as in the real estate banking and financing environment require a sound understanding of the underlying practical demands, international standards and the legal framework. This enables the Supervisory Board to strategically support the development of operational structures and processes.

### Accounting and auditing

Effective and transparent control of accounting by the Supervisory Board, particularly in the audit committee, requires extensive experience and expert knowledge in the areas of accounting, controlling, valuation as well as in the preparation and auditing of annual financial statements and quarterly reports. Ideally, this should be done by at least one member of the Supervisory Board who possesses long-standing professional experience, for example in the field of auditing, finance or accounting.

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## Corporate finance, capital market and M&A

As a listed company that makes use of the equity and bond side of the capital and banking market as a source of financing, knowledge of the practices and standards of the international financial markets as well as the legal framework constitutes an integral aspect of the Supervisory Board's activity. The same applies to the experience of the members of the Supervisory Board in supporting complex corporate transactions in order to ensure a responsible examination of options for the strategic development of the Group including relevant financing opportunities.

## Compliance, risk management and control system

Members of the Supervisory Board must bring many years of experience with the instruments of modern compliance and sustainable risk management, as well as the corresponding internal control systems and assessment of employee qualifications to the table, in order to effectively monitor the Company and its range of activities.

## Ecological and social responsibility and good corporate governance

Sensibly and responsibly addressing the many needs and requirements of the Company's various stakeholders is one of the key success factors on the market and vital to supporting the credibility of the Company's management and executive bodies. These competencies require a high level of transparency, independent decision-making and an unwavering commitment to sustainable business with the resources available to the Company.

## State of transition and achievement of goals

The aforementioned requirements were taken into account in the composition of the Supervisory Board at the end of November 2020. The same applies for the Supervisory Board newly appointed in 2022. The past and current Supervisory Board therefore reflected and reflects the requirements in terms of competencies and experience, both individually and collectively. The members of the Supervisory Board have the necessary professional and personal qualifications. For an extensive assessment of the members' individual competencies, please see the CVs of all Supervisory Board Members available at [www.corestate-capital.com](http://www.corestate-capital.com) on the Company's website.



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## INDEPENDENCE

To secure protection of the rights of minority shareholders, the majority of Supervisory Board Members should be independent in accordance with the criteria of both the Code as well as the Ten Principles. In other words, members should not hold any advisory or executive functions with clients, suppliers, lenders or other third parties or otherwise hold any personal relationship to the Company or its executive bodies, which could give rise to conflicts of interest. In addition, no Supervisory Board Member should hold any notable amount of shares in the Company.

All members of the Supervisory Board should be considered independent in accordance with the criteria of the Code and the Ten Principles.

## COMPOSITION, POWERS AND OPERATING MODE OF THE MANAGEMENT BOARD

According to the Articles, the Management Board must be composed of at least two members who are appointed by the Supervisory Board. The Supervisory Board also determines the number of members of the Management Board, their remuneration and their terms of office. The members of the Management Board are elected for a term not exceeding three years. The members of the Management Board are eligible for re-appointment. A member of the Management Board may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the Supervisory Board.

In the opinion of the Supervisory Board, the basic qualification criteria for appointments to positions on the Management Board are professional qualifications for heading each particular area of responsibility, a proven track record in the individual's career path and convincing management skills. In addition, the Supervisory Board also considers the aspect of diversity in its appointment decisions.

Therefore, the Supervisory Board strives to appoint people with complementary profiles, professional and personal life experience. The aim is to increase the percentage of women in management positions, including the Management Board of the Company and as such, in the future, positions will be filled and replaced at these hierarchical levels with particular attention being paid to promoting female executives in order to ensure an increase in the share of women. The current members of the Management Board are male.

The Management Board Members are jointly responsible as a collegiate body for matters of special significance. As for the Management Board's remaining responsibilities, each member independently manages the area assigned to him according to the plan of allocation of responsibilities (Geschäftsverteilungsplan) and is required to notify the Chairman of the Management Board of all material transactions and events.

The current composition of the Management Board of the Company is as follows (as at 08 March 2022):

- **STAVROS EFREMIDIS**  
Chief Executive Officer since 07 March 2022,
- **UDO GIEGERICH**  
Chief Financial Officer since 01 August 2021,
- **IZABELA DANNER**  
Chief Operating Officer since 07 March 2022 and
- **RALF STRUCKMEYER**  
Chief Investment Officer since 07 March 2022.

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The current mandates of all stated members of the Management Board are limited to a period of 3 years.

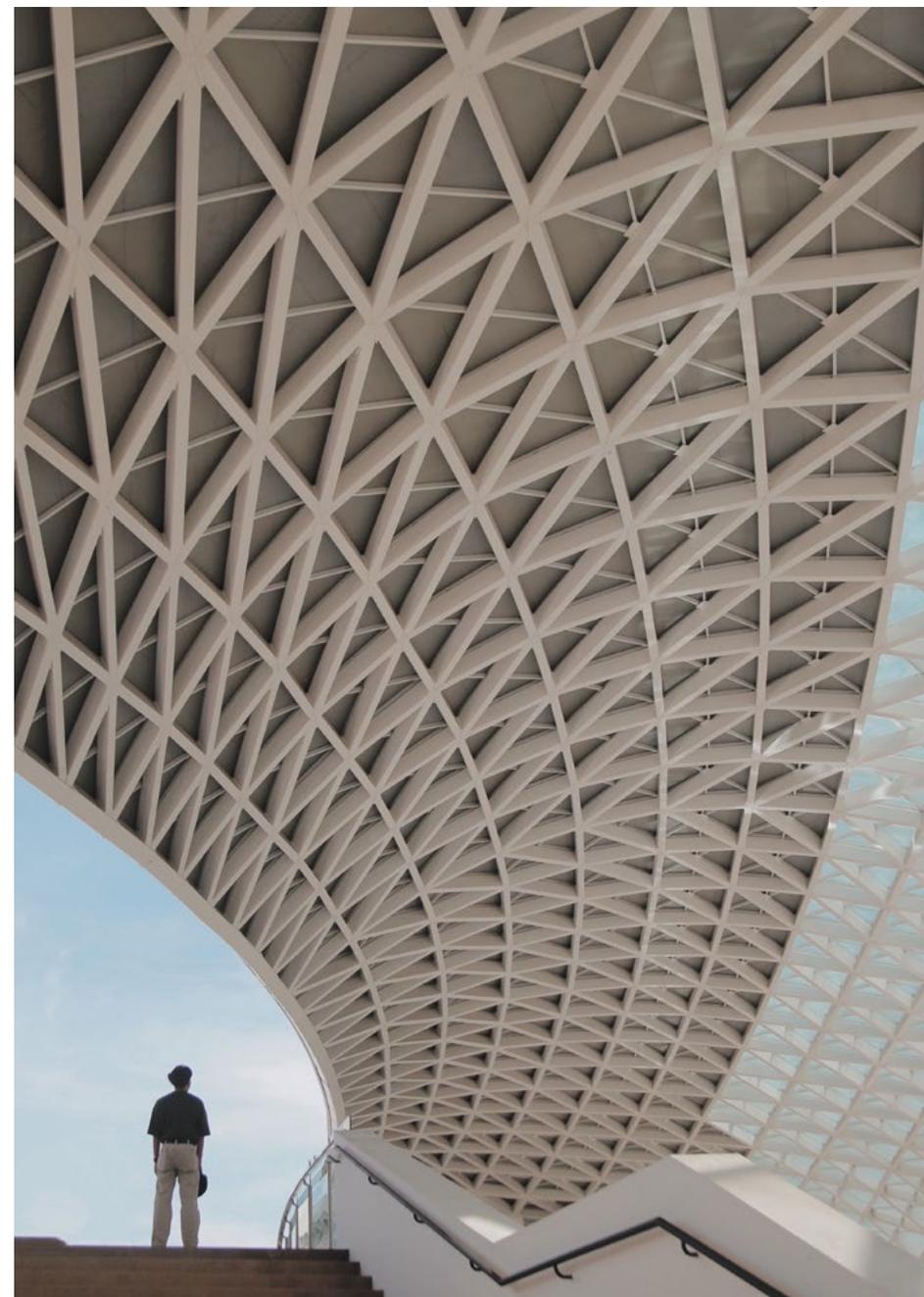
Lars Schnidrig (former Chief Financial Officer of the Company) left the Management Board of the Company on 31 May 2021. Daniel Löhken (former Chief Legal and HR Officer of the Company) as well as Nils Hübener (former Chief Investments Officer of the Company) left the Management Board of the Company on 31 July 2021.

Sebastian Ernst (former Chief Debt Investment Officer) as well as Johannes Märklin (former Chief Debt Financing Officer) left the Company on 07 February 2022. René Parmantier (former Chief Executive Officer) left his position as Chairman of the Group's Management Board on 07 March 2022 to assume the leadership of Corestate's Real Estate Debt segment.

The Management Board manages Corestate under its own responsibility, with the goal of sustainably increasing the Company's value. The Management Board develops the Company's strategy, coordinates it with the Supervisory Board and ensures the implementation of this strategy. The Management Board is vested with the broadest powers to perform or cause to be performed any actions necessary or useful in connection with the purpose of the Company. All powers not expressly reserved for the annual general meeting or the Supervisory Board by the Luxembourg Law of 10 August 1915 on Commercial Companies as amended from time to time, or by the Articles fall within the authority of the Management Board.

Decisions are made by the Management Board at regular meetings, which are convened and conducted in line with the Articles. If required, further specialists and managers are invited to provide advice. The Management Board meets as often as the business and interests of the Company require.

At least every three months, the Management Board must submit a written report to the Supervisory Board, in which it describes the status of the Company's business activities and the provisional development. In addition, the Management Board must inform the Supervisory Board of any events that might have a noticeable effect on the Company's situation.



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## MANAGEMENT DIVERSITY

For the first and second management levels below the Management Board, the clear aim is to increase the percentage of women in management positions. In the future, positions will be filled and replaced at these hierarchical levels with particular attention being paid to promoting female executives in order to ensure an increase in the share of women.

## EVOLUTION OF GOVERNANCE STRUCTURES

Corestate's strategy is clearly defined and is efficiently implemented by the following steering committees: Executive Committee ("ExCom"), Operating Committee ("OpCom"), Investment Committee ("IC"), the ESG Committee ("ESG Committee"), Risk Committee ("RC") and the Allocation Committee ("AC"). They support the entire Corestate Group in its efforts to act effectively on an operational level.

The ExCom – consisting of the Management Board Members and relevant group functions to be invited depending on the individual agenda – addresses the most important topics surrounding strategy, acquisitions, group finance, the capital market, legal, compliance and governance.

The OpCom coordinates all essential topics concerning customers, products, assets, investment management and all related operational processes. Besides the Management Board, the head of transactions, the head of equity-raising and other important central group functions are represented on it.

A further committee which has a huge impact on the professional strategy of the Company is the IC. The IC is the central decision-making body that deals with all major buying and selling decisions. It consists of voting and non-voting members. Its composition ensures that all decisions are made on a sufficiently informed basis and that all relevant functions are involved in the decision-making process. The IC's decisions are the basis on which the Management Board resolves on acquisitions and disposals as well as other transactions.

The ESG Committee supports core group divisions and group subsidiaries regarding the review and implementation of environmental, social and corporate governance standards.

Corestate has set up a Group Risk Committee ("Risk Committee") that meets every six months and which is chaired by the Group's Chief Risk Officer. The Risk Committee is composed of the members of the Management Board and the heads of fundamental group functions. The Risk Committee aims to assess and manage the Group's main risks and to discuss and implement the respective measures to be taken.

Corestate has formed an Allocation Committee which handles the allocation of properties and investments in situations in which a (directly or indirectly held) property is of interest to different group companies or investment funds managed by group companies.

Furthermore, in 2021 Corestate has pushed forward the development of its organizational structures below the Management Board level that were established in 2020. The senior leadership team ("SLT") consists of up to 40 senior managers from all significant divisions and entities of the group. The advanced leadership team ("ALT") is a group of up to 24 mid-managers from all significant divisions and entities of the Group. Through membership of the ALT, top talents and outstanding performers across the entire Group are promoted and developed with the aim of taking on senior management positions at Corestate in the future. The ALT programme offers intensive training initiatives, business and strategy insights and participation in various strategic projects.

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## FURTHER CORPORATE GOVERNANCE PRACTICES

### Risk management

Corestate maintains a sophisticated risk management system at group level covering the risks of the Company as well as the risks of the subsidiaries. All reported risks from the Corestate Group entities are consolidated into comprehensive group risk reports, which are submitted to the Management Board and the Supervisory Board on a quarterly basis. In addition, all relevant risks are communicated to both the Management Board and the Supervisory Board on a case-by-case “ad-hoc” basis. This approach enables the management to have a comprehensive view of the risks facing Corestate, and to actively manage such risks. For the regulated companies within the Corestate Group the local risk management systems also fulfill the regulatory requirements set by the relevant local supervisory authorities. According to the “three lines of defense theory”, Corestate’s risk management is part of the second line of defense and meets the highest market standards. To ensure that our risk management framework is implemented throughout the entire organization, all local risk managers have a dotted reporting line to our Group Chief Risk Officer, who has direct oversight of all risks within our group, supported by a dedicated IT system. Our risk management framework and elements of internal control systems are discussed in detail in our group management report.

### Transparency

As a company listed on the Prime Standard of the Frankfurt Stock Exchange, Corestate places great importance on disclosing complete and consistent information in order to duly and comprehensively inform participants in the capital market and interested members of the public at large. Information about the economic position of Corestate and its group companies and any new developments is therefore released regularly and without delay. Current developments and material events are published as press releases and, where legally required, ad-hoc announcements. This information is usually made available in German and English simultaneously and published via suitable media and on the internet. The annual report, the half-yearly financial report and quarterly reports are published on the Corestate website.

Key recurring events and publications, such as the annual general meeting, roadshows, relevant real estate conferences, the annual report, and interim reports, are listed on a financial calendar that may be viewed at any time on the Corestate website.

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## Managerial transactions

As required under the Market Abuse Regulation (EU) No 596/2014, members of the Management Board and the Supervisory Board of the Company, as well as any other persons with regular access to inside information who take important managerial decisions, duly comply with their notification requirements relating to shares or other relevant instruments. Such trading activities are disclosed on the Corestate website.

In 2021, the Supervisory Board members Dr Friedrich Oelrich and Friedrich Munsberg bought shares. In addition, the entire Management Board acquired Corestate shares in the reporting period 2021. Details on the directors' dealings are disclosed on the Company's website at [www.corestate-capital.com](http://www.corestate-capital.com).

## Accounting and independent statutory audit

The consolidated financial statements of the Company and its group companies (the "Consolidated Group Financial Statements") for the year ended 31 December 2021 have been prepared in compliance with International Financial Reporting Standards (IFRS) adopted by in the European Union. The separate financial statements of the group companies as at 31 December 2021 have been prepared in accordance with local GAAP. The independent auditor of the Group is Ernst & Young S.A. (EY), 35E, Avenue John F. Kennedy, Luxembourg. EY has been appointed for the audit of the 2021 financial statements by the annual general meeting on 28 June 2021. Overall, EY has been the independent auditor since 2015 with the Group being a public interest entity since 2016.



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**DISCLOSURE PURSUANT TO ARTICLE 11 OF THE LUXEMBOURG LAW ON TAKEOVERS OF 19 MAY 2006**

The information required by article 10.1 of Directive 2004/25/EC on takeover bids which was implemented by article 11 of the Luxembourg law on takeovers of 19 May 2006, as amended, is set forth below:

- a. The Company has issued a single category of shares (ordinary shares). For information regarding the capital structure, reference is made to [www.corestate-capital.com](http://www.corestate-capital.com) under "Shareholders", "Share and Share Buyback", "Shareholder Structure" where the shareholding structure chart is regularly updated.
- b. The articles of association of the Company do not contain any restriction on the transfer of the shares of the Company. Certain members of senior management may, from time to time, obtain certain shares as part of a compensation package, which may be subject to a lock-up period.
- c. The Company's shareholding structure showing each shareholder owning 5% or more of the Company's capital share is available at [www.corestate-capital.com](http://www.corestate-capital.com) under "Shareholders", "Share", "Shareholder Structure".
- d. The control rights of any shares issued in connection with employee share schemes are exercised directly by the respective employees.
- e. Consequently, with respect to item d. above, no control mechanism with respect to such employee share schemes was instituted.
- f. The articles of association of the Company do not contain any restrictions on voting rights.
- g. There are no agreements among shareholders which are known to the Company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004/109/EC, as amended (the "Transparency Directive").
- h. Rules governing the appointment and replacement of Board Members and the amendment of the articles of association of the Company:
  - The Management Board members are appointed by the Supervisory Board, or in the case of a vacancy, by way of a decision of the remaining Management Board members until the next Supervisory Board meeting.
  - Management Board members serve for a term not exceeding 3 years and are eligible for re-appointment.
  - Management Board members may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the Supervisory Board.
  - Resolutions to amend the articles of association of the Company may only be passed in a general meeting where at least one half of the share capital is represented and the agenda indicates the proposed amendments to the articles of association and, as the case may be, the text of those which pertain to the purpose or the form of the Company. If the quorum is not reached, a second general meeting may be convened in accordance with applicable law. Such convening notice shall reproduce the agenda and indicate the date and the results of the previous general meeting. The second general meeting shall deliberate validly regardless of the proportion of the capital represented. At both meetings, resolutions, in order to be passed, must be carried by at least two-thirds of the votes cast at the relevant general meeting.

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i. Powers of the Management Board:

- The Company is managed by a Management Board under the supervision of a Supervisory Board.
- The Management Board is vested with the broadest powers to perform or cause to be performed any actions necessary or useful in connection with the purpose of the Company.
- All powers not expressly reserved by the law of 10 August 1915 on commercial companies as amended, or by the articles of association of the Company, for the general meeting or for the Supervisory Board fall within the authority of the Management Board.
- Certain transactions and measures are subject to the prior approval of the Supervisory Board on the terms set out in the articles of association of the Company.
- The Management Board is also authorized to appoint a person, either a director or not, to the exclusion of any member of the Supervisory Board, for the purposes of performing specific functions at every level within the Company.
- The Management Board may also appoint committees or sub-committees to deal with specific tasks, to advise the Management Board or to make recommendations to the Management Board and/or, as the case may be, the general meeting, the members of which may be selected either from among the members of the Management Board or not, to the exclusion of any member of the Supervisory Board.
- Under the articles of association of the Company, the Management Board, with the prior consent of the Supervisory Board, is authorized to issue shares, grant options and grant any other instruments convertible into shares, within the limit of the authorized capital, for a period expiring on 28 June 2026.
- At the annual general meeting held on 26 April 2019, the Management Board was granted an authorization to buy back shares of the Company for a period of 5 years following the date of such annual general meeting (i.e. 26 April 2024). The aggregate nominal amount of the shares of the Company which may be acquired may not exceed 10% of the aggregate nominal amount of the issued share capital of the Company, at the date of exercise of the authorization.
- In each individual case, the Management Board can choose to conduct the buyback either (i) through the stock exchange or (ii) by means of a purchase offer addressed to all shareholders:
  - (i) To the extent that the buyback is conducted through the stock exchange, the repurchase price per share (excluding any ancillary buyback costs and without any tax gross-up obligation) paid by the Company may not exceed or fall short of, by more than 10%, the volume-weighted average of the auction closing prices of shares of the same class of the Company in Xetra trading (or a functionally comparable successor system to the Xetra system) at the Frankfurt Stock Exchange on the last three exchange trading days before the respective commitment to acquire.

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(ii) To the extent that the buyback is conducted through a purchase offer addressed to all shareholders (the Offer), the repurchase price per share (excluding any ancillary buyback costs and without any tax gross-up obligation) offered and paid by the Company may not exceed or fall short of by more than 10% the volume-weighted average of the auction closing prices of shares of the same class of the Company in Xetra trading (or a functionally comparable successor system to the Xetra system) at the Frankfurt Stock Exchange on the last three exchange trading days before the date of the publication of the Offer.

If a significant change in the share price occurs after the publication of the Offer, the Offer may be adjusted. In this case, the relevant reference period is the last exchange trading day before the date of the publication of the adjustment, and the 10%-limit for the exceeding or falling short shall be applied to this amount. If an Offer is oversubscribed, the buyback may be conducted in accordance with the proportion of the shareholdings held by the tendering shareholders in relation to each other (shareholding quotas) or in accordance with the proportion of the tendered shares (tendering quotas). In addition, (i) in order to avoid calculational fractions of shares, rounding may be applied and (ii) a preferential acceptance of small numbers of shares (up to 50 tendered shares per shareholder) may be provided for. The Offer may also stipulate additional conditions.

Any such acquired shares shall be held as treasury shares by the Company with their voting and dividend rights being suspended for an unlimited period of time and are available for distribution by the Management Board at its discretion (without applying a principle of equality among shareholders).

The authorization may be exercised, in compliance with statutory requirements, for any legally permissible purpose in the corporate interest of the Company.

- j. There are no significant agreements (other than, from time to time, certain external financing arrangements) to which the Company is party, and which take effect, alter or terminate upon a change of control of the Company following a takeover bid.
- k. Without prejudice to any mandatory severance payments in accordance with applicable Luxembourg labour law, there are no agreements between the Company and its Management Board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

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## REMUNERATION REPORT

The Remuneration Report explains the structure and amount of the remuneration of the Management Board and Supervisory Board. The Report is based on the recommendations of the German Corporate Governance Code (GCGC) as amended on 16 December 2019, and on the requirements of the German Commercial Code (HGB) and German accounting standards.

### PRELIMINARY REMARK

#### Lars Schnidrig

Lars Schnidrig resigned from the Management Board of Corestate Capital Holding S.A. in his role as Chief Financial Officer (CFO) on 31 May 2021. Under the terms of his service agreement, Mr Schnidrig was appointed CFO until 31 December 2023. The Supervisory Board and Mr Schnidrig mutually agreed on the premature termination of his contract as a member of the Management Board with effect from 31 July 2021.

#### Nils Hübener

Nils Hübener resigned from the Management Board of Corestate Capital Holding S.A. in his role as Chief Investment Officer (CIO) on 31 July 2021. Under the terms of his service agreement, Mr Hübener was appointed CIO until 31 March 2023. The Supervisory Board and Mr Hübener mutually agreed on the premature termination of his contract as a member of the Management Board with effect from 31 August 2021.

#### Daniel Löhken

Daniel Löhken resigned from the Management Board of Corestate Capital Holding S.A. in his role as Chief Legal and HR Officer (CLHRO) on 31 July 2021. Under the terms of his service agreement, Mr Löhken was appointed CLHRO until 30 October 2023. The Supervisory Board and Mr Löhken mutually agreed on the premature termination of his contract as a member of the Management Board with effect from 31 August 2021.

#### Udo Giegerich

The Management Board position of Chief Financial Officer (CFO) held by Mr Schnidrig was taken over by Mr Udo Giegerich, who was appointed a new member of the Management Board by the Supervisory Board with effect from 01 August 2021.

#### Sebastian Ernst

Sebastian Ernst took over the responsibility for the newly created department Debt Investment as Chief Debt Investment Officer (CDIO) effective 14 January 2021. Before his appointment as a member of the Management Board, Mr Ernst was Managing Director of Aggregate Financial Services GmbH (now named Corestate Bank GmbH) which was acquired by the Corestate Group in 2021.

#### Johannes Märklin

Johannes Märklin took over the responsibility for the newly created department Debt Finance as Chief Debt Financing Officer (CDFO) effective 14 January 2021. Before his appointment as a member of the Management Board, Mr Märklin was Managing Director of Aggregate Financial Services GmbH (now named Corestate Bank GmbH) which was acquired by Corestate Group in 2021.

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## REMUNERATION SYSTEM OF THE MANAGEMENT BOARD

The remuneration system takes into account the financial performance and success of the Company as well as the personal performance of the Management Board member in order to ensure the sustainable success of the Company.

The remuneration system is performance and success-oriented, with the criteria of long-term orientation, appropriateness and sustainability being of decisive importance.

The remuneration of the Management Board for the entire financial year 2021 consists of a fixed remuneration component (basic remuneration), a variable remuneration component with a short-term incentive function (Short-Term Incentive, STI) and a variable remuneration component with a medium to long-term incentive function (Long-Term Incentive, LTI).

The respective contractually regulated annual target values of the individual remuneration components are as follows:

€	René Parmantier (CEO)	Udo Giegerich (CFO)	Sebastian Ernst (CDIO)	Johannes Märklin (CDFO)	Nils Hübener <sup>1</sup> (CIO)	Lars Schnidrig <sup>2</sup> (CFO)	Daniel Löhken (CLHRO)
Basic Salary	900,000	600,000	850,000	850,000	400,000	700,000	400,000
STI	600,000	360,000	540,000	540,000	300,000	500,000	275,000
LTI	800,000	490,000	810,000	810,000	300,000	750,000	325,000
<b>Entire Remuneration</b>	<b>2,300,000</b>	<b>1,450,000</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>1,000,000</b>	<b>1,950,000</b>	<b>1,000,000</b>
<b>Entire Remuneration Cap</b>	<b>2,450,000</b>	<b>1,595,000</b>	<b>2,440,000</b>	<b>2,440,000</b>	<b>no cap</b>	<b>1,950,000</b>	<b>1,150,000</b>

<sup>1</sup> As STI criterion "personal goal" can be greater than 100%.

<sup>2</sup> Since STI criterion "personal target" can be max. 100%

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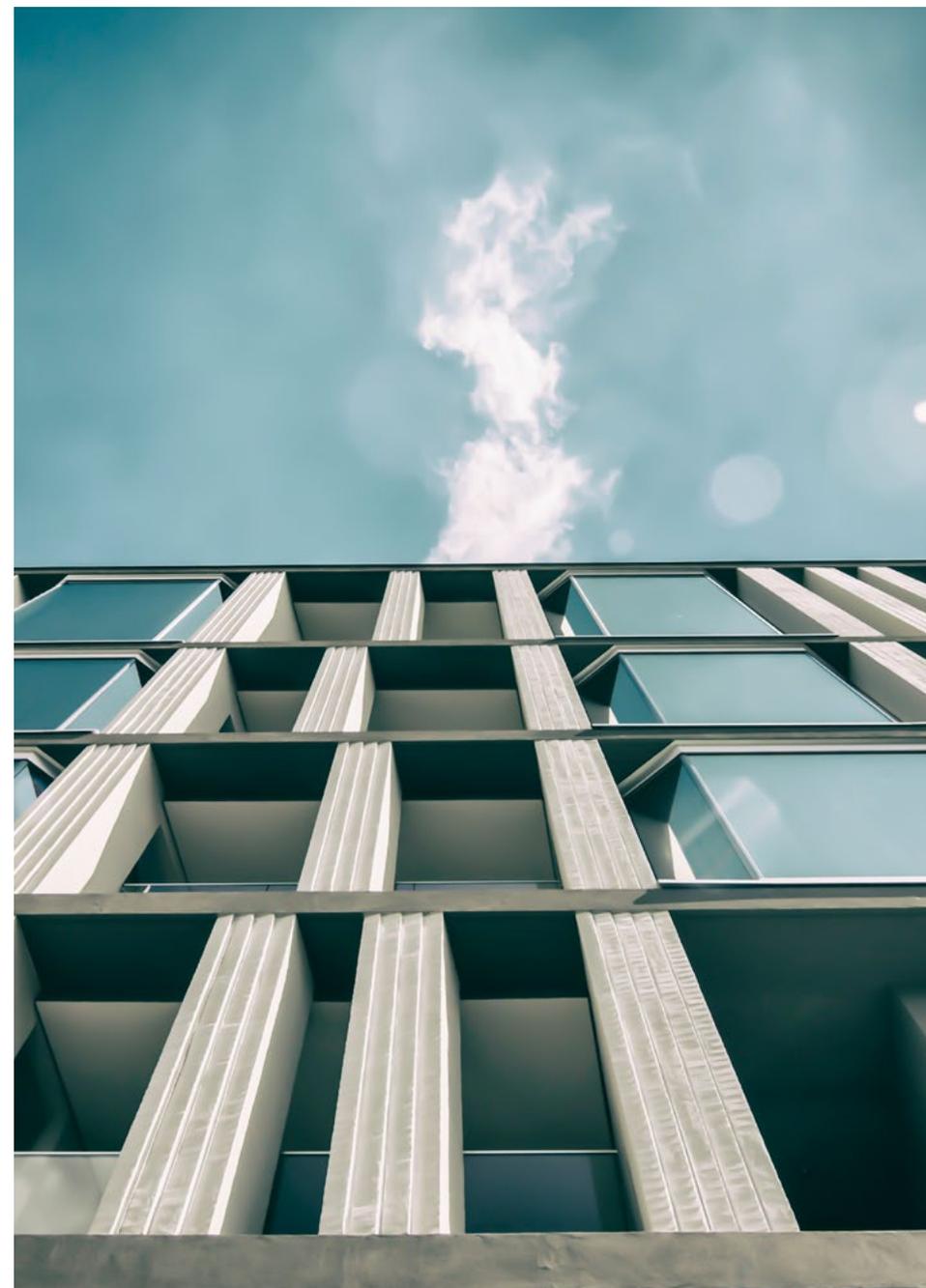
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The total remuneration granted for the activity of the respective Management Board member for a financial year – including basic remuneration, the STI, the LTI (plus full utilization of possible adjustments) amounts to a maximum of € 2.450m for René Parmantier, a maximum of € 1.595m for Udo Giegerich and a maximum of € 2.440m for each Sebastian Ernst and Johannes Märklin.

The Supervisory Board must ensure that the total remuneration corresponds with market conditions. The assessment of the appropriateness and conformity of the remuneration to the market is made on the basis of a vertical and horizontal comparison. The horizontal comparison is based on the market environment of the Company, taking into account such criteria as industry, size and country. The Supervisory Board used the remuneration data of comparable listed companies in the real estate sector (if available). Among other things, it took into account Corestate's market position, structure and size. To evaluate the appropriateness of Corestate's Management Board remuneration, the following companies were defined for the peer group: DIC Asset AG, Patrizia AG, Intermediate Capital Group plc and Partners Group Holding AG. In addition, the Supervisory Board also considered the development of the Management Board remuneration in relation to the compensation of Corestate's workforce by way of a vertical comparison. In this vertical comparison, it subjects the ratio of the remuneration of the Management Board relative to the remuneration of the senior management and the workforce of the Company.

The appropriateness review of Management Board compensation has shown that the remuneration resulting from target achievement in the financial year 2021 is appropriate.



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## FIXED REMUNERATION COMPONENT

The basic remuneration is paid to the Management Board members on a monthly basis in twelve equal instalments.

In the event of illness or incapacity to work during the service agreement through no fault of the Management Board member, the Management Board member is entitled to continued payment of the pro rata fixed salary and the pro rata average annual variable remuneration for twelve months, but no longer than until the end of the service agreement.

## FRINGE BENEFITS

In addition to the basic remuneration, the members of the Management Board are contractually granted fringe benefits that are individually defined in some cases.

## BENEFITS IN THE EVENT OF PREMATURE TERMINATION OF EMPLOYMENT

In the event of premature termination due to the death of the Management Board member, the Company will pay the fixed salary and the average annual variable remuneration pro rata temporis for six further months, provided that the Management Board member leaves a spouse, a registered partner or minor children or, in the absence of such heirs, other persons towards whom he has a support obligation.

## ASSUMPTION OF CONTRIBUTIONS TO HEALTH AND LONG-TERM CARE INSURANCE

With exception of Udo Giegerich the members of the Management Board of the Company are fully reimbursed for the cost of their private health insurance and their private long-term care insurance. Udo Giegerich receives standard contributions of up to 50% for his private health and long-term care insurance, but no more than the amount that would result if the member of the Management Board had statutory health insurance.

In addition, the Company reimburses the Board Members, with exception of Udo Giegerich, for their contributions to private non-occupational accident insurance and disability insurance upon presentation of proof.

Udo Giegerich is included in existing group insurance policies. Any taxes payable thereon are borne by the Board Member.



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## ASSUMPTION OF TAX CONSULTING COSTS BY THE COMPANY

Members of the Management Board (with the exception of Udo Giegerich) are also reimbursed by the Company for tax consulting costs incurred in connection with their annual income tax return for Luxembourg up to a maximum amount of € 5,000.

## BAHNCARD 100

The Company bears the annual costs for a Deutsche Bahn Bahncard Business 100 valid for 1st class.

## COMPANY CAR

The Board Members Sebastian Ernst and Johannes Märklin are each entitled to receive a company car for company and private usage. The tax incurring on this remuneration in kind must be paid by the respective Board Member. The car usage is limited to the duration of the service agreement.

## GROUP ACCIDENT INSURANCE

Furthermore, the members of the Management Board participate in a Group accident insurance policy of the Company that covers both professional and private accidents. The benefits granted by the insurance to the insured person or his or her legal heirs amount to a maximum of € 1,000,000 in the event of death or a maximum of € 3,750,000 in the event of full disability.

## D&O INSURANCE

A D&O insurance policy without a deduction has also been set up for the members of the Management Board.

## SHORT-TERM VARIABLE REMUNERATION COMPONENT (SHORT-TERM INCENTIVE, STI)

The Short-Term Incentive is an annual, pro rata temporis payment, of which the amount is determined by the degree of achievement of the following three STI targets:

- **Earning targets** in accordance with the business plan for the entire Corestate Group prepared annually by the Company's Management Board and approved by the Supervisory Board.
- **Share price:** Development of the Company's share price or a share price-related performance indicator in accordance with the individual arrangements agreed to between the member of the Management Board and the Supervisory Board. In the case of the Board Member Udo Giegerich this STI target component merely focuses on the company's share price.
- The **personal performance** of the individual member of the Management Board.

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The business plan applies for the bonus criteria earning targets. The STI for this criteria does not apply if the target achievement is 50% or less. From 50% target achievement onwards, the bonus is calculated linearly and is limited to a maximum amount of 100%.

For the bonus criteria share price, the degree of target achievement is determined by comparing the key figures agreed to between the member of the Management Board and the Supervisory Board and the actual key figures achieved in the respective financial year. The STI for this criteria does not apply if target achievement is 50% or less. From 50% target achievement onwards, the bonus is calculated linearly and is capped at 100%.

The Supervisory Board decides on the degree of achievement of the Management Board member's personal performance, as a third STI target, at its reasonable discretion. If the degree of target achievement is exceeded due to exceptional performance by René Parmantier and Udo Giegerich, the maximum amount of 100% may also be exceeded. In the case of Management Board members Sebastian Ernst and Johannes Märklin, there is an on target limit of 100% target achievement.

Each of the targets is weighted one third. In case of the Board Member Udo Giegerich the bonus criteria "earning targets" and "development of the share price of the Company" are weighted each with 25% and the bonus criteria "individual performance" is weighted with 50%.



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The STI 2021 does not apply to Udo Giegerich who has a guaranteed fixed STI sum for 2021 according to his service agreement.

If an STI is to be paid, it is to be determined individually for every Board Member and paid out, in the case of René Parmantier and Udo Giegerich, one week after approval of the audited consolidated financial statements in the respective benchmark financial year and in the case of Sebastian Ernst and Johannes Märklin with the regular payroll cycle that follows the month in which the audited consolidated financial statements have been approved for the relevant benchmark financial year.

The Board Members Sebastian Ernst and Johannes Märklin have an additional STI entitlement resulting from their role as Managing Directors at Corestate Bank. Each of them can receive an annual variable payment up to a maximum of € 324,000 if this is justified by the overall success of the Company (Corestate Bank GmbH) and the agreed targets. The decision about the concrete amount of bonus payment is made by the annual general meeting of the Company at its reasonable discretion and in accordance with the separate remuneration arrangements for employees of the Company.



## LONG-TERM VARIABLE REMUNERATION COMPONENT (LONG-TERM INCENTIVE, LTI)

The Long-Term Incentive remuneration component is structured as an entitlement to shares in the Company to which the Management Board Member is entitled under certain conditions (so-called LTI criteria).

These LTI criteria are defined as follows:

- **Earning targets** (in accordance with the business plan for the entire Corestate Group prepared annually by the Company's Management Board and approved by the Supervisory Board of the Group)
- **Development of the Company's share price**, and in the case of René Parmantier, Sebastian Ernst and Johannes Märklin also compared to certain peers of the Company
- **Implementation of ESG measures** by the Management Board (in particular with regard to diversity and ensuring sustainable corporate development) in the case of René Parmantier and in the case of the Board Members Udo Giegerich, Sebastian Ernst and Johannes Märklin the achievement of qualitative and quantitative targets including safeguarding good corporate governance and sustainable development of the Corestate Group.

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All LTI criteria are weighted at one third each. Shares are only allocated if the respective LTI criteria have a degree of achievement of 50% or more. In such cases, the pro rata equivalent value of the LTI shares is calculated linearly according to the degree of target achievement, with a maximum limit of 100% target achievement.

The tranche of LTI shares is to be transferred to the Management Board member's securities account immediately after the Supervisory Board has determined the equivalent value for the respective financial year. The calculation of the actual number of shares to be transferred varies depending on the individual contractual arrangement of the Management Board member.

Thus, the number of shares can be calculated by either dividing the calculated equivalent value of the shares

- by the volume-weighted 10-day average of the Company's share price on the Xetra trading platform before the last trading day of the financial year for which the LTI shares are going to be granted
- by the volume-weighted 10-day average of the share price of the Company on the Xetra trading platform before the relevant service agreement became effective
- by the closing price of the Company's share on the seventh stock exchange trading day before the transfer to the Board Member's securities account takes place.

From the date of transfer, each annual tranche of LTI shares is subject to a contractual holding period of four years.

The annual LTI value determined and, if necessary, adjusted after the end of the respective performance period is limited to € 800,000 for René Parmantier, € 490,000 for Udo Giegerich and € 324,000 for both Sebastian Ernst and Johannes Märklin. For 2021 there is no annual LTI value stipulated for Udo Giegerich according to his service agreement.

The Board Members Sebastian Ernst and Johannes Märklin have an additional LTI entitlement. Depending on specific targets, agreed for the respective financial year between the Board Member and the Supervisory Board, Sebastian Ernst and Johannes Märklin can each receive an annual LTI value up to a maximum of € 486,000 in addition.



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## TOTAL REMUNERATION OF THE MANAGEMENT BOARD

€	René Parmantier (CEO)			Udo Giegerich as at 01.08.2021 (CFO)			Sebastian Ernst as at 14.01.2021 (CDIO)			Johannes Märklin as at 14.01.2021 (CDFO)		
	2021	min.	max.	2021	min.	max.	2021	min.	max.	2021	min.	max.
Fixed Amount	900,000	900,000	900,000	250,000	250,000	250,000	819,721	819,721	819,721	819,721	819,721	819,721
Additions	22,292	-	-	8,639	-	-	26,497	-	-	35,589	-	-
<b>Total Fixed Payments</b>	<b>922,292</b>	<b>900,000</b>	<b>900,000</b>	<b>258,639</b>	<b>250,000</b>	<b>250,000</b>	<b>846,218</b>	<b>819,721</b>	<b>819,721</b>	<b>855,310</b>	<b>819,721</b>	<b>819,721</b>
STI	50,000	0	50,000	0	0	0	615,000	615,000	615,000	615,000	615,000	615,000
LTI	0	0	66,667	0	0	0	0	0	0	0	0	0
<b>Total Variables Payments</b>	<b>50,000</b>	<b>0</b>	<b>116,667</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>615,000</b>	<b>615,000</b>	<b>615,000</b>	<b>615,000</b>	<b>615,000</b>	<b>615,000</b>
<b>Total Fix &amp; Variable Payments</b>	<b>972,292</b>	<b>900,000</b>	<b>1,016,667</b>	<b>258,639</b>	<b>250,000</b>	<b>250,000</b>	<b>1,461,218</b>	<b>850,000</b>	<b>850,000</b>	<b>1,470,310</b>	<b>850,000</b>	<b>850,000</b>
<b>One-off Payments</b>												
Compensation Payments (Salary/STI/ LTI)	0	0	0	0	0	0	0	0	0	0	0	0
Contractual one-off Payments	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total one-off Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Remuneration</b>	<b>972,292</b>	<b>900,000</b>	<b>1,016,667</b>	<b>258,639</b>	<b>250,000</b>	<b>250,000</b>	<b>1,461,218</b>	<b>1,434,721</b>	<b>1,434,721</b>	<b>1,470,310</b>	<b>1,434,721</b>	<b>1,434,721</b>

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## TOTAL REMUNERATION OF THE MANAGEMENT BOARD

€	Nils Hübener (CIO)			Lars Schnidrig (CFO)			Daniel Löhken (CLHRO)		
	2021	min.	max.	2021	min.	max.	2021	min.	max.
Fixed Amount	266,670	266,670	266,670	408,333	408,333	408,333	266,667	266,667	266,667
Additions	7,667	-	-	26,026	-	-	16,370	-	-
<b>Total Fixed Payments</b>	<b>274,337</b>	<b>266,670</b>	<b>266,670</b>	<b>434,359</b>	<b>408,333</b>	<b>408,333</b>	<b>283,036</b>	<b>266,667</b>	<b>266,667</b>
STI	112,500	0	225,000	0	0	0	295,832	0	45,833
LTI	155,627	0	225,000	0	0	0	0	0	54,167
<b>Total Variables Payments</b>	<b>268,127</b>	<b>0</b>	<b>450,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>295,832</b>	<b>0</b>	<b>100,000</b>
<b>Total Fix &amp; Variable Payments</b>	<b>542,464</b>	<b>266,670</b>	<b>716,670</b>	<b>434,359</b>	<b>408,333</b>	<b>408,333</b>	<b>578,869</b>	<b>266,667</b>	<b>366,667</b>
<b>One-off Payments</b>									
Compensation Payments (Salary/STI/ LTI)	150,000	0	0	528,100	0	0	1,450,000	0	0
Contractual one-off Payments	203,846	0	0	350,000	0	0	9,231	0	0
<b>Total one-off Payments</b>	<b>353,846</b>	<b>0</b>	<b>0</b>	<b>878,100</b>	<b>0</b>	<b>0</b>	<b>1,459,231</b>	<b>0</b>	<b>0</b>
<b>Total Remuneration</b>	<b>896,310</b>	<b>266,670</b>	<b>716,670</b>	<b>1,312,459</b>	<b>408,333</b>	<b>408,333</b>	<b>2,038,100</b>	<b>266,667</b>	<b>366,667</b>

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## BENEFITS ON THE OCCASION OF THE TERMINATION OF MANAGEMENT BOARD POSITIONS

### Lars Schnidrig

The Management Board contract as Chief Financial Officer (CFO) of Lars Schnidrig was terminated with effect from 31 July 2021. All claims resulting from the termination of his service agreement were settled by a pro-rata STI payment for 2021 of € 145,833, by a pro-rata LTI payment for 2021 of € 382,266 and by the payment of non-compete compensation of € 350,000.

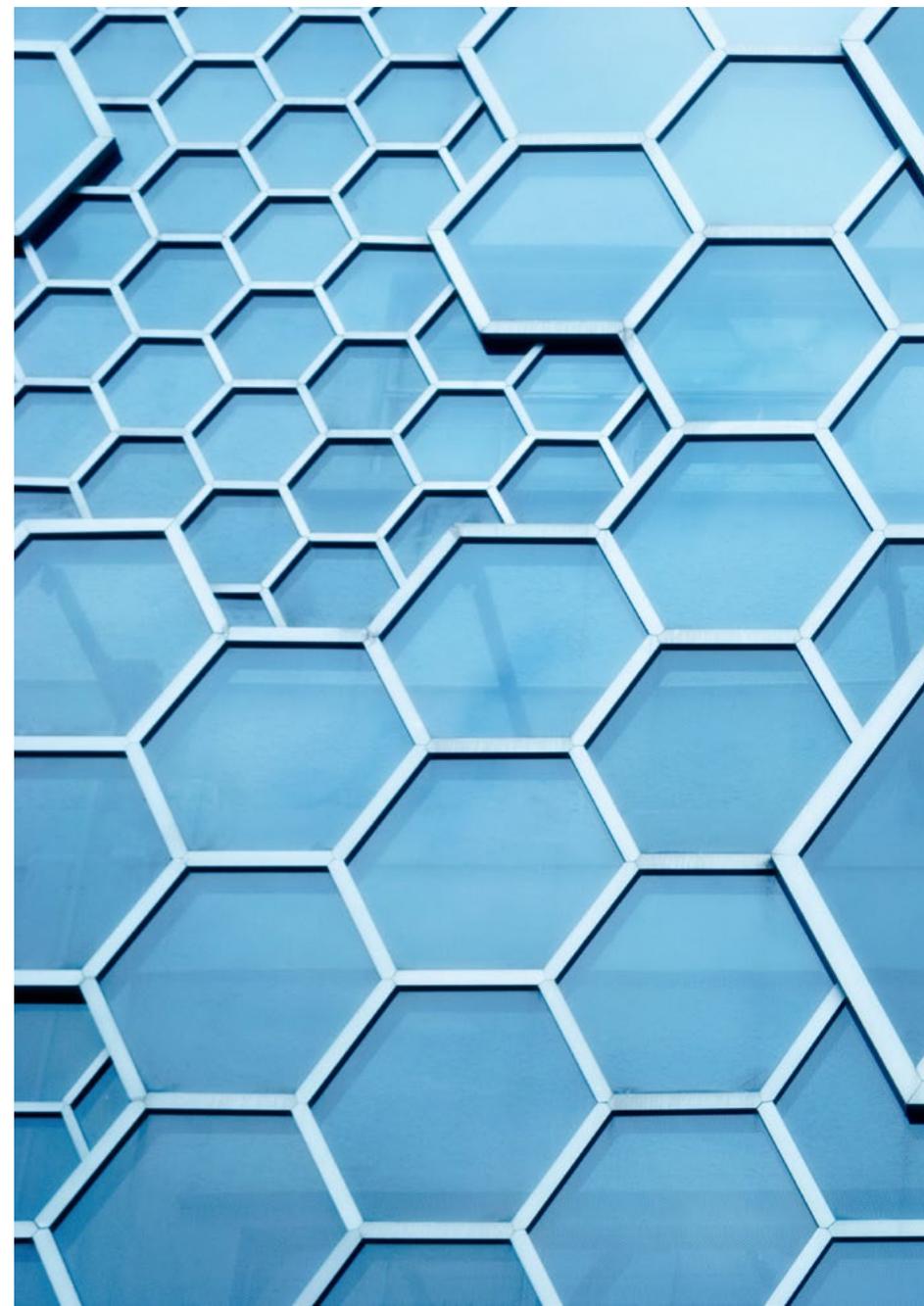
### Nils Hübener

The Management Board contract as Chief Investment Officer (CIO) of Nils Hübener was terminated with effect from 31 August 2021. All claims resulting from the termination of his service agreement were settled by a pro-rata STI and LTI payment for 2021 of € 150,000 as well as by non-compete compensation of € 200,000.

### Daniel Löhken

The Management Board contract as Chief Legal and HR Officer (CLHRO) of Daniel Löhken was terminated with effect from 31 August 2021. Mr. Löhken received a final payment to cover all remuneration claims, including possible STI and LTI claims for 2021, of € 1,450,000.

Furthermore, it was decided that the participation in a company share programme that was granted to Daniel Löhken in 2019 for a total term of five years is not affected by the termination agreement.



## REMUNERATION SYSTEM FOR THE SUPERVISORY BOARD

From 01 January 2021 to 31 December 2021, the Supervisory Board of the Company had three members.

The chairmanship was held by Friedrich Munsberg.

The Articles of Association provide for the following remuneration for the members of the Supervisory Board. The Chairman of the Supervisory Board is entitled to annual remuneration of € 150,000 and the Deputy Chairman of the Supervisory Board to annual remuneration of € 100,000. The third member of the Supervisory Board is entitled to a remuneration of € 75,000. The remuneration is aligned with the recommendations of the German Corporate Governance Code (GCGC). This means that the remuneration of the Supervisory Board members is solely fixed and not performance-based.

In addition to the annual remuneration, each member of the Supervisory Board is entitled to a meeting allowance of € 750 for each meeting the member attends in person, by telephone or videoconference. The Supervisory Board Members are also reimbursed of all reasonable and properly documented costs incurred as part of their mandate and benefit from market-standard D&O insurance.

The Chairman of the Company's Audit Committee and the Chairman of the Company's Nomination and Remuneration Committee are entitled to an additional annual remuneration of € 10,000. The Chairman of any other company committee, should there be one, is entitled to additional annual remuneration of € 10,000. Each other member of the Company's Audit Committee, Nomination and Remuneration Committee and any other company committees, should there be one, are entitled to an additional annual remuneration of € 5,000.

According to the Articles of Association, the annual remuneration (after deduction of all taxes due) is payable in a single lump sum within ten days after the end of each financial year. Supervisory Board members who have been members of the Supervisory Board or a committee of the Supervisory Board for only part of the financial year receive corresponding pro rata remuneration for that financial year.

### Total remuneration of the Supervisory Board

€	Membership		Supervisory Board		Audit Committee	Corporate Governance Committee	Nomination and Remuneration Committee	Remuneration paid	Attendance Fee paid	Total per Member
	from	to	Annual Remuneration	Attendance Fee	Annual Remuneration	Annual Remuneration	Annual Remuneration			
<b>Munsberg, Friedrich</b> (Chairman AR & NRA, Member AC & CGC)	29.11.20	31.12.21	150,000	750	5,000	5,000	15,000	175,000	27,750	<b>202,750</b>
<b>Prof. Dr Wagner, Hermann</b> (Deputy Chairman AR, Chairman AC, Member CGC & NRA)	29.11.20	31.12.21	100,000	750	15,000	5,000	5,000	125,000	27,750	<b>152,750</b>
<b>Dr Oelrich, Friedrich</b> (Member AR, AC & NRA, Chairman CGC)	29.11.20	31.12.21	75,000	750	5,000	10,000	5,000	95,000	27,000	<b>122,000</b>
<b>Total</b>								<b>395,000</b>	<b>82,500</b>	<b>477,500</b>



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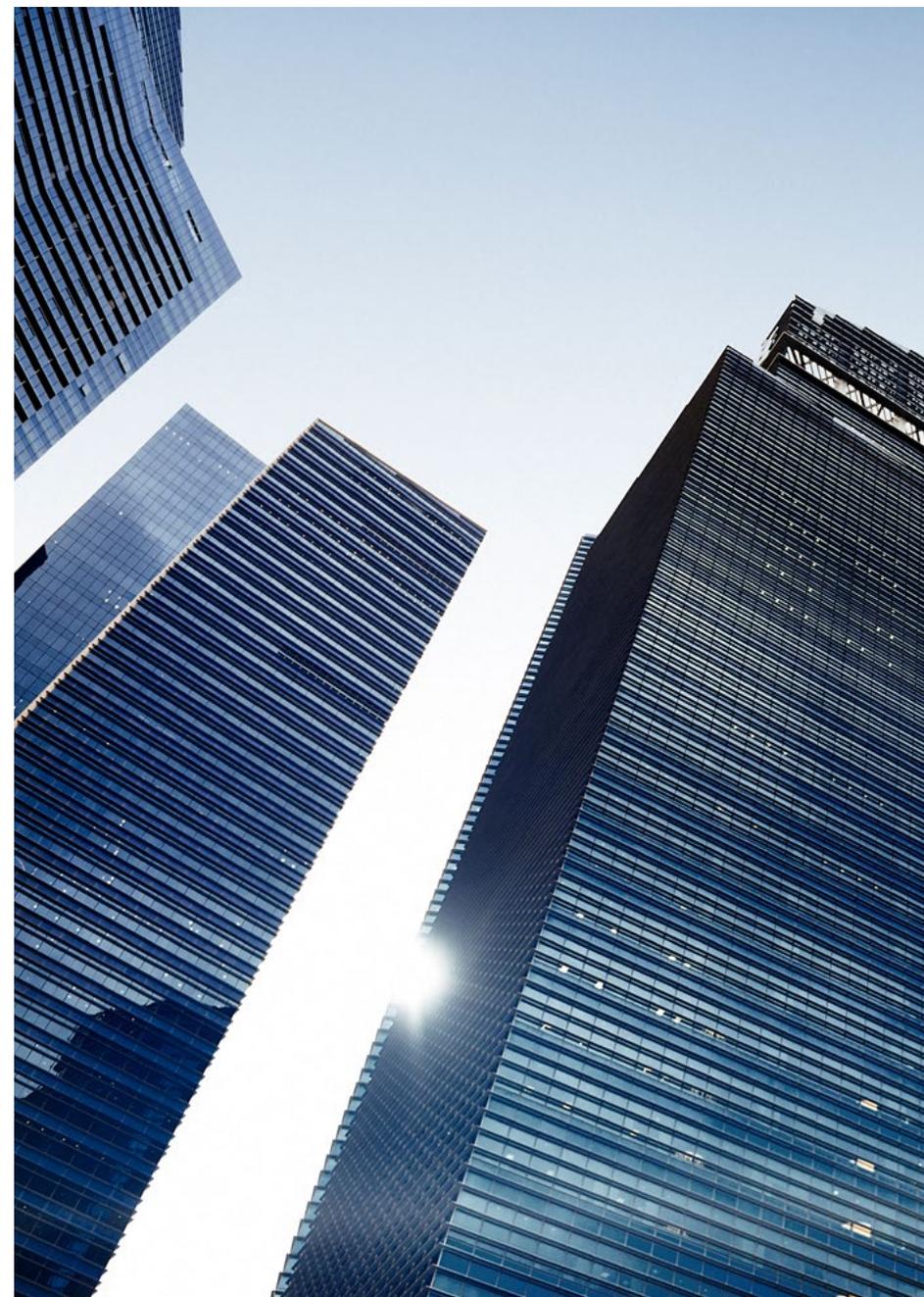
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## PRELIMINARY REMARKS

The management report and consolidated financial statements of Corestate Capital Holding S.A. (hereinafter “Corestate” or “the Company”) cover the reporting period from 01 January 2021 until 31 December 2021, unless otherwise indicated. Information on market and product offering developments pertains to 2021 as well, unless otherwise indicated.

The 2021 financial statements have been subject to an external audit by Ernst & Young Luxembourg. Certain statements contained herein may be statements of future expectations and/or other forward-looking statements that are based on our current views and assumptions. These involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those expressed or implied in such statements. Corestate does not intend and does not undertake any obligation to revise these forward-looking statements.



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## COMPANY BACKGROUND

Corestate 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 07 September 2015 and was originally established on 21 August 2015. Corestate Capital Holding S.A., Luxembourg does not have any branches.

Corestate is one of the leading listed investment managers for real estate equity and debt in Germany and selected other European countries, with in total € 27.4bn in assets under management as at 31 December 2021, thereof around € 19bn asset under management in the core business. The market focus is predominantly on Continental Europe and the UK covering the entire lifecycle of investments in real estate. In our fully integrated business model, we are active as co-investor and manager for our clients applying our experience and expertise to a wide range of real estate investment product offerings. We combine proven real estate expertise, good market knowledge and the understanding of mega trends and environment, social affairs and corporate governance principles for optimal product performance and sustainable returns for our customers. Our business reporting is divided into three segments: (i) "Real Estate Equity", (ii) "Real Estate Debt" and (iii) "Other".

(i) **The Real Estate Equity Segment** encompasses the sourcing and acquisition of relevant real estate opportunities and investments. It covers ongoing and day-to-day asset and property management and other related services as well as project monitoring over the holding period with the aim of actively enhancing value and optimizing the relevant assets. It also encompasses management of the realization of the value of investment products through multiple eligible exit channels (e.g. asset-by-asset sales, portfolio sales, auctions). The products can be held in separate vehicles established by respective clients together with Corestate. Revenues are generated through acquisition fees, asset management fees, property management fees (in equity products) and sales and promote fees.

The asset and property management services that we provide during the holding period support the investment strategy deployed from the early sourcing phase through business planning. Such early involvement allows e.g. for an efficient implementation of value enhancing measures such as capex investment, rent increases, vacancy reductions and operational cost optimization programmes,

all based on an experienced real estate management team's in-depth understanding of each deal and its underlying assets. This business provides commercial and technical property management services including service charge accounting to their clients. The asset management services also include ongoing financial and real estate reporting for clients and banks.

It is part of our real estate management services to continuously observe the market and to seek out and execute exit opportunities as far as they are in line with the clients' investment requirements. The sales team is responsible for monitoring favorable sale and exit opportunities.

As at 31 December 2021, our asset management activities covered 2.67 million m<sup>2</sup> of managed space with more than 28,000 micro living units under management. Moreover, we had more than 114 funds under management as at 31 December 2021.

(ii) **The Real Estate Debt Segment** contains structures and implements investment products via Corestate Bank. Furthermore, with our Group subsidiary HFS (Helvetic Financial Services) we offer mezzanine financing (i.e. financing that ranks below senior loans and above ordinary shareholders' equity) for residential and commercial real estate developments in Germany, Austria, Switzerland as well as Spain and seek to gain cross-selling opportunities from being involved in our clients' development from a very early stage.

The core business is to act as an initiator focusing on investments via debt securities. The fund capital is used to acquire bonds which are issued by the bond issuer, typically a real estate development company, for the early stages of a real estate development, usually as equity-replacing bridge financing until certain milestones (e.g. the building permit or construction progress) have been achieved and the follow-on financing for the entire project has been secured.

In summer 2021 HFS launched a new senior fund Stratos VI and now the Company is able to provide senior and subordinated loans. The Stratos VI real estate bond fund has been set up as a special AIF (German special fund) and is targeted at professional and semi-professional investors.

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It will finance high-return development and existing properties from the residential and commercial real estate segment. HFS intends to increase the fund volume to approximately € 1bn in the next two years.

As at 31 December 2021, the total committed fund volume amounted to approximately € 1.2bn, covering about 45 financed projects with an average size of mezzanine financing between € 25m and € 30m. The investor base of HFS included approximately 70 institutional investors, such as pension funds, investment funds, insurers and pension schemes.

With the decision to spin-off CRM and Capera made in 2021, the Corestate Group will be able to concentrate even more on the profitable asset management-related activities in the real estate equity sector in the future. Capera is a property manager for residential and commercial real estate in Germany and CRM is a leading operator of student accommodation in the UK. At the time the report was prepared, the spin-off initiated in 2021 is still ongoing. Therefore, both business units are recognized as discontinued operations in the annual financial statements.

(iii) **The Other Segments** comprise alignment capital management activities as well as real estate operations and assets held for warehousing purposes, i.e. assets which we acquire on our own balance sheet for a certain short-term period in order to convert them into investment products and – to a lesser extent – assets owned by non-client third parties, with the aim of actively value-enhancing and optimizing the assets and, ultimately, structuring the exit from such real estate investments.

An integral part of this business is to co-invest alongside our clients through our alignment capital investments. This means that we invest our own funds into the same products as our clients. As at 31 December 2021, we have invested € 145.9m (equity and loans) through our alignment capital investments. Typically, alignment capital investments range between approximately 5% and 10% of the total equity, depending on our clients' requirements and product structuring.

As a result, we also participate in the performance of the investment products through dividend payments and we realize capital gains upon successful exit from alignment capital investments. Through our alignment capital we "buy into" the risks and rewards of the underlying transaction and assume responsibility far beyond the role of just an investment manager.

This substantially builds trust and related long-term relationships with the respective client group.

In respect of the properties held for warehousing purposes, Corestate signed a contract with a regional investor group for the sale of the local shopping centre "neustädter" (Tor) in Giessen at the end of December 2021. The purchase agreement is subject to customary conditions precedent with rights of rescission until the formal due diligence has been completed. The closing of the transaction is expected to take place in the first half of 2022.

Our integrated business model enables us to cover the entire lifecycle of investments in real estate equity and debt. We are a one-stop shop providing the full range of asset, fund and property management services and related investment products (managed accounts, open-ended and closed-ended funds, club deals, alternative investment funds and individual mandates), and financial investment structuring and advisory services, covering all major real estate asset classes and all relevant investment vehicles. Our diversified product offering covers a broad range of asset classes with different risk-return profiles (from value-add/opportunistic to core and core+), including office, residential, micro living/purpose built student accommodation, city quarters, retail, hotel, logistics, debt and mezzanine financing services, which enables us to target a broad range of clients, cross-sell our products and address the specific needs of different client types (institutional, semi-professional and private). The focus of our business strategy is on core and core+ investments. The diversification offers additional business opportunities while mitigating business risks at the same time.

To further expand and diversify our real estate debt products and services, improve our access to new sources of capital, extend our client base and capitalize on significant cross-selling potential, the Company entered into a business combination agreement with the shareholders of Aggregate Financial Services GmbH ("AFS") to acquire all shares. AFS is a German debt platform and fully licensed securities trading bank and now operates under the brand Corestate. The acquisition was part of the strategy to significantly expand our position in the real estate development financing market as well as the wider real estate sector by providing additional financial investment structuring and advisory services. The takeover took place as a capital increase against contributions in kind by issuance of 8.5m new Corestate shares as well as payment of a cash component in the amount of € 5.0m. This transaction was signed in January 2021 and closed in May 2021.

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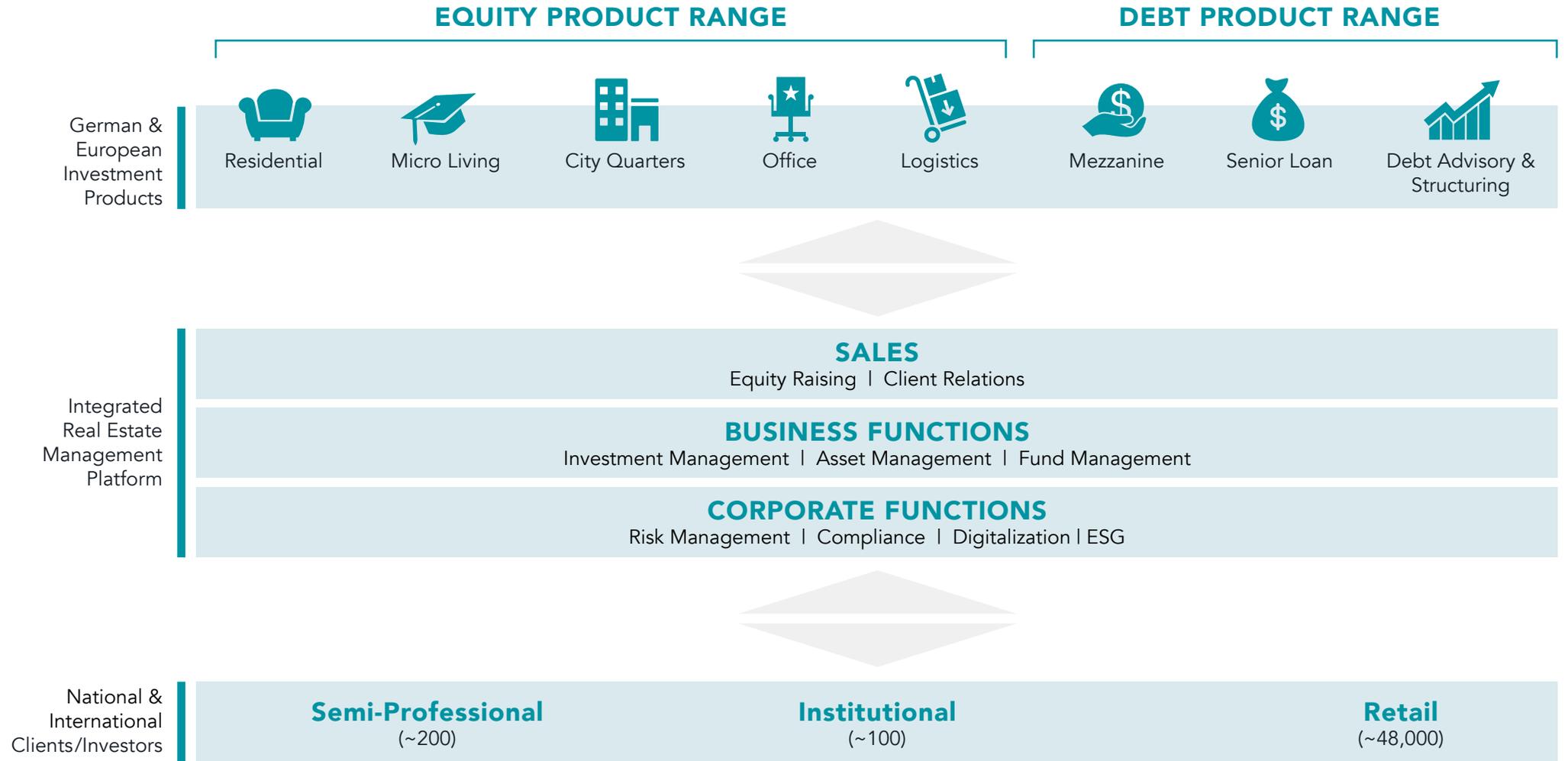
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The following chart illustrates Corestate's integrated business model.



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With a combined approach and a unique real estate platform we are targeting primarily institutional, but also semi-institutional clients as well as private clients and providing real estate equity and debt products to each group. Our private and semi-institutional clients include family offices and ultra-high net-worth individuals. National and international institutional clients include investment funds, sovereign wealth funds, pension schemes and insurance companies.

Our institutional and semi-institutional investor base comprised more than 300 client contacts as at 31 December 2021. Furthermore, through Hannover Leasing together with its subsidiaries (the "HL Group") approximately 48,000 retail clients have invested with us. In particular, through the STAM acquisition in 2020, we expanded our investor base considerably and improved our access to financing and opportunities for new business, especially with international institutional investors.

We have, historically, concentrated on the DACH region. Germany is and will remain the main market for Corestate. However, we are also selectively looking at other attractive real estate markets in Europe such as Austria, Switzerland, France, the UK, Spain and the Benelux countries. Corestate operates principal offices in Germany, Switzerland, Spain, France and the UK, as well as a German network of branch offices of its property management platform Capera. As at 31 December 2021, the Group employed about 811 FTEs (previous year: 757 FTEs).

Some changes to the Management Board occurred in the financial year 2021. As part of the AFS transaction, in January 2021, both founders and shareholders Sebastian Ernst and Johannes Märklin were appointed as members of the Management Board of Corestate for a term of three years. On 01 August 2021, Udo Giegerich was appointed Chief Financial Officer of the Group by the Supervisory Board for a three-year term. His predecessor, Lars Schnidrig, left the Company on 30 May 2021 at his own request for personal reasons. In July and August 2021 CIO Nils Hübener and Chief Legal & HR Officer (CLHRO) Daniel Löhken stepped down from the Management Board. Both gentlemen are departing at their own request, for personal reasons and on the best of terms.

On the 08 February 2022 Johannes Märklin and Sebastian Ernst left the Company. The Supervisory Board resolved shortly before to remove both members from the Management Board of Corestate Capital Holding S.A. and released them from all other group functions.

## CONTROL SYSTEM

The Company's control system is geared toward the corporate strategy and is therefore consistently aligned with the Group's short to medium-term objectives. The Management Board is responsible for overall planning and thus for achieving the stated objectives as part of the strategic corporate development.

With the involvement of the Executive Committee (ExCom), the Management Board uses a strategy process to steer the development of the business segments and monitors the implementation of defined measures. On the basis of global trends, growth paths are defined, opportunities and risks are evaluated, portfolio decisions are made, and the focus of in-house market research is determined at annual strategy meetings. Strategy and planning meetings provide a planning basis for the following year and in medium-term group planning.

A planning forecast for the coming year and a five-year period is made annually based on the corporate strategy and based on the market-driven strategic planning in the segments. The "counter flow method" is used for planning (bottom up – top down). In the course of a year, the planning for that period is updated in several forecast cycles.

Weekly Board meetings are used for operational control. There the division heads report to the Management Board on the development of transactions and customer relationships, the competitive situation and any exceptional business transactions. They employ standardized reporting methods largely involving performance indicators, information variables and qualitative assessments, which are then used to define further operating and strategic measures to achieve the objectives in the event of planning deviations. The internal reports – which are prepared monthly – provide aggregated financial and non-financial information for the segments and the holding company, which is used as a basis to allocate resources in a targeted manner, and pass resolutions on the Management Board.

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## Explanation of the key indicators

Corestate is mainly managed based on the aggregated revenue & gains and EBITDA (on adjusted and reported basis). Furthermore, assets under management, fund volume, investment return, net profit, earnings per share, cash flow, net financial debt as well as specific financial ratios associated to the key performance indicators are usually used by management to measure operating performance and for steering the Company. We use these metrics as a basis for strategic planning and forecasting, and they represent measures that we believe are widely used by certain investors, securities analysts and other parties as supplemental measures of operating and financial performance.

Corestate's non-financial performance indicators include maturity profile, attrition rate as well as asset allocation and ESG-related performance measures.

Furthermore, Corestate utilizes planning tools such as corporate planning as well as rolling liquidity planning, which are used to steer operational business development.

## RESEARCH AND DEVELOPMENT

As part of its business purpose, Corestate has no technological research and development activities and is not dependent on licenses and patents.

## TARGETS AND STRATEGIES

In the past financial year Corestate undertook a change of perspective following a structured strategy process across the entire group. In the future, the Company will see itself as a manager of this value chain – from project to sale. To safeguard the implementation process and to react immediately to the changed market conditions during 2021, one of the first strategic measurements was to bundle and strengthen the sales force. Furthermore, the consistent focus of the investment portfolio on sustainable, future-proof asset classes was initiated as another cornerstone of Corestate's new strategy.

Nevertheless, the real core of the corporate strategy is to focus on investors and clients. Following the definition of the overarching goals – such as the new corporate vision, performance profiles and authentic ESG targets – we will use the strategy framework as the centrepiece to set out exactly how we are going to move forward.

To implement the growth strategy, we are

- striving to enlarge our business volume, in terms of AuM
- continuing to expanding our customer base in our priority regions
- expanding our fund product and real estate debt service offerings
- reorganizing and simplifying our corporate structure
- actively managing our business portfolio with selective divestitures
- driving an active cultural change and open mind-set within the Company
- continuing to steadily strengthen our financial resources to reduce our debt

We have set a clear timetable for 2022 and beyond. Throughout the implementation period, all stakeholders will be updated continuously and transparently on the status, progress and successful implementation of the timetable.

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## MARKET DEVELOPMENT

The market environment for Corestate's business developed positively in 2021. The German investment market closed 2021 with a record total transaction volume of € 110.7bn, up 35.7% on 2020.<sup>1</sup> € 76.6bn worth of real estate changed hands in the second half of the year alone. This means that the third and fourth quarters made up almost 70% of the annual transaction volume.

This development was driven in particular by the market for residential real estate investments (incl. nursing homes and student accommodation) with a share of 47%, which is also heading for a new record. Both the number of apartments and apartment prices rose significantly and are expected to reach over € 52.2bn for the first time in the full year. Office properties follow with a share of almost 25% (€ 27.5bn) and an increase of no less than 12% compared to 2020. The bottom of the market seems to have been reached and 2021 delivered the third best result of the past ten years. Logistic properties have continued to develop dynamically in the shadow of the two dominant real estate segments. With a total of € 10.2bn (share of 9.3%), more capital than ever before has flowed into distribution, production and warehousing facilities. While this record figure demonstrates the attractiveness of the German market across all segments, it is still evidence of a lack of higher-yielding alternatives.

With the ongoing retreat of the traditional lending banks from financing anything but rock-solid and blue-chip projects, a further wave of new alternative lenders have been eyeing up prospects in the European lending markets, with the announcement recently of several new providers looking to move into the space.

The real estate private debt market in Europe in 2021 showed a volume of about € 80.0bn. In particular, demand for financing from both the residential and commercial real estate sectors has been buoyant. COVID-19 has had little impact on the demand for financing throughout the pandemic, with pricing holding up strongly as well, debt lenders seem to agree.

The alternative lending sector is still growing because banks cannot - and are not willing to - cover the demand for financing, due to the sheer volume of development taking place, on the one hand, and on the other because of much tighter regulation and more restrictive policies in their credit approval processes.

The whole debt lending sector has become highly dynamic in 2021, and shows no sign of slowing down, with so many new financing opportunities opening up across all levels of the capital stack. Germany is retaining its position as the dominant real estate market in Europe, therefore new foreign capital from North America and Asia is looking for more opportunities here.

<sup>1</sup> JLL, Investment Market Overview,  
04 January 2022

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## BUSINESS AND PRODUCT OFFERING DEVELOPMENT

In 2021, Corestate and the market it operates in was still impacted by the COVID-19 pandemic. This led – especially in the first months of the year – to an ongoing shift in clients' focus towards reduced risk/return profiles.

At the end of December 2021, Corestate had total assets under management of € 27.4bn. Real estate AuMs stood at € 24.3bn, thereof € 12.4bn (2020: € 12.8bn) in real estate equity and € 6.6bn (2020: € 6.5bn) in real estate debt. This reflects our core business. The remaining € 5.4bn (2020: € 5.3bn) are based on third-party property management contracts. The slight reduction in real estate equity AuMs in 2021 is mainly driven by the planned maturity of a property management portfolio in the UK, the termination of a micro living fund and a commercial portfolio.

At the same time the main transactions and investments affecting real estate debt and equity AuMs in the reporting period were as follows:

- Corestate sold Warnow Park in Rostock from its Highstreet VIII retail fund – a hybrid shopping center with a net floor space of approx. 40,000 m<sup>2</sup>
- The Group sold a top property, the Deutsche Bahn AG operations centre in Berlin, consisting of two building sections with a lettable area of 23,062 m<sup>2</sup>
- STAM Europe acquired three residential buildings for its OPERA Fund in Paris totaling 4,800 m<sup>2</sup> and three light industrial parks with more than 15,000 m<sup>2</sup> in the Paris region on behalf of the Highlands II joint venture
- Corestate acquired the VISION ONE office campus with a lettable area of 25,000 m<sup>2</sup> in the Stuttgart metropolitan region (Leinfelden-Echterdingen), for a closed-end special AIF

- Corestate Bank managed the complex project financing for the purchase and development of the "FÜRST" project in Berlin – one of the largest real estate transactions of the year with a volume of more than € 1bn
- Corestate sold the Limes Park in Sulzbach near Frankfurt – an ensemble of six buildings with total of approximately 22,300 m<sup>2</sup> of rental space
- Hannover Leasing markets Alter Domus head office in Luxembourg to Generali
- Hannover Leasing acquired the project development "Weitblick 1.7" in Augsburg Innovation Park for a special AIF
- Corestate set up the open-end special AIF "Stadtquartiere 1" – the first of its kind in Germany for institutional investors
- HFS launched the new senior fund Stratos VI. The AIF will finance high-return development and existing properties from the residential and commercial real estate segment in the DACH region.

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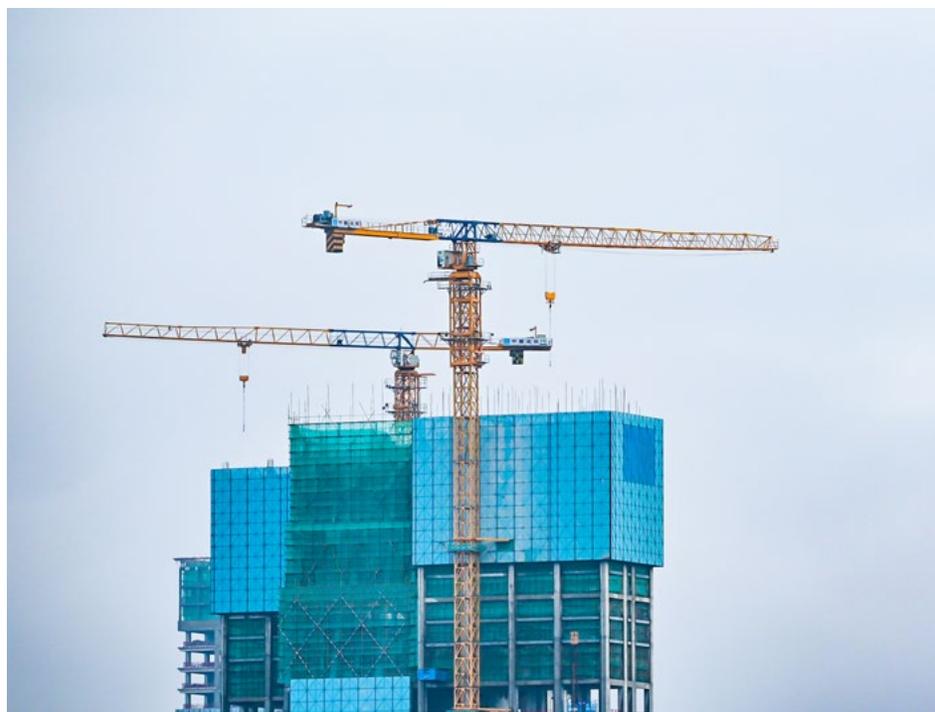
## RESULTS OF OPERATIONS

Unless otherwise stated, only information on continuing operations is provided in the following sections.

Generally, the real estate transaction market regained momentum in the second half of the year. Especially in the last couple of weeks, asset valuations have become more stable, including in those classes that were hit the most during the pandemic such as retail, micro living and hotels.

The total aggregated revenues and gains of Corestate including revenue from the discontinued operations of CRM and Capera in 2021 amounted to € 245.5m, a significant increase of 28.3% (previous year: € 191.4m).

The Group's aggregated revenue and gains from continuing operations (including the revenue from real estate equity, real estate debt and income from the Other Segment) grew considerably by 33.0% to € 215.4m (previous year: € 162.0m).



<sup>1</sup> The statement is adjusted in line with IFRS 5 Discontinued Operations for the financial years 2021 and 2020. For further information see [Note B.2.3](#) to the consolidated financial statements.

€ million	2021	2020 <sup>1</sup>
Revenue from Acquisition Fees	9.7	15.1
Revenue from Asset Management Fees	37.0	37.3
Revenue from Property Management Fees	5.3	3.9
Revenue from Sales and Promote Fees	23.0	4.9
Revenue from Development Fees	2.5	9.1
<b>Total Revenue from Real Estate Equity Segment</b>	<b>77.6</b>	<b>70.4</b>
Revenue from Underwriting and Structuring Fees	36.0	18.8
Revenues from Performance Fees	49.5	44.3
Income from Mezzanine Loans	18.1	10.3
Revenue from Asset Management Fees	17.3	19.9
Income from Trading Activities	1.0	-
<b>Total Revenue from Real Estate Debt Segment</b>	<b>121.9</b>	<b>93.3</b>
<b>Total Income from Other Segment</b>	<b>15.9</b>	<b>(1.8)</b>
<b>Aggregated Revenue and Gains</b>	<b>215.4</b>	<b>162.0</b>

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## REAL ESTATE EQUITY

The Real Estate Equity Segment generated revenue of € 77.6m, clearly above the prior year's level of € 70.4m. The asset and property management fees in this segment were up slightly from 41.2 million euros to 42.3 million euros. Acquisition fees in this segment went down considerably from € 15.1m in 2020 to € 9.7m, due to the lower transaction volume on the purchase side and a slightly reduced fee rate. Revenue from sales and promote fees showed a significant increase from € 4.9m to € 23.0m in the reporting period, which was mainly driven by an upswing of projects sold with an improved fee rate. The revenue from development fees came to € 2.5m, from € 9.1m in the previous year which is due in particular to the increased focus on forward purchases in cooperation with general contractors.

## REAL ESTATE DEBT

The consolidation of Corestate Bank makes it more difficult to compare the figures of the Real Estate Debt Segment with the previous year. Total revenue from real estate debt went up significantly by 30.6% to € 121.9m (previous year: € 93.3m) underlining the leading position in a very prospering market. In 2021 revenue from underwriting and structuring fees almost doubled from € 18.8m to € 36.0m, mainly driven by the consolidation of Corestate Bank. Income from bridge loans grew to € 18.8m from € 10.3m, driven by the peak in lending over the year. Revenue from asset management fees slightly decreased from € 19.9m to € 17.3m. Revenue from performance fees, including coupon participation fees, was up at € 49.5m (previous year: € 44.3m). This increase was chiefly attributable to higher risk discounts in 2020 and the revaluation of individual funds in 2021.

## EARNINGS POSITION

G&A and other expenses in the reporting period went up to € 59.5m (previous year: € 45.4m), particularly due to one-off expenses in the context of the strategic acquisition of AFS and due to integration and transformation measures, provisioning for the planned efficiency enhancement programme as well as severance payments for management board members.

Despite the comprehensive risk provisioning and the corresponding impairments on financial assets and receivables in particular, the Group EBITDA from continued operations of the reporting period showed an improvement and came to € 26.4m compared to € 16.2m in 2020. Adjusted by € 17.4m one-off effects split in € 7.7m direct M&A expenses, € 3.2m for integration and transformation measures and € 6.5m provisioning for the 2022 efficiency program. Thus, the adjusted EBITDA stood at € 43.8m. The adjusted EBITDA margin improved to 20.3% (previous year: 10.0%).

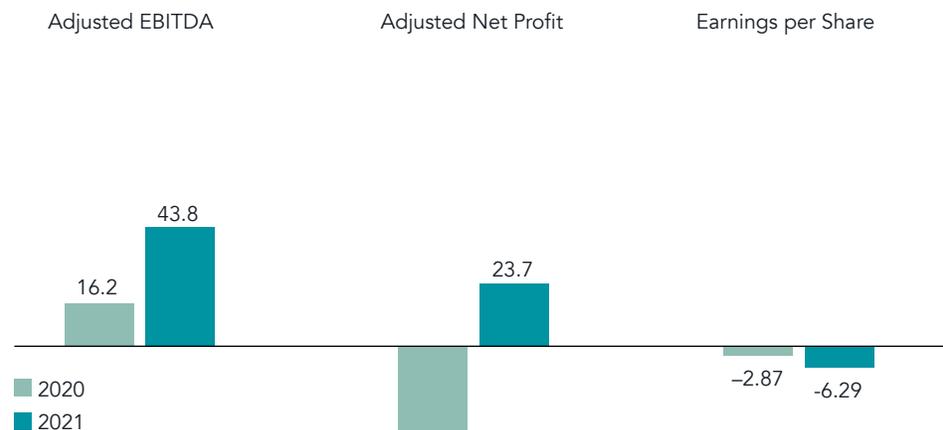
Depreciation and amortisation went up significantly to € 214.3m from € 50.6m, mainly driven by impairment of the goodwill of the HFS in an amount of € 174.8m. Furthermore this position also includes purchase price allocations from acquisitions.

€ million	2021	2020
EBITDA	24.7	16.6
EBITDA from continued Operations	26.4	16.2
Adjusted EBITDA	42.1	16.6
<b>Adjusted EBITDA from continued Operations</b>	<b>43.8</b>	<b>16.2</b>
Net Profit	(200.1)	(68.9)
Net Profit from continued Operations	(192.8)	(65.1)
Adjusted Net Profit	17.6	(47.5)
<b>Adjusted Net Profit from continued Operations</b>	<b>23.7</b>	<b>(45.4)</b>

The financial result came to minus € 18.3m (previous year: minus € 23.8m) and the result from income tax were € 13.4m (previous year: expenses € 6.9m).

Corestate's net profit from continued operations decreased from minus € 65.1m in the previous year to minus € 192.8m in the current reporting period, which translates into earnings per share of minus € 6.29 (previous year: minus € 2.87). Adjustments at net profit level comprises € 174.8m impairment of goodwill, € 7.7m in direct M&A expenses, € 3.2m in transformation and integration measures, € 6.5m in provisioning for efficiency program, € 33.2m in effects from 'Purchase Price Allocation' and minus € 8.8m in deferred tax liabilities. Adjusted net profit from continued operations ended up at € 23.7m (previous year: minus € 45.4m).

### Earnings Development in €m, EPS in € (continued Operations)



## ASSET POSITION

### Balance sheet

€ million	2021	2020
Non-Current Assets	990.9	1,056.6
Current Assets	399.2	408.5
<b>Total Assets</b>	<b>1,413.6</b>	<b>1,465.0</b>
Total Equity	626.2	688.5
Non-Current Liabilities	349.1	548.8
Current Liabilities	429.4	227.6
<b>Total Equity and Liabilities</b>	<b>1,413.6</b>	<b>1,465.0</b>

As at 31 December 2021, total assets amounted to € 1,413.6m, a slight decrease of 3.5% compared to the previous year figure (2020: € 1,465.0m).

Total non-current assets amounted to € 990.9m (2020: € 1,056.6m), by far the largest component of which is the goodwill position created mainly in association with the acquisition of HFS, HL, STAM, CRM and Corestate Bank, standing at € 487.2m (2020: € 577.7m); the variation results from the impairment of HFS with € 174.8m, the addition of AFS with € 94.6m and the reclassification of CRM's goodwill position in the amount of € 10.3m due to the intended disposal in accordance with IFRS 5. Investment in associates and joint ventures increased in the course of 2021 to € 145.9m (2020: € 120.8m). A significant enhancement of € 22.5m results from the project Vision One in the Stuttgart metropolitan area.

Total current assets were at € 399.2m versus € 408.5m as at 31 December 2020. Inventories, i.e. assets held for warehousing, went up from € 73.8m to € 100.0m in particular related to CAPEX measures at the Giessen property. Trade receivables were up by 42.8% from € 33.0m at the end 2020 to € 47.2m as at 31 December 2021, primarily related to sales and promote fees recognized at the year-end.

Cash and cash equivalents as well as restricted cash decreased mainly due to the contractually committed capex expenditure for the warehousing asset (Giessen) from € 91.2m in 2020 to € 75.7m.

Total equity, driven by the capital increase contributed in kind as part of the Corestate Bank acquisition and against the backdrop of the negative earnings after tax, reduced to € 626.2m at the end of the reporting period (2020: € 688.5m). The equity ratio of Corestate therefore dropped to 44.3% at the end 2021, compared with 47.0% on 31 December 2020.

Total liabilities were relatively stable at € 778.5m in comparison with prior year (2020: € 776.6m). While non-current liabilities went down by € 199.7m to € 349.1m, current liabilities increased by € 201.7m to € 429.4m. The main reason for this was solely the reclassification of the financial liabilities from bonds due to their maturity. Other non-current financial liabilities were reduced from € 29.3m to € 19.9m, mainly due to the reassessment of an existing long-term office lease agreement.

Total financial liabilities stood at € 622.0m at the end of the reporting period (2020: € 635.6m). Net financial debt (including cash and cash equivalents as well as restricted cash and adjusted by lease liabilities) was slightly down at € 526.5m (2020: € 531.4m). This amounts to improved financial leverage on 31 December 2021 of about 12.0 versus 32.8 at the end of the comparative period (adjusted EBITDA for continued operations).

## CASH FLOW ANALYSIS

Cash flows from operating activities turned positive from minus € 63.4m in the previous year to € 31.0m in the reporting period. The operating cash flow was primarily affected by higher depreciation and changes in working capital. In 2021, cash flows from investing activities amounted to € 9.8m (previous year: minus € 30.1m). Over the reporting period 2020, they were still largely influenced by higher payments for acquisitions and the purchase of other financial instruments. Cash flows from financing activities fell to minus € 56.2m in 2021 (previous year: € 79.4m). In 2020 the financing cash flow was mainly positive due to the proceeds from the capital increase and from loans and borrowings, while in 2021 Corestate showed higher repayments for loans and borrowings and fewer outflows for finance expenses.

Due to higher cash flows from operating activities before taxes, the free cash flow came to € 58.0m (previous year: minus € 51.8m). The free cash flow is calculated as the cash flow from operating activities before payments for income tax in the amount of € 57.3m (previous year: minus € 48.3m), less capital expenditure in and income from the sale of PPE and intangible assets.

The cash conversion rate (free cash flow to EBITDA), adjusted for continued operations and for one-off effects and M&A-related expenses, came to 132.4%.



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## MATERIAL EVENTS AFTER THE REPORTING DATE

In connection with the changes in the shareholder base of Corestate at the end of 2021, Mr. Stavros Efremidis and Dr Bertrand Malmendier were appointed as new members of the Supervisory Board with effect from 01 January 2022. Mr. Friedrich Munsberg and Prof. Dr Hermann Wagner stepped down from the Supervisory Board correspondingly as at 31 December 2021.

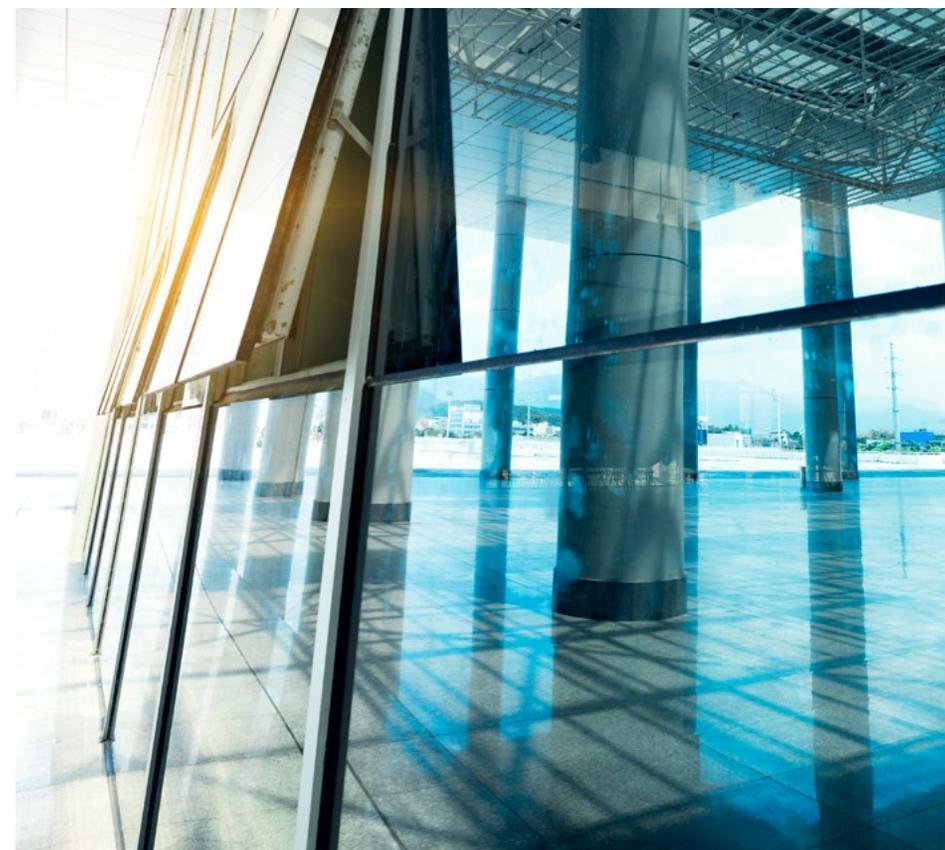
The Supervisory Board of Corestate resolved on 07 February 2022 to remove Johannes Märklin and Sebastian Ernst from the Management Board of Corestate Capital Holding S.A. and all further group functions. On 08 February 2022, the Group announced that René Parmantier will assume full responsibility for the Real Estate Debt segment in addition to his role as CEO of Corestate, and thus also the management of Corestate Bank.

On 04 February 2022, Hannover Leasing placed out an additional share amounting to € 12.5m (12.5%) in its project VISION ONE. By doing so, the investment of Hannover Leasing decreased to € 10.1m and is therefore reclassified from joint ventures and associates to other financial instruments accordingly as at the aforementioned date.

The invasion of Ukraine by the Russian Federation on 23 February 2022 and the resulting sanctions with regard to Russian state-owned companies and Russian individuals could also result in restrictions on investments in which Corestate is involved as a co-investor. Corestate has set up a task force to analyse and closely monitor both compliance with the sanction restrictions and their impact on Corestate's operating business. Risks would not directly concern the operating business of the underlying investment structures but potentially the restrictions on financing and distributions of cash. A final assessment of the consequences of this situation for the group is not yet possible at the time of finalisation of the financial statements.

On 07 March 2022 the Supervisory Board decided to strengthen the governance structure and resolved to appoint the former Chairman of the Supervisory Board Stavros Efremidis as CEO with immediate effect.

The former CEO René Parmantier left the Group's Management Board to fully focus his activities on Corestate's Real Estate Debt business, incl. HFS and Corestate Bank. In addition, the Group's Management Board was extended to four members by Izabela Danner as Chief Operating Officer (COO) and Ralf Struckmeyer as Chief Investment Officer (CIO). The new members of the Management Board are appointed for a term of three years. On Supervisory Board level, the former Deputy Chairman Dr Bertrand Malmendier took over as Chairman of the Supervisory Board. As a new member Dr Roland Folz joined the Supervisory Board on 07 March 2022.



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## OUTLOOK

All the issues that were sources of uncertainty in the market in 2021, including coronavirus, supply bottlenecks, rising inflation, sustainability, and the future of work, remain unresolved in 2022. Overall, investors are continuing to focus on safe core properties in the face of high investment pressure and are taking ESG criteria into account. As a result, declining yields will contribute to a market revival in the non-core segment in the long term. At the same time, the European Central Bank is expected to change its policy of low interest rates, provided inflation remains at a permanently higher level. Nevertheless, the environment for real estate transactions is likely to remain positive.

Corestate will continue to pursue its strategic agenda rigorously and sustainably. The Management Board's focus remains on net debt reduction and profitable growth in all segments. In addition to revenue growth, economies of scale and higher margins from an optimized product mix and improved cost discipline should lead to an increase in results. This will be aided by an improvement in the overall economic conditions, too.

The Group expects organic AuM growth in the mid term between 5-10%. For 2022 the Management Board anticipates also aggregate revenue and gains, to come in between € 210m and € 230m in the financial year 2022. The Real Estate Equity and Real Estate Debt Segments should contribute towards this growth in revenue during the current year. Although at the time of reporting there are no plans for larger acquisitions, smaller takeovers are not ruled out.

Following a further improvement in the quality of earnings, the Group expects a normalised EBITDA of between € 90m and € 110m for 2022.

In 2020, Corestate took the decision not to pay a dividend to the shareholders. However, the future aim of the Management Board is not only to finance the continued growth of the Company but to also maintain the continuity of its dividend policy. Therefore, the Company intends to return to its regular dividend policy and would like to pay its shareholders a dividend of at least € 0.50 from the 2022 consolidated result in the financial year 2023. In addition, the Management Board believes that it is crucial for the Company to maintain stable capital resources in order to achieve sustainable organic growth and increase enterprise value for its shareholders, while also exploiting opportunities for acquisitions.

Luxembourg, 21 April 2022

**Stavros Efremidis**  
Chief Executive Officer

**Izabela Danner**  
Chief Operating Officer

**Udo Giegerich**  
Chief Financial Officer

**Ralf Struckmeyer**  
Chief Investment Officer

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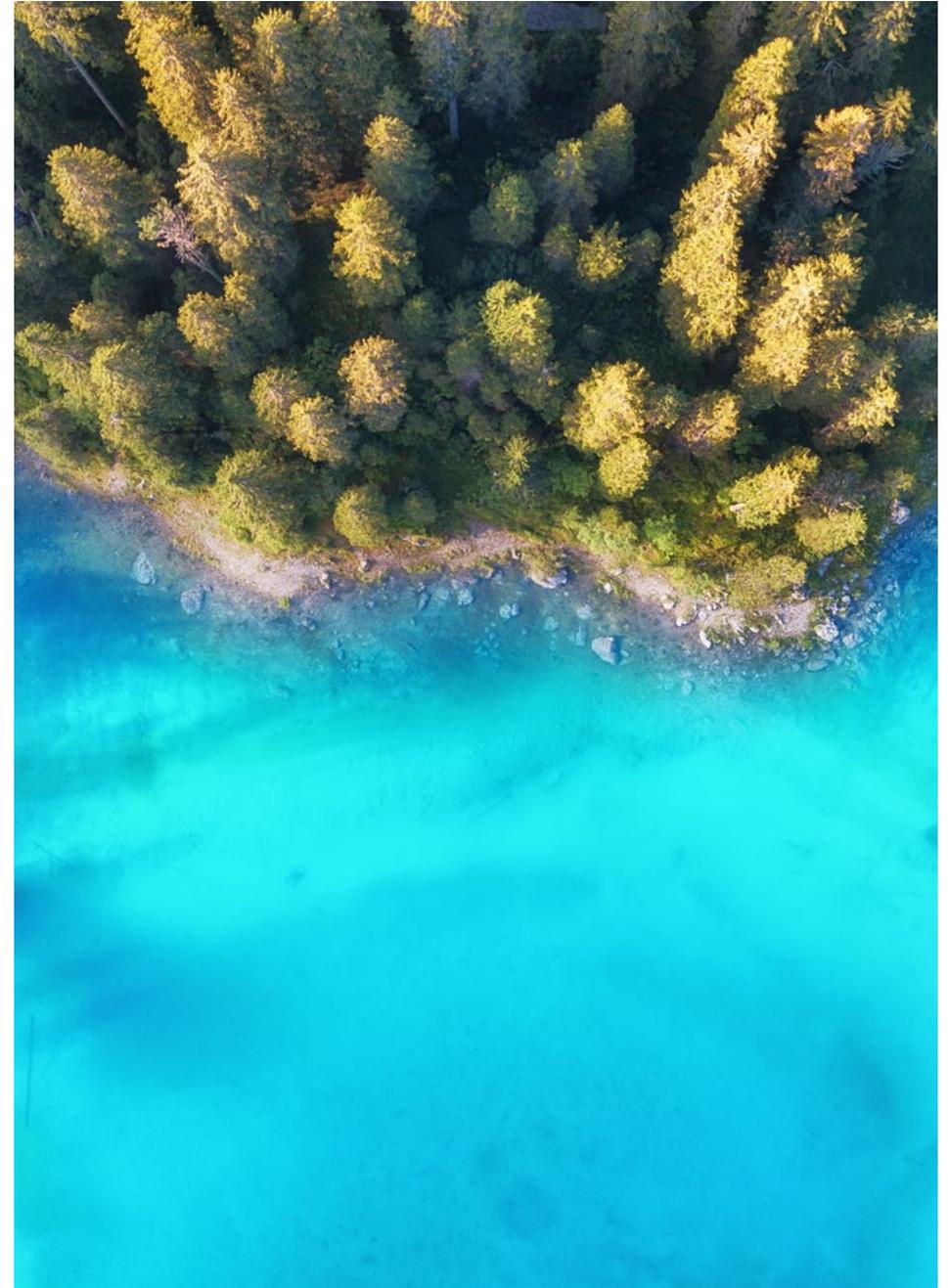
# NON-FINANCIAL STATEMENT<sup>1</sup>

Through our business operations, we create long-term value while seeking to balance environmental, social and business aspects – for our Company, for our stakeholders and for society. Hence, sustainability is an essential component of our Group strategy. The mandatory non-financial statement for the financial year 2021 will be part of our ESG Report 2022, which will be available on our website [www.corestate-capital.com](http://www.corestate-capital.com) from 30 June 2022.

## OUR UNDERSTANDING OF THE IMPORTANCE OF SUSTAINABILITY FOR OUR BUSINESS

Our understanding of sustainability is based on the conviction that the holistic integration of environmental, social and governance aspects, so called ESG indicators, into the whole real estate investment cycle offers substantial benefits for our clients and partners – as well as society as a whole. Long-term profitability in the real estate sector will depend on responsible behaviour towards the environment and society in the future. Therefore, and in order to safeguard and enhance our growth prospects, the ESG department directly reports to the CEO and regularly informs the Management and Supervisory Boards. Every-day and operational tasks are coordinated through a monthly ESG Committee comprising the Management Board and senior management members with ESG-relevant responsibilities.

<sup>1</sup> The mandatory non-financial statement 2021 will be included in part of the ESG Report 2022.



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## OUR ESG GOALS

Corestate is committed to maintaining high standards of ESG management across the portfolio. On this basis we have developed and committed to 12 corporate ESG targets that we report on annually to track our ESG management objectives.



Reduce CO<sub>2</sub> Emissions<sup>1</sup> by  
**2%** annually  
**20%** by 2025



Increase energy efficiency<sup>1</sup> by  
**5%** annually  
**30%** by 2025



Reduce water consumption<sup>1</sup> by  
**2%** annually  
**20%** by 2025



Reduce non-recyclable waste<sup>1</sup> by  
**2%** annually  
**20%** by 2025



Increase ratio of  
female Management by  
**5%** annually  
**30%** by 2025



Publish  
employee well-being policy  
review every **12 months**



Develop at least  
5 ESG tenant partnerships  
by 2025



Support Corestate charity  
incl. solidarity days  
annually from 2020



Conduct mandatory  
compliance & governance trainings  
**for all employees,**  
annually from 2019



Ensure that each  
employee signs an  
**Ethics Declaration**  
annually from 2020



Hold  
12 ESG committees  
**to ensure set targets**  
annually from 2019



Provide  
investor transparency  
**continuously**

<sup>1</sup> Based on metre data given for assets

<sup>2</sup> Will address changes from the coronavirus crisis by including new work topics

<sup>3</sup> Postponed until next year due to coronavirus crisis, not communicated as annual target

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## CORESTATE AS AN EMPLOYER

Our employees are one of the most valuable cornerstones and the key to the successful development of our Company. Consequently, we want our employees to be motivated and to find themselves in a working environment that is constantly evolving. Our ambitious goals can only be achieved with employees who also set the highest standards of quality for themselves. At Corestate our aim is to support equal opportunities, motivate and develop our employees. Therefore, it is important that we provide a professional working environment that keeps work and life in balance.

### EQUAL OPPORTUNITIES

Corestate Capital Group is an equal opportunity employer and is proud to employ individuals from varying backgrounds and with different life experiences. We will not tolerate any discrimination whether based on colour, religion, sex, medical condition, age, national origin or ancestry, physical or mental disability, marital status, medical condition, sexual identity, military service status, gender identity, gender expression or any other consideration protected by applicable local laws. We understand that, as Corestate employees, we should behave in a discriminatory manner and that unlawful discrimination by any employee, regardless of their title and level, will not be tolerated. Corestate's commitment to equal opportunity employment applies to all persons involved in any of the business areas of the organization.

## EMPLOYEE NETWORKS

Along with our ESG goals we were happy to introduce the Corestate Women network. Corestate Women, the women's network founded in November 2019 by Corestate Capital Holding S.A., promotes the exchange of experience, inspiration, cooperation and the fair participation of women, to foster personal potential and careers through professional development. Our key initiatives include regional and group-wide networking events – often with guest speakers from the real estate industry, a mentoring programme and regular updates via newsletters. Corestate is sponsoring the "Fondsfrauen" career network and has organized joint events with the network. Fondsfrauen is an association with over 2,000 women as members, many of them in management positions in the financial sector.

We attach great importance to increasing the proportion of women in management positions. However, diversity encompasses much more than gender. For this reason, we have created the "Corestate Capital Pride Network" (CCPN), Corestate's LGBTQ+ diversity group. Our CCPN was launched on 28 June 2021 in celebration and recognition of international Pride day which marks the date of the Stonewall riots in 1970 (the riots are widely considered to constitute one of the most important events leading to the LGBTQ+ liberation movement). Our goal and commitment to this network is to encourage the recruitment, retention and recognition of talented, high performing LGBTQ+ individuals, raise awareness of social and professional challenges within the financial community that impact LGBTQ+ individuals and build an inclusive community to promote networking, growth and cross-company collaboration.



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## PERSONAL CONDUCT

It is important that our employees represent the interests of the business at all times. This means that we always act in a professional and respectful matter towards our colleagues, clients and customers. We expected our staff to uphold the Company's values of integrity, team spirit, professionalism, respect and sustainability both during and outside working hours.

## HR SOFTWARE

With the launch of our People Software rexx HR we set the milestone for our group-wide digitalization strategy. The HR software allows our HR data to be connected group-wide. In addition, the changeover now enables the maintenance of a digital employee file, a better overview for time management and the rapid processing of sick leave and holiday requests. Furthermore, the new software helps us to significantly harmonise and speed up our work processes at local and group level.

Workflows can now be displayed and performed by one tool. Recruitment, onboarding, management and offboarding can all be performed easily.

## SUCCESS MANAGEMENT

Our success management was implemented in 2020 and has been rolled out group-wide. This holistic process is also mapped and executed via our HR software rexx.

We have made a significant step towards a more open and constructive conversation between managers and employees with the focus on strengths and areas of individual development. Our success management system provides a clear and comprehensive approach to the discussion and definition of annual goals. Biannual appraisals involving managers and employees have improved the performance management culture and expectation management.

Each Corestate Capital employee also has clear development objectives and will be supported in achieving these to improve and increase our retention rate on a group-wide basis.

We place great importance on workplace learning and a feedback culture. We are committed to providing all our employees with the opportunity to grow and to perform their roles to the highest standards, as well as encouraging them to develop to their future potential.

We recognize that learning and development activities take several individual forms. Therefore, it is our commitment to:

- Communicate the organization's objectives and values
- Work with the employees to identify their developmental needs and link these to the Corestate Capital Group objectives
- Work with employees to identify solutions to their learning needs
- Encourage employees to undertake and make use of learning and development activities
- Evaluate the impact of learning and development for individuals and the organization

Employees are encouraged to:

- Bring up learning and development needs and opportunities with their line manager
- Participate in learning and development activities
- Provide feedback on learning undertaken and its contribution to their personal development and that of the organization.

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## COVID-19

Like many companies, Corestate was heavily affected by the COVID-19 pandemic in 2021. COVID-19 has presented us with completely new challenges also in terms of working together. The major steps we have taken in digitalising our daily tasks and projects within the entire group have helped us here tremendously. We complied at all times with the restrictions imposed at our operating locations to protect health and promote hygiene. Our employees were fully able to continue working despite various regulations and restrictions.

The COVID-19 pandemic has underlined how important our employees are to us. The immediate adaptation of their working methods to the exceptional situation reinforces the commitment our employees put into their daily work.

As an employer, we see ourselves as having a duty of care. To this day, we have taken all necessary measures regarding hygiene and health regulations to protect our employees. We communicated all updates and news on a regular basis, issued face masks on several occasions, delivered tests and put up warning signs at all our business premises and supplied additional hygiene articles.

We continued with our virtual training courses to inform our employees on the latest hygiene measures and regulations and formed a Pandemic Risk Steering Committee comprising the responsible senior members of the Management Board, the Risk department HR and Communication.

## ADVANCED LEADERSHIP TEAM

In 2021, we began the second round of our Advanced Leadership Team (ALT) programme, which was launched in the previous year as an employee development project. We once again delivered this international programme virtually with around 20 participants and provided different training sessions (Leadership, Agile Work and Communication, Presentation) and development opportunities.

This intense interactive programme for high performers and future senior employees has been designed for our highly motivated and committed employees to encourage their high work ethic and develop their professional and personal skills.

In addition to receiving training, the members of the ALT worked in group-wide teams together and were mentored by a senior leader of the organization. In this programme, too, we pursue the approach of connecting our entities through joint tasks.

The various projects carried out by the groups independently and the success of the output at the beginning of November 2021 showed the relevance of the program and the commitment of the participants.



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## CORE AWARD

Our performance management system (success management) of the Group is based on four areas of success. With the CORE AWARD our aim is to recognize particularly outstanding achievements in one of the four dimensions. It is of great value to ensure our employees' efforts are seen, appreciated and rewarded.

The CORE AWARD acknowledges the work of individual employees, teams as well as entire departments in a group-wide manner. Participants are nominated for their outstanding projects or achievements and finally reviewed and chosen by the Management Board.

The nominations and winners were revealed in two virtual ceremonies which took place in spring and autumn of 2021 with a focus on the dimensions "Creation" and "Collaboration". With the CORE AWARD we were able to underline the importance of transparency in our daily work. We are delighted with the number of nominations and the feedback we received from the entire organization.



## DEVELOPMENT OF EMPLOYEE NUMBERS

### EMPLOYEES BY REGION IN FTEs

	2021	2020
Germany	622.6	583.3
France	21.0	21.0
Italy	-	1.0
Luxembourg	21.0	18.1
Austria	11.4	7.0
Poland	3.0	3.0
Switzerland	16.0	6.8
Spain	7.7	7.7
United Kingdom	108.4	109.2
<b>Total</b>	<b>811.3</b>	<b>757.1</b>

As at 30 December 2021, the number of full-time employees (FTEs) increased by 7.2% to 811.3 (31 December 2020: 757.1 FTEs). The increase is attributable to organic growth throughout the Group, the opening of our JOYN serviced apartments in Switzerland and Germany, and the acquisition of AFS ("Corestate Bank"). At the end of the year 2021, 188.5 FTEs were employed at the foreign locations (31 December 2020: 173.8 FTEs) and the Company had a total of 29 trainees (31 Dec 2020: 27 trainees). The total number of employees shown in the table above includes also the Capera Immobilien Service GmbH and CRM students Ltd. together with CRM Micro Living Italy S.r.l, which are held for sale and declared as discontinued operations in accordance with IFRS 5. These companies employed 268.7 and 106.4 FTEs respectively in the past financial year.

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## GROUP AGE DISTRIBUTION IN %

	2021	2020
Under 30	15.9	17.4
30-39	33.6	34.0
40-49	25.8	25.3
50-59	20.3	19.3
Over 60	4.4	4.0

## SHARE OF FEMALE MANAGEMENT POSITIONS IN %

Management Level	2021	2020
Top Management Level (Board of Directors)	-	-
1st Management Level (MD, ED & SLT Member)	14.8	13.9
2nd Management Level (Department Leader & ALT)	39.3	40.9
3rd Management Level (Team Leader)	58.6	63.3
<b>Total</b>	<b>40.3</b>	<b>44.3</b>



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# RISK REPORT

## RISK MANAGEMENT

### RISK MANAGEMENT SYSTEM

Corestate has established a risk management system at Group level which considers the risks of the holding company as well as the risks of the subsidiaries. For this purpose, Corestate has appointed a Group Chief Risk Officer, to whom a team is assigned, but who can also draw on dedicated persons in all subsidiaries of Corestate. In accordance of the “three lines of defense” theory, the risk management department operates within the second line of defense.

### DEFINITION OF RISK

Risks are related to specific causes and result from the uncertainty of future events and a mostly incomplete level of information. In terms of impact, a risk is (mostly) reflected in a negative deviation from a defined target value.



## CONCEPT, OBJECTIVE AND FUNDAMENTAL ORIENTATION OF RISK MANAGEMENT

Risk management is seen as the totality of all organizational regulations and measures for identifying and handling risks. The term risk management thus encompasses all methods, systems and systematic measures for identifying, analyzing, assessing, controlling and monitoring significant risks that affect the objectives and expectations of the Group. It also includes the further development of risk management instruments and cross-process monitoring and control.

The aim of risk management is, on the one hand, to sustainably secure or increase the value of the Company, to secure the strategic and operative corporate objectives, to secure the future success of the Company and to optimize the medium and long-term risk costs by dealing with risks appropriately.

Only by recording all the risks to which the Company is exposed can the necessary level of transparency be achieved. Prior to a business transaction or implementing any new process, all potentially inherent risks are assessed and evaluated. However, there are risks that are not acceptable to the Group as a matter of principle.

These are in particular:

- risks resulting from actions that violate applicable laws (laws, ordinances, regulations);
- risks resulting from actions that violate the internal guidelines of the Group or, at the level of individual companies, also the internal guidelines of the respective individual subsidiary;
- risks resulting from actions that cannot be reconciled with market practices in markets where Corestate operates and therefore entail a not inconsiderable reputational risk;
- risks resulting from actions that could endanger the continued existence of Corestate or individual companies of Corestate.

The Group ensures that all other risks are within the limits set by the Management Board of Corestate and, if applicable, by downstream management bodies.



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## RISK CONCENTRATIONS AND DIVERSIFICATION

Concentrations of risk (e.g. concentration exclusively on the real estate market of a single city) are avoided at all levels wherever possible. Where this is not possible, special attention is paid to such concentrations, and measures to reduce such concentrations are continuously reviewed and – where appropriate – implemented.

Risk diversification, e.g. spreading the investments across various asset classes, markets or addressing different groups of investors (family offices, institutional investors, investors from the DACH region, from Asia, Africa, the Americas), is implemented where possible to keep dependencies as low as possible.

## RISK MANAGEMENT AND CONTROLLING PROCESS

To ensure effective risk management, appropriate risk management and controlling processes have been set up in all individual companies to identify, assess, manage, monitor and communicate material risks and associated risk concentrations.

The risk management and controlling processes ensure that the material risks – including those of outsourced activities and processes – are identified at an early stage, fully recorded and presented in an appropriate manner.

The following sub-processes exist for Corestate in the area of risk management and risk controlling activities:



The main functions involved in this process are as follows:

Function	Duty
Process Owners	Identification and assessment of risks
	Mitigation of risks
	Risk control
Risk Management	Risk monitoring
	Review and analysis of risks and risk assessments
	Risk reporting
	Review of risk control and risk monitoring performed by risk owners
Group Risk Committee	Review on group risks and according mitigation measures
Management Board	Final assessment of group risks
Audit Committee	Evaluation of material group risks
Supervisory Board	

The risk management and controlling processes are adjusted promptly to changing conditions as required. Accordingly, the documentation specifying the risk process is updated at least annually, more frequently if necessary.

Risks are also regularly reviewed to determine whether they are acceptable in the context of the respective business. In case of doubt, the responsible member of the management body or group risk management is consulted.

Risks that are within unacceptable limits are examined to see whether they can be reduced or whether the risk acceptance needs to be changed. If neither of these is the case, it is examined whether the transaction based on such a risk can be continued or should be terminated.

## RISK IDENTIFICATION

Risk identification is an ongoing process and deals with the question of what risks exist.

The following risk type scheme, which is based on the regulatory minimum requirements for the regulated subsidiaries and is therefore also applied at Group level, serves as the identification grid. Accordingly, a distinction is made between the following types of risk, which are defined for Corestate as shown below. All identified risks are meaningfully sorted into one of the following four risk categories.

**Market price risks** relate to the possibility of negative changes in value due to unexpected changes in the underlying market parameters. The term market price risk therefore covers risks that arise because investments initiated by Corestate do not develop as forecast. This directly affects investments made by a group company itself, i.e. separate investment funds are out of scope (see below). These investments can be used to be sold into an investment fund later (so-called warehousing). Risks of investments of investment funds do not affect individual companies or Corestate per se. These risks only have relevance beyond the investment assets if they radiate to the companies of Corestate, e.g. via damage to reputation or lost legal disputes. In these cases, the radiance to Corestate is usually accompanied by a previous product, system or process deficiency or by human error within Corestate. Consequently, such risks are included in the category "operational risk".

Market price risks can comprise all investment classes (i.e. real estate, other real assets, equities, commodities, fixed income and credit). They therefore include interest rate risks.

Within market price risks, general market risk must be distinguished from investment-specific risks (specific market risk and event risk). General market risk is the risk arising from the development of the market in which Corestate operates.

Specific market risk and event risk relates to developments in individual companies or assets or sub-groups of companies or assets.



**Counterparty default risks** are defined as risks that involve the danger of partial or complete default of contractually agreed payments. They include counterparty risk.

As with market price risks, counterparty default risks in the investment assets (e.g. default of tenants in commercial properties or lessees of moveable assets) do not affect Corestate per se for the time being. Only if there are suspected spillover effects on Corestate are corresponding risks included in this category

**Liquidity risks** are dangers that arise from the lack of sufficient financial resources. On the one hand, this includes liquidity risk in the narrower sense, which consists of the risk that Corestate companies will not be able to meet their current and future payment obligations in full or on time (e.g. due to the loss of existing sources of financing). On the other hand, it contains risks resulting from the increase in the cost of financing sources (funding risk).

Here, too, a corresponding distinction is made between risks of the investment assets and risks of Corestate, as already mentioned.



**Operational risks** (including compliance risks) are defined as the risk of losses caused by the inadequacy or failure of technology and infrastructure, employees, internal processes or external influences. The definition includes legal risks, because the business activities of Corestate are subject to the general conditions of tax, environmental, investment, rental and construction law, among others.

Operational risk generally consists of many possible risk scenarios that are attributable to very different failure aspects of individual risk causes, or several of those at the same time.

A sub-risk is so-called compliance risk. This involves the risk of violation or infringement of internal or external rules. Risk consequences can be:

- monetary losses resulting from inadequate procedures or processes (e.g. fines or loss of licenses and approvals)
- damage to reputation (e.g. because companies of Corestate are subject of official investigation proceedings).

## RISK ASSESSMENT

Risk assessment is of crucial importance for risk management measures. It describes the importance of the individual risks and is determined from the probability of occurrence (measure of the probability of the risk occurring), the impact (potential damage before measures are taken) and the measures already implemented and planned (control options). It thus represents the basis for planning and controlling risks.

**Procedure for identifying sub-risk types and individual risks** – The existence and exact nature of the risk types described above and the sub-risks to be subsumed under them are checked by means of risk identification. As part of risk identification, the causes and effects of the risk are described in each case.

Not only currently known but also potential future risks are considered. In addition, it is ensured that all material risks are fully recorded and appropriately presented.

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**Classification of ESG risks** – In accordance with various supervisory bodies that provide guidance on managing ESG risks, Corestate considers these risks within the framework of the existing risk landscape and risk inventory, as well as in case of new risks as a part of these. Only in those cases where the risks are purely ESG risks and there is no relation to existing risks are these risks newly and separately registered and integrated into the existing risk landscape using the existing risk categories.

## RISKS RELATED TO THE COVID-19 PANDEMIC

Risks that relate to the COVID-19 pandemic are incorporated in the given risk framework either by considering such risks in existing risks or by adding newly identified risks to the risk inventory.

The main risks due to the COVID-19 pandemic are on the market and on the liquidity side.

Corestate is one of the main managers of student apartments and the temporary letting of micro-apartments, which are usually rented by long-distance commuting professionals and their employers.

During the COVID-19 pandemic, universities tend to offer mostly distance learning, which led to demand for student apartments falling sharply. Travel was restricted, so international students could not travel to their universities. In addition, the government in Germany, but also in other countries instructed people to work from home wherever possible to reduce contacts during commuting and in offices. Many countries also ordered the closure of hotels and similar accommodation. This caused demand for micro-apartments and other similar facilities to drop to nearly zero.

Corestate also manages a high number of malls and high street assets. During the pandemic, malls, shops, bars and restaurants were ordered to close several times, and sometimes for a longer period. In addition, access to such malls and shops was restricted by government measures (e.g. access only for vaccinated or recovered persons). The revenues of the malls and shops dropped accordingly, as tenants were not always able to pay full rents, or they terminated contracts partially or completely.

This all led to the situation that the annual valuation of these assets was lower than before, which made it very difficult (if not impossible) to sell them at the originally expected price. Investors refrained also from investing in such asset classes, resulting in less opportunities to initiate new projects.

In addition, Corestate is usually remunerated based on the value of the assets managed. Therefore, the lower valuations resulted in lower fee income.

While occupancies started to increase in summer 2021, and shops and malls were mainly allowed to stay open, having more turnover, it is expected that the next valuation will show higher values for such assets.

**Loss event database** – Incidents of damage that have occurred can provide a basis for identifying and assessing risks. Claims are therefore recorded. A loss event is the occurrence of an operational risk (no matter whether or not already registered) which is claimed in the form of a loss.

Known loss events above a certain amount are considered when assessing operational risks. In addition to the costs incurred, opportunities in the form of additional internal expenses and measures to limit or avoid damage are also recorded.

**Entry and update cycle** – The initial recording of a risk is carried out ad hoc when it is identified. An update must be carried out no later than twelve months after the date of its entry or last update. If necessary, the data is entered or updated ad hoc.

In the event of a significant change in the risk situation, a written ad hoc report is submitted to the risk management of Corestate.

**General valuation rules** – Risks are assessed net, i.e. considering measures that have been implemented. To determine an expected loss, the formula

- Damage equals probability of occurrence
- multiplied by the expected loss frequency in the event of a loss according to the Poisson distribution
- multiplied by the average amount of damage

is applied. In the case of risks that can only occur individually, the factor for the expected frequency of losses in the event of a claim is always 1, in order to rule out overestimation of risks.

**Quantitative risk assessment** – The quantitative risk assessment requires precise figures for the amount of loss (impact) in the respective currency (e.g. €, USD) and the probability of occurrence in % for the basic data.

Individual risks are assessed based on their probability of occurrence and the impact/loss they cause. Wherever possible, historical values or planned figures and relevant indicators are used for this purpose. In cases where no corresponding data basis is available, the best educated guesses of the decentralized risk managers are used. If a single risk event can occur more than once or in several cases, this circumstance is appropriately considered in the probability of occurrence and the amount of loss, using the Poisson distribution.

**Quantification via qualitative risk assessment** – Qualitative assessment is used if it is not possible to quantify a risk objectively or “subjectively” in a reliable manner. A grid was developed for the probability of occurrence and extent of damage in these cases which enables those responsible for risk to determine appropriate quantitative values for this purpose.

**Combination of quantitative and qualitative risks** – If risks are assessed both qualitatively and quantitatively, the highest category of both assessments must be used for the overall risk categorization.

**Control priorities** – All risks are depicted on a 5x5 matrix in a standardized manner regarding the extent of damage and probability of occurrence. The matrix itself is structured as follows:

**Likelihood of occurrence:** This is divided into class 1 to class 5 with the following ranges:

Class	Meaning	Likelihood of occurrence	
		from more than	up to including
1	very low	0%	1%
2	low	1%	5%
3	medium	5%	50%
4	high	50%	95%
5	very high	95%	100%

**Impact:** This is also divided into class 1 to class 5 with the following ranges:

Class	Meaning	amount of damage	
		from	up to including
1	very low	€ 1	€ 50 000
2	low	€ 50 001	€ 450 000
3	medium	€ 450 001	1.5% of EBITDA
4	high	1.5% of EBITDA	5% of EBITDA
5	very high	5% of EBITDA	

This matrix reflects the following with regard to the management priorities of risks:



White fields represent negligible control priorities, light green fields low control priorities, medium green fields medium control priorities and dark green fields high control priorities.

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## RISK MANAGEMENT

Risk management comprises the timely, situation-dependent, appropriate and efficient selection and implementation of risk management tools.

Corestate applies various management approaches in dealing with risks, namely avoiding, spreading, limiting, minimizing/reducing, passing on and accepting the respective risk.

**Major risks** – At Group level, risks are considered material if they have a high control priority, although non-substantial risks are of course also included in the risk management process.

### MITIGATION OF RISKS

Risks are mitigated by way of:

- risk avoidance, e.g. planned activities are ultimately not carried out because the risk/reward profile is not positive;
- risk reduction, e.g. on process level by automating processes or observing dual control principles; process changes are analyzed and implemented usually by the process owners;
- risk transfer, usually by taking out appropriate insurance policies; this process is usually initiated by the relevant process owner in consultation with Group Corporate Insurance to ensure that similar policies are not taken out multiple times to avoid unnecessarily high prices, that insurance policies cover all relevant departments and companies and that such policies are in line with the Group's corporate insurance approach;
- risk diversification, e.g. by avoiding risk accumulations and not being dependent on only a few customers, markets, assets, etc., and by identifying new markets. This is usually done by the Management Board and division heads.

## RISK REPORTING

### REGULAR REPORTING

Reports on the risk situation are submitted to the Management Board at least quarterly. This includes the top risks as well as the significant risks, for which a detailed risk description is provided, including changes to the last report.

The Supervisory Board is informed about the risk situation at least every quarter. This report also includes the top risks as well as the significant risks, for which a detailed risk description is provided, including changes to the last report.

### AD-HOC REPORTING

Both significant risks identified outside the reporting dates and known risks whose assessment changes after a reporting date in such a way that the risk is classified as "material" are reported ad hoc to the Management Board and, if applicable, to the Supervisory Board.

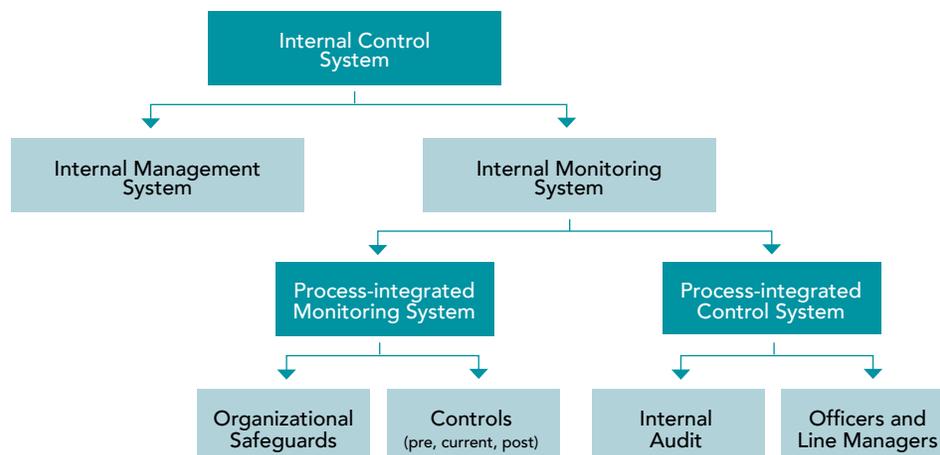


## DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL SYSTEM

### ELEMENTS OF THE CONTROL SYSTEM

The internal control system (ICS) consists of regulations for managing the activities of Corestate (internal management system) and regulations for monitoring compliance with these regulations (internal monitoring system). It is structured as required by management and set up by the responsible departments and process owners. Its functionality and effectiveness are periodically reviewed and adjusted. The internal monitoring system includes process-integrated (organizational security measures, controls) and process-independent monitoring measures, which are primarily carried out by Internal Audit.

By defining objectives and controls to provide assurance, management can gradually explore the overall need for controls.



### ORGANIZATIONAL MEASURES

Organizational security measures are carried out by automated facilities. They comprise error-preventing measures that are integrated into both the structural and procedural organization of the companies and are intended to guarantee a specified level of security (e.g. separation of functions, access restrictions in the IT area, payment guidelines).

- When processing business transactions with the help of IT, significant asset items can be accessed. In addition to access authorizations/restrictions and data protection measures, work instructions for data entry, input control and the handling of incorrect entries are necessary in the IT area.
- Work instructions contain precise descriptions of the work, their assignment to the relevant staff (structure, function, role and position) and, if applicable, regulations for their execution. They ensure that operational processes that occur in large quantities are handled uniformly.
- The internal document system, including the defined process flows, is used for the identical processing of similar business transactions and the complete recording of data in the operational accounting system. Its organization includes measures for the design of the documents, the organization of the document flow and the securing of the document storage.

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## CONTROLS

Controls are carried out by means of measures that are embedded as a process in the work and operating procedures of the Corestate companies, i.e. integrated into the workflow, because operations involving the risk of loss of assets, information or value or the risk of errors when dealing with external parties (clients and suppliers) should not remain uncontrolled. Controls by managers and employees are intended to ensure that existing risks are identified and managed. They are also intended to ensure that the unit concerned (e.g. department, group, company in the group) achieves its objectives in the context of fulfilling its tasks.

Checks may be carried out before, during or after the operation to be checked. They can be carried out both by process-dependent persons and by automatic facilities, especially by IT (e.g. plausibility checks). The control associated with the work process has the aim of finding and preventing errors, if possible before the work process (or parts of it) is completed. As far as possible, upstream controls should therefore be preferred to downstream controls.



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## BASIC ELEMENTS AND PRINCIPLES

The basic elements of Corestate's ICS include:

- process descriptions that define standardized procedures and clear responsibilities for the core business processes
- the documentation of processes and controls to make the actions traceable and verifiable
- functional segregation, which ensures relevant and risk-oriented measures and that decision-making, execution and control are not exclusively in the hands of one person or sub-organizational unit;
- the dual control principle for sensitive transactions; as well as rules on bias and incompatibility; detailed rules for dealing with potential conflicts of interest are laid down in further Group guidelines.
- updates and further development of the ICS to enable an analysis of and reaction to deficiencies and the need for adjustments.
- transparency: Target concepts have been defined and set up for the processes, which contain clear, detailed and comprehensible regulations for the workflows (documents and activities) and are documented in written form.
- dual control principle: No essential process is possible without counterchecking. These cross-checks are established through the implementation of the dual control principle, but also automatically, e.g. through IT-supported system checks.
- separation of functions: The separation of functions considers the incompatibility of functions and tasks or the subdivision of work processes. One and the same person or unit (e.g. job group or department) can never carry out and control all phases of a business transaction alone without another person or unit intervening in the business transaction. If the separation of functions is removed (e.g. in dialogue applications), an equivalent takes its place, e.g. an automatic sampling procedure and/or random downstream checks.
- minimum rights: The principle of minimum rights means that employees should only have access to the information they need for their work. This also includes the corresponding security measures for IT systems, i.e. access and access authorizations adequate to the tasks and responsibilities are adequately restricted. Furthermore, only those authorizations for sensitive data are granted that are necessary for the fulfilment of the tasks.

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## DOCUMENTATION OF THE CONTROLS

The controls are defined, established and documented in the processes. As part of risk management, the decentralized risk managers identify, record, assess, regularly review and update risks in a regular process and in cooperation with the respective specialist departments. The risks are regularly recorded by the decentralized risk managers. Regular reports on the risks are provided.

In 2018 Corestate Capital Holding S.A. initiated a project concerning the implementation of an efficient and comprehensive group-wide Internal Audit function.

This role is performed by the experienced and well-established Internal Audit function of HANNOVER LEASING GmbH & Co. KG. Throughout 2021, the group-wide Internal Audit function has served as a “third line of defense” and integral part of Corestate’s internal control system. Special focus has been put on the regulated entities of the Corestate Group while at the same time a best-practice risk-based audit plan for all entities has been worked out.

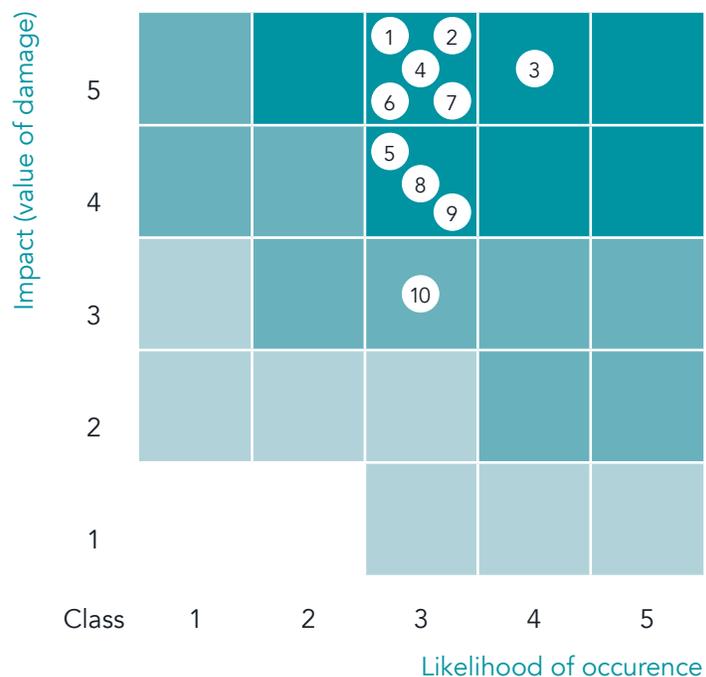
## OVERALL RISK SITUATION OF THE GROUP

The overall risk situation of the entire Group as at 31 December 2021 is “low-medium” (31 December 2020: “low-medium”). The following tables show the risk situation for Corestate’s boutiques and the Group. The risk positions for risks that do not belong to a specific boutique but to more than one are summarized under “Across Boutiques”.



## DETAILED TOP 10 RISK REPORTING

As at 31 December 2021, the top 10 risks were allocated as follows:



	Risk Category	Description
①	Liquidity Risk	This reflects the risk of delayed returns from deinvestments
②	Liquidity Risk	This reflects the risk of delayed repayments of loans granted by Corestate
③	Market Price Risk	This reflects the risk of less turnover and revenues due to changing market environments
④	Counterparty Default Risk	This reflects the risk of non-foreseeable counterparty default events
⑤	Operational Risk	This reflects a litigation risk
⑥	Operational Risk	This reflects a placement risk of a fund due to the COVID-19 pandemic
⑦	Operational Risk	This reflects a litigation risk
⑧	Operational Risk	This reflects a risk of increased litigation due to underperformances of funds managed by Corestate caused by the COVID-19 pandemic
⑨	Operational Risk	This reflects a litigation risk
⑩	Operational Risk	This reflects a risk related to a tax audit

The risk inventory shows that all relevant risks have been properly identified and assessed. Risks are managed accordingly. Material risks are appropriately examined by both the Management Board and the Supervisory Board, and measures taken are reviewed regularly. The risk matrix shows that, in view of the current assessment and measures taken, there are no risks that endanger the continued existence of the Group.



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€ million	Notes	31 Dec 2021	31 Dec 2020
<b>Non-Current Assets</b>			
Goodwill	E.1	487.2	577.7
Other Intangible Assets	E.2	84.8	87.8
Investment in Associates and Joint Ventures	E.3	145.9	120.8
Other Financial Instruments	E.4	151.5	153.9
Property, Plant and Equipment	E.5/E.6	13.4	22.3
Non-Current Receivables	E.7	51.7	53.7
Non-Current Loans to Associated Entities	E.8	14.9	19.6
Deferred Tax Assets	D.10	41.5	20.7
<b>Total Non-Current Assets</b>		<b>990.9</b>	<b>1,056.6</b>
<b>Current Assets</b>			
Inventories	E.9	100.0	73.8
Trade Receivables	E.10	47.2	33.0
Contract Assets	E.11	58.5	51.0
Receivables from Associated Entities		16.8	13.6
Other Current Financial Assets	E.12	86.5	126.7
Other Current Assets	E.13	12.1	16.6
Current Income Tax Assets		2.5	2.7
Restricted Cash	E.14	12.9	23.0
Cash and Cash Equivalents	E.14	62.8	68.2
<b>Total Current Assets</b>		<b>399.2</b>	<b>408.5</b>
Assets Held for Sale from Discontinued Operations	B.2.3	23.5	-
<b>TOTAL ASSETS</b>		<b>1,413.6</b>	<b>1,465.0</b>

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€ million	Notes	31 Dec 2021	31 Dec 2020	€ million	Notes	31 Dec 2021	31 Dec 2020
<b>Equity</b>				<b>Current Liabilities</b>			
Share Capital	E.15	2.6	1.9	Current Financial Liabilities from Bonds	E.20	190.9	-
Other Reserves	E.15.3	821.7	752.9	Other Current Provisions	E.21	13.6	10.1
Net Profit/(Loss) for the Period		(201.1)	(69.1)	Other Current Financial Liabilities to Banks	E.22	68.3	68.7
Equity attributable to Shareholders of Parent Company		623.2	685.8	Current Liabilities to Associated Entities		18.1	9.3
Non-controlling Interests		3.0	2.7	Trade Payables	E.23	27.6	13.1
<b>Total Equity</b>		<b>626.2</b>	<b>688.5</b>	Current Income Tax Liabilities		29.5	36.0
<b>Non-Current Liabilities</b>				Other Current Financial Liabilities	E.24	41.4	42.0
Non-Current Financial Liabilities from Bonds	E.16	298.0	491.0	Other Current Liabilities	E.25	40.0	48.5
Non-Current financial Liabilities to Banks	E.17	3.5	4.6	<b>Total Current Liabilities</b>		<b>429.4</b>	<b>227.7</b>
Other Non-Current Financial Liabilities	E.18	19.9	29.3	Liabilities Held for Sale from Discontinued Operations	B.2.3	8.9	-
Other Non-Current Provisions	E.19	1.2	1.8	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,413.6</b>	<b>1,465.0</b>
Other Non-Current Liabilities		8.9	9.2				
Deferred Tax Liabilities	D.10	17.5	13.0				
<b>Total Non-Current Liabilities</b>		<b>349.1</b>	<b>548.8</b>				

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

€ million	Notes	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020 <sup>1</sup>	€ million	Notes	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020 <sup>1</sup>
Revenue from Acquisition Fees	D.2.1	9.7	15.1	Other Income	D.5	15.5	10.6
Revenue from Asset Management Fees	D.2.2	37.0	37.3	G&A and Other Expenses	D.6	(59.5)	(45.4)
Revenue from Property Management Fees	D.2.2	5.3	3.9	<b>Earnings before Interest, Taxes, Depreciations and Amortisation (EBITDA)</b>		<b>26.4</b>	<b>16.2</b>
Revenue from Sales and Promote Fees realised	D.2.3	23.0	4.9	Depreciation, Amortization & Impairment	D.7	(214.3)	(50.6)
Revenue from Development Fees	D.2.3	2.5	9.1	<b>Earnings before Interest and Taxes (EBIT)</b>		<b>(187.9)</b>	<b>(34.4)</b>
<b>Total Revenue from Real Estate Equity Segment</b>	<b>D.2</b>	<b>77.6</b>	<b>70.4</b>	Financial Income	D.8	7.3	5.2
<b>Total Expenses from Real Estate Equity Segment</b>	<b>D.2.4</b>	<b>(71.4)</b>	<b>(78.9)</b>	Financial Expenses	D.9	(25.6)	(29.0)
<b>Total Earnings from Real Estate Equity Segment</b>		<b>6.2</b>	<b>(8.5)</b>	<b>Earnings before Taxes (EBT)</b>		<b>(206.2)</b>	<b>(58.1)</b>
Revenue from Underwriting and Structuring Fees	D.3.1	36.0	18.8	Income Tax Expense	D.10	13.4	(6.9)
Revenues from Performance Fees	D.3.2	49.5	44.3	<b>Net Profit/(Loss) for the Period from continued Operations</b>		<b>(192.8)</b>	<b>(65.1)</b>
Income from Mezzanine Loans	D.3.3	18.1	10.3	<b>Net Profit/(Loss) for the Period from discontinued Operations</b>	<b>B.2.3</b>	<b>(7.2)</b>	<b>(3.8)</b>
Revenue from Asset Management Fees	D.3.4	17.3	19.9	<b>Net Profit/(Loss) for the Period</b>		<b>(200.1)</b>	<b>(68.9)</b>
Income from Trading Activities	D.3.5	1.0	-	of which attributable to Equity Holders of Parent Company		(201.1)	(69.1)
<b>Total Revenue from Real Estate Debt Segment</b>	<b>D.3</b>	<b>121.9</b>	<b>93.3</b>	of which attributable to non-controlling Interests		1.0	0.2
<b>Total Expenses from Real Estate Debt Segment</b>	<b>D.3.6</b>	<b>(66.1)</b>	<b>(9.1)</b>	<b>Total Revenues<sup>2</sup></b>		<b>205.8</b>	<b>170.2</b>
<b>Total Earnings from Real Estate Debt Segment</b>		<b>55.8</b>	<b>84.2</b>	<b>Total Expenses<sup>3</sup></b>		<b>(204.5)</b>	<b>(156.3)</b>
Income from Rental Income and Service Charges	D.4.1	6.2	6.4	<b>Earnings per Share based on Net Profit/Loss attributable to Equity Holders of Parent Company (in €):</b>			
Net Results from Property Holding Warehousing Exists	D.4.2	(2.7)	(0.8)	Earnings per Share from Continued Operations	<b>D.11</b>	<b>(6.29)</b>	<b>(2.87)</b>
Share of Profit or Loss from Associates and Joint Ventures	D.4.3	2.4	(9.3)	Earnings per Share from Discontinued Operations	<b>D.11</b>	<b>(0.23)</b>	<b>(0.17)</b>
Dividends from other Alignment Capital	D.4.4	12.8	8.8				
Gains/losses from fair Value Measurement of Financial Instruments related to Real Estate	D.4.5	(2.9)	(6.8)				
<b>Total Income from Other Segments</b>	<b>D.4</b>	<b>15.9</b>	<b>(1.8)</b>				
<b>Total Expenses from Other Segments</b>	<b>D.4.6</b>	<b>(7.5)</b>	<b>(22.9)</b>				
<b>Total Earnings from Other Segments</b>		<b>8.4</b>	<b>(24.7)</b>				

1 The statement of profit and loss is adjusted in line with IFRS 5 Discontinued Operations for the financial years 2021 and 2020 (see Note B.2.3)

2 Not including: Share of Profit or Loss from Associates, Net Gain from Selling Warehousing Assets, Dividends from other Alignment Capital and Gains/losses from fair value measurement of financial instruments related to real estate

3 Excluding Financial Expenses and Depreciation, Amortization and Impairment / including impairment losses determined in accordance with Section 5.5 of IFRS 9 (for further information see Notes E.10 and F.4.2)

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# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

€ million	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
<b>Net Loss for the Period</b>	<b>(200.1)</b>	<b>(68.9)</b>
<b>Other Comprehensive Income</b>		
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):		
Exchange Differences on Translation of foreign Operations	4.4	(1.7)
<i>thereof recycled</i>	2.5	-
Other differences	-	0.6
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods	4.4	(1.1)
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods	1.1	0.2
Deferred Tax Effect	(0.1)	-
<b>Other Comprehensive Income/(Loss) for the Period, Net of Tax</b>	<b>5.4</b>	<b>(0.9)</b>
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>(194.7)</b>	<b>(69.8)</b>
of which attributable to Equity Holders of Parent Company	(195.7)	(70.0)
of which attributable to non-controlling Interests	1.0	0.2

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Share Capital	Legal Reserve	Additional Capital Paid In	Retained Earnings	Other Re-Valuations	Other Reserves	Net Profit / (Loss) for the Period	Subtotal Equity attributable to Shareholders of Parent company	Non-controlling Interests in Paid-In Capital and Capital Reserve	Non-controlling Interests in Profit for the Period	Non-Controlling Interests	Total Equity
<b>Closing Balance of Equity Accounts as at 31 December 2019</b>	<b>1.6</b>	<b>0.2</b>	<b>430.1</b>	136.4	(3.3)	563.3	108.5	673.4	2.6	0.3	2.9	676.3
Profit for the Period	-	-	-	-	-	-	(69.1)	(69.1)	-	0.2	0.2	(68.9)
Other comprehensive Income	-	-	-	-	(0.9)	(0.9)	-	(0.9)	-	-	-	(0.9)
Total comprehensive Income for the Period	-	-	-	-	(0.9)	(0.9)	(69.1)	(70.0)	-	0.2	0.2	(69.8)
Issue of New Capital	0.3	-	78.3	-	-	78.3	-	78.6	-	-	-	78.6
Repurchase of own Shares	0.0	-	6.4	-	-	6.4	-	6.4	-	-	-	6.4
Share issuance Expense	-	-	(0.8)	-	-	(0.8)	-	(0.8)	-	-	-	(0.8)
Equity-settled share-based Payment	0.0	-	1.2	-	-	1.2	-	1.2	-	-	-	1.2
Reclassification/Others	-	-	-	107.8	(2.4)	105.4	(108.5)	(3.1)	(0.1)	(0.3)	(0.4)	(3.5)
<b>Closing Balance of Equity Accounts as at 31 December 2020</b>	<b>1.9</b>	<b>0.2</b>	<b>515.2</b>	<b>244.2</b>	<b>(6.6)</b>	<b>752.9</b>	<b>(69.1)</b>	<b>685.8</b>	<b>2.5</b>	<b>0.2</b>	<b>2.7</b>	<b>688.5</b>
Profit for the Period	-	-	-	-	-	-	(201.1)	(201.1)	-	1.0	1.0	(200.1)
Other comprehensive Income	-	-	-	-	5.4	5.4	-	5.4	-	-	-	5.4
Total comprehensive Income for the Period	-	-	-	-	5.4	5.4	(201.1)	(195.7)	-	1.0	1.0	(194.7)
Issue of New Capital	0.6	-	129.0	-	-	129.0	-	129.6	-	-	-	129.6
Acquisition of non-controlling Interests	-	-	-	0.4	(0.4)	-	-	-	(0.0)	-	(0.0)	(0.0)
Equity-settled share-based Payment	-	-	3.5	-	-	3.5	-	3.5	-	-	-	3.5
Reclassification/Others	-	0.1	-	(69.2)	-	(69.1)	69.1	-	(0.5)	(0.2)	(0.7)	(0.7)
<b>Closing Balance of Equity Accounts as at 31 December 2021</b>	<b>2.6</b>	<b>0.3</b>	<b>647.6</b>	<b>175.4</b>	<b>(1.6)</b>	<b>821.7</b>	<b>(201.1)</b>	<b>623.2</b>	<b>2.0</b>	<b>1.0</b>	<b>3.0</b>	<b>626.2</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020 <sup>1</sup>	€ million	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020 <sup>1</sup>
<b>Earnings before Interest and Taxes (EBIT)</b>	<b>(187.9)</b>	<b>(34.4)</b>			
Depreciation/Write-ups of non-current Assets	214.3	50.6	Proceeds from Issuance of New Share Capital	-	78.6
Equity-settled share-based Payment	3.5	1.2	Repayment of Lease Liabilities	(5.1)	(3.5)
Net Loss/(Gain) on Disposal of non-current Assets	2.4	1.0	Proceeds from Loans and Borrowings	0.8	28.5
Changes in Provisions	3.6	(2.8)	Repayment of Loans and Borrowings	(39.5)	(3.1)
Share of Results from Associates and Joint Ventures	0.2	9.3	Finance Expenses	(14.6)	(23.8)
Changes from Purchase and Sale of Inventories and advanced Payments	(18.6)	(12.2)	Finance Income	2.1	2.6
Changes in Receivables and other Assets that are not attributable to Investing Activities	21.4	(74.4)	<b>Net Cash Flows (used in)/from Financing Activities</b>	<b>(56.2)</b>	<b>79.4</b>
Changes in Liabilities that are not attributable to Financing Activities	18.4	13.5	<b>Cash and Cash Equivalents at Begin of Period</b>	<b>91.2</b>	<b>105.4</b>
Income Taxes received/(paid)	(26.3)	(15.1)	<i>Net Increase in Cash and Cash Equivalents</i>	<i>(15.5)</i>	<i>(14.2)</i>
<b>Net Cash Flows from operating Activities</b>	<b>31.0</b>	<b>(63.4)</b>	<b>Cash and Cash Equivalents at end of Period</b>	<b>75.7</b>	<b>91.2</b>
Acquisition of Subsidiaries	7.5	(24.0)			
Outflow for Alignment Capital Investments	(1.7)	(16.4)			
Inflow from repayment of Alignment Capital Investments	0.2	11.7			
Payments for Acquisition of PPE	(0.4)	(1.5)			
Proceeds from Sale of PPE	1.6	0.3			
Payments for Acquisition of Intangible Assets	(0.5)	(2.3)			
Purchase of other Financial Instruments	-	(6.3)			
Sale of other Financial Instruments	3.2	8.4			
<b>Net Cash Flows generated from/(used in) Investing Activities</b>	<b>9.8</b>	<b>(30.1)</b>			

<sup>1</sup> The statement of cash flows is adjusted in line with IFRS 5 Discontinued Operations for the financial years 2021 and 2020 (see Note B.2.3)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



# A. CORPORATE INFORMATION & BASIS OF PREPARATION

## A.1 CORPORATE INFORMATION

Corestate Capital Holding S.A. (hereafter “CCH SA”, “the Group” 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 07 September 2015.

Since 2017 the Company’s shares have been traded on the regulated market segment (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

CCH SA is an investment manager for real estate equity and debt specializing in the creation and subsequent realization of real estate related investments in Europe for private and institutional clients. CCH SA and its subsidiaries (the Group) offer a fully integrated business model, are active as a co-investor and asset and property manager and are focused on residential and commercial (primarily office, mixed use and retail) real estate as well as micro-living projects. Geographically, the Group primarily concentrates on the German market but is also selectively active in other attractive markets in Europe such as France, the UK, Austria, Switzerland, Poland 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. The key focus of the business strategy in the future will be

on Core and Core+ investments, whereas Core investments are located in major cities with highly creditworthy tenants on a long-term basis and Core+ investments have a slightly more risk-oriented alignment.

As at 31 December 2021, the Group employed 811 FTEs (2020: 757 FTEs) across 42 offices in 11 countries, providing direct access to local markets. Of those, 375 FTEs are related to the discontinued operations. These employees are mainly based in Germany and the United Kingdom.

The consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries (the Group) for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the Management Board and the Supervisory Board on 07 March 2022. 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 Luxembourg 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*.

## A.2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards (“IFRS”) adopted by the European Union (“EU”) for the year ended 31 December 2021.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities 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. The Group determines the functional currency for each entity, and the items included in the financial statements of each entity are measured using the functional currency. The group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method. All values are rounded to the nearest million (€m), except when otherwise indicated. Due to rounding, numbers presented may not add up precisely to totals provided. The consolidated financial statements provide comparative information in respect of the previous period.

The Group presents assets and liabilities in its statement of financial position based on current/non-current classification. Assets and liabilities are classified as current when

- the Group expects them to be realized or settled in the normal operating cycle (e.g. inventories from warehousing or other current financial assets),
- the Group holds the asset or liability primarily for the purpose of trading,
- the Group expects them to be realized or settled within twelve months after the reporting date (e.g. trade receivables/payables), or
- the asset is cash or cash equivalent.

All other assets and liabilities are classified as non-current, incl. deferred tax assets and liabilities.

The consolidated financial statements have been prepared on a going concern basis. In assessing the Group’s ability to continue as a going concern, the Management Board has considered the expected future proceeds from divestments and freeing up capital initiatives as the basis for refinancing the two major debt instruments. Accordingly, the refinancing strategy is to initially repay the convertible bond amounting to € 190.9m as of 31 December 2021 from net operating cash flows and from the repayment, settlement and placement of various balance sheet assets, while the senior bond amounting to € 298.0m as of 31 December 2021 maturing in April 2023 is to be refinanced through the issuance of one or more new debt instruments. Together with investors and advising banks, it is also being considered to refinance the convertible bond and the senior bond together in the course of 2022 by simultaneously issuing a new senior bond and using the accumulated cash. Management is confident in its ability to execute its refinancing plan. However, the Group’s ability to complete its refinancing strategy depends on the timing of and amounts from the realization of the balance sheet assets, the capital market situation and the performance of the Group which together indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial data set out in these 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.

### A.3 GENERAL REMARKS ON EFFECTS RESULTING FROM THE COVID-19 PANDEMIC

The outbreak of the Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on the 11 March 2020, continued to impact many aspects of daily life and the global economy in 2021 – with most real estate markets experiencing lower levels of transactional activity and liquidity.

Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short-term impacts and long-term structural changes, some valuations of investment properties held by associates under joint ventures and co-investment agreements are subject to the material valuation uncertainty declaration as set out in the RICS Valuation – Global Standards. This uncertainty adversely affects demand, with marketing voids increasing and rental levels under pressure. But for the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

The different types of lockdown in nearly all countries due to COVID-19 in 2020 and throughout different phases in 2021 severely impacted the markets for hotels, service apartments, retail and shopping centers in particular. In contrast, business involving residential assets and offices with long-running rental contracts proved to be very resilient. To curb further “waves” of COVID-19, travel, movement and operational restrictions have been implemented by many countries, which currently remain unchanged. Due to these ongoing restrictions on business activities, it might be likely that there could be significant rental defaults leading to voids and a resulting shortfall in income for the respective asset classes of the Company. This could lead to further write-downs on various asset classes due to lower profitability.

Despite all the uncertainty caused by the pandemic, all future considerations have been made in the expectation that the pandemic will end within a reasonable time after the reporting period. The assessment of a gradual recovery is based on the progress made in the production and distribution of a COVID-19 vaccine, including timely national distribution strategies.

A recovery of the economy is expected for all future outlooks relevant to the valuation, that the parameters included in the valuation (i.e. cash flows, interest rates) give a more positive outlook than expected in the current reporting period.

Hence, Corestate’s management expects an improved outlook for the coming years. This is reflected in the planning periods of nearly all of the Group’s “cash-generating units” (CGUs; for goodwill and impairment test issues see Note E.1). Here, a positive outlook as well as a fast recovery of the economy is expected during the next reporting period.

In addition, the large-scale business disruptions caused by COVID-19 may give rise to (temporary) liquidity issues for some entities within product structures. Deterioration in credit quality of loan portfolios and trade receivables (amongst other items) as well as the uncertainty caused by COVID-19 may have a non-negatable impact on the fair value measurements explicit for all financial instruments and for all impairment testing assets in the Group. The main impact of COVID-19 in the Group’s consolidated statement of financial position and statement of profit or loss are shown in Notes, D.4.3 and D.4.5 as well as E.1, E.3, E.4 and E.15.3.

### A.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED AND TO BE ADOPTED BY THE GROUP

There are no new standards, interpretations or amendments in 2021 that are not yet effective but would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The same applies for all standards, interpretations and amendments that became effective in 2021. This includes the amendment to IAS 1 “Classification of Liabilities as Current or Non-Current”.

# B. SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

## B.1 SCOPE OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of CCH SA and its subsidiaries as at 31 December 2021. 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. 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 derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Name	Seat and Country of Incorporation
AF ATHENA GmbH	Frankfurt on Main / Germany
Capera Immobilien Service GmbH	Neu-Isenburg / Germany
CE Bad Honnef Betriebsgesellschaft mbH	Frankfurt on Main / Germany
Corestate CAPITAL AG	Baar / Switzerland
Corestate Capital Foundation gGmbH	Frankfurt on Main / Germany
Corestate Capital Group GmbH	Frankfurt on Main / Germany
Corestate Capital Advisors GmbH	Frankfurt on Main / Germany
Corestate Capital Investors (Europe) GmbH	Frankfurt on Main / Germany
Corestate Capital Partners GmbH	Zurich / Switzerland
Corestate Capital Transactions AG	Baar / Switzerland
Corestate Capital CIV GmbH	Frankfurt on Main / Germany
Corestate FIF I Portfolio Verwaltung GmbH	Frankfurt on Main / Germany
Corestate Marketing GmbH	Frankfurt on Main / Germany
Corestate Capital Beteiligungs Verwaltungs GmbH	Frankfurt on Main / Germany
Court HoldCo GmbH	Frankfurt on Main / Germany
GENOST Consulting GmbH	Leipzig / Germany
UPARTMENTS Real Estate GmbH	Leipzig / Germany

For the entities shown in the table on the right, CCH SA applies the exemption under §264 lit. 3 HGB and corresponding local legislation in the country of incorporation (for CCH SA's equity interest in each company please refer to Note F.7 to the statutory financial statements).

TO OUR SHAREHOLDERS	2020	First-time consolidation	Deconsolidation	Merger	2021	
CORPORATE GOVERNANCE	<b>Consolidated Entities</b>	<b>123</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>118</b>
GROUP MANAGEMENT REPORT	thereof Germany	55	4	-	4	55
CONSOLIDATED FINANCIAL STATEMENTS	thereof Other Countries	68	4	7	2	63

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	2020	Additions	Disposals	Merger	2021	
ANNUAL ACCOUNTS	<b>Associated Entities</b>	<b>103</b>	<b>2</b>	<b>7</b>	<b>-</b>	<b>98</b>
NOTES TO THE ANNUAL ACCOUNTS	thereof Germany	18	1	2	-	17
FURTHER INFORMATION	thereof Other Countries	85	1	5	-	81

Four additions to the consolidated entities are part of the newly acquired business of Corestate Bank in May 2021 (see also Note B.2.2). As a result of the sale of assets or the termination of joint venture and co-investment agreements (JVCIA), seven companies left the Group during the reporting period.

Overall, the Group acquired a total of net assets amounting to € 40.0m (2020: € 9.6m) through first-time consolidation of eight entities presented above. These entities account for a total revenues of € 27.1m (2020: € 6.2m) and net results of € -4.4m (2020: € -0.3m).

The deconsolidation of seven formerly full-consolidated entities presented above led to a total net result of € 0.0m (2020: € -1.0m).

The changes in the scope of consolidation affect the following companies:

Name of Acquired Companies	Seat and Country of Incorporation	Equity Interest
Aggregate Debt Advisory GmbH	Frankfurt on Main / Germany	100.00%
Aggregate Debt GP S.à r.l.	Luxembourg	100.00%
Aggregate Debt Fund S.C.A. SICAV-RAIF	Luxembourg	100.00%
Corestate Bank GmbH	Frankfurt on Main / Germany	100.00%
Livision GmbH	Frankfurt on Main / Germany	100.00%
Mariggo Investments sp.z.o.o.	Warsaw / Poland	100.00%
SUBSTANTIA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach / Germany	94.90%
Urban Micro Estate Spain	Spain	100.00%

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Name of Deconsolidated Companies	Seat and Country of Incorporation	Equity Interest
ATOS Property Management GmbH	Hamburg / Germany	merged
Corestate Capital Dept Advisory GmbH	Frankfurt on Main / Germany	merged
Corestate ZGE Feeder GmbH & Co. KG	Frankfurt on Main / Germany	merged
Design Center AIF S.à r.l.	Luxembourg	merged
HANNOVER LEASING Automotive GmbH	Pullach / Germany	merged
STAM RE III S.à r.l.	Paris / France	merged
Ardville Invest S.L.	Madrid / Spain	liquidated
Bagley Invest S.L.	Madrid / Spain	liquidated
Highstreet IX TopCo Ltd.	Guernsey / United Kingdom	liquidated
Iberian HoldCo II S.L.	Madrid / Spain	liquidated
Iberian PropCo II S.L.	Madrid / Spain	liquidated
Marburg TopCo Ltd.	Guernsey / United Kingdom	liquidated
MicroLiving Service zwei GmbH	Vienna / Austria	liquidated

## B.2 BUSINESS COMBINATIONS

### B.2.1 PRINCIPLES OF BUSINESS COMBINATION

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. The Group as acquirer measures the identifiable assets acquired and the liabilities assumed (including contingent liabilities) at their acquisition-date fair values. 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. The Group as acquirer recognises goodwill as at the acquisition date measured as the excess of (a) the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

If the acquisition involves an asset or a group of assets that does not constitute a business, the acquirer must identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The cost of the group is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

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.

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Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value, with the changes in fair value recognized in the statement of profit or loss. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date, with changes in fair value recognized in profit or loss.

### Contingent liabilities recognized in a business combination

As set out above, contingent liabilities recognised in a business combination are initially measured at fair value. After initial recognition and until the liabilities are settled, cancelled or expired, these liabilities are measured at the higher of (a) the amount that would be recognised in accordance with IAS 37; and (b) the amount initially recognised less, if appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

## B.2.2 ACQUISITION OF CORESTATE BANK

On 15 January 2021 the Company signed an agreement for the acquisition of Corestate Bank GmbH (formerly registered as: Aggregate Financial Services GmbH, Frankfurt am Main ('AFS'), a securities trading institute regulated by the German Federal Financial Supervisory Authority (BaFin) that is licensed to provide a range of real estate structuring and financing advisory services including regulated services under § 15 WpIG (Wertpapierinstitutsgesetz; Investment Firm Act).

The closing of the transaction took place on 25 May 2021 after all closing conditions were met, including the approvals of all relevant authorities. With this acquisition, the Group is expanding its market-leading position in private debt in the real estate sector. Furthermore, the acquisition of Corestate Bank enables the Group to provide services of a securities trading bank in combination with a broad product offering for tailor-made financing solutions to the real estate sector.

The consideration transferred amounts to € 134.6m and comprises the following elements:

(1) Fixed amount of cash (€ 5.0m)

(2) 8,500,000 shares of Corestate Capital Holding S.A. (€ 110.2m) – measured at the XETRA stock price of € 12.96 at the closing date per share – reflecting the acquisition-date fair value of the contributed shares of Aggregate Financial Services GmbH

(3) 1,500,000 shares of Corestate Capital Holding S.A. (€ 19.4m) – measured at the XETRA stock price of € 12.96 at the closing date per share – as an earn-out component

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The earn-out component (contingent consideration) is capped at 1,500,000 shares of Corestate Capital Holding S.A. dependent on a certain level of Corestate Bank's EBITDA for FY 2021 to 2023 that must exceed ascending hurdle rates per each year. Based on the mid-term forecast and information received during the due diligence the Company expects Corestate Bank to achieve its full earn-out potential.

Based on mandate-related information gathered since closing date, some of the provisional PPA amounts presented in the Group's 2021 half-year financials had to be adjusted in line with IFRS 3.45. Initially, on 25 May 2021 provisional customer relationships of € 64.0m were identified that led to a cumulative depreciation amounting to € 4.1m until year-end 2021. Also, a provisional order backlog of € 12.9m was recognized on 25 May 2021 which led to cumulative depreciation of € 1.9m until year-end 2021. Both were derecognized and the cumulative depreciation was reversed accordingly based on management's reassessment of the ability to generate future economic benefits from the underlying customer relationships and expected mandates during the measurement period.

As part of the purchase price allocation using a multi-period excess earnings (MEEM) approach, customer contracts equivalent to € 11.2m were identified as order backlog and represent CORESTATE Bank's product pipeline in exclusivity at closing date. The order backlog included a single large project that was already depreciated in an amount of € 7.8m until 30 June 2021. Hence, € 9.0m in order backlog has already been written off as at 31 December 2021. Additionally, customer relationships amounting to € 25.5m were identified as CORESTATE Bank's future business with a selected portfolio of customers. At year-end, the customer relationships were reassessed and in consequence management reduced its assessment of the future business potential with this portfolio of customers. This assumption led to an impairment of the customer relationships in the amount of EUR 12.9m. Hence, € 16.6m of initially recognized € 25.5m in customer relationships have already been written off as at 31 December 2021.

The table opposite states the fair value of identified net assets and liabilities recognized at acquisition. The goodwill of € 94.6m reflects the expected synergies arising from the acquisition with particular focus on the cross-selling opportunities of the business models of CORESTATE Bank and HFS and market potential of CORESTATE Bank. Hence, the goodwill is fully allocated to the Real Estate Debt Segment. Direct transaction costs amounting to € 6.1m are included in the statement of profit and loss within general and administrative costs.

<sup>1</sup> On a pro-forma basis, CORESTATE Capital Group and AFS including its subsidiaries would have generated revenues of € 208.5m and a profit/loss of € -200.2m if the acquisition date had been 01 January 2021.

Fair Value of Net Assets and Liabilities recognized	Corestate Bank GmbH (in €m)
Acquisition Date	25 May 2021
Total Cost of the Combination	134.6
thereof Cash	5.0
thereof Contribution in kind	110.2
thereof equity-settled Earn-Out	19.4
Voting Rights acquired (%)	100%
Property, Plant & Equipment	1.1
Intangible Assets – Order Backlog	11.2
Intangible Assets – Customer Relationships	25.5
Receivables	3.5
Other Assets	0.7
Income Tax Assets	0.0
Cash and Cash Equivalents	12.8
<b>Total Assets</b>	<b>54.8</b>
Deferred Tax Liability	(11.7)
Current Tax Liability	(0.2)
Trade Payables	(0.1)
Other (Financial) Liabilities	(2.9)
<b>Total Liabilities</b>	<b>(14.9)</b>
<b>Fair Value of net Assets acquired</b>	<b>40.0</b>
<b>Recognized Goodwill</b>	<b>94.6</b>
<b>Revenues generated since Acquisition Date<sup>1</sup></b>	<b>27.3</b>
<b>Profit/Loss since Acquisition Date<sup>1</sup></b>	<b>(7.7)</b>

### B.2.3 DIVESTMENT IN CAPERA AND CRM

In November 2021, the decision was made to sell the property management business of CRM and Capera. With the intention to sell, the respective assets and liabilities are reported separately as discontinued operations because of management's judgement that these businesses represent separate major lines of business and the completion of their sales within 2022 is highly probable.

The potential divestment of the two business areas is the consequence of the strategic realignment of Corestate towards a pure-play investment and asset manager in the real estate equity segment.

The net loss for the period from both discontinued operations is derived as follows:

€ million	Capera	CRM	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
<b>Total Income from Real Estate Equity Segment</b>	<b>18.1</b>	<b>12.0</b>	<b>30.1</b>	<b>29.5</b>
<i>Total expenses from Real Estate Equity Segment</i>	<i>(17.8)</i>	<i>(14.8)</i>	<i>(32.6)</i>	<i>(29.7)</i>
<b>Total Earnings from Real Estate Equity</b>	<b>0.3</b>	<b>(2.8)</b>	<b>(2.5)</b>	<b>(0.2)</b>
<b>Total Earnings from Other Segments</b>	<b>(0.0)</b>	<b>-</b>	<b>(0.0)</b>	<b>0.1</b>
Other Income	(0.1)	0.8	0.7	0.7
<b>Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)</b>	<b>0.3</b>	<b>(2.0)</b>	<b>(1.7)</b>	<b>0.6</b>
Depreciation and Amortisation	(1.2)	(4.5)	(5.7)	(4.2)
Financial gain/losses	(0.1)	(0.1)	(0.2)	(0.1)
<b>Earnings before Taxes (EBT)</b>	<b>(1.1)</b>	<b>(6.6)</b>	<b>(7.6)</b>	<b>(3.7)</b>
Income Tax Expense	0.1	0.3	0.4	(0.1)
<b>Net Profit/(Loss) for the Period from discontinued operations</b>	<b>(1.0)</b>	<b>(6.3)</b>	<b>(7.2)</b>	<b>(3.8)</b>

\* On a pro-forma basis, Corestate Capital Group and AFS including its subsidiaries would have generated revenues of € 216.4m and a loss of € -200.2m if the acquisition date had been 01 January 2021.

The loss from discontinued operations is fully attributable to the equity holders of Corestate Group.

The assets and liabilities of the discontinued operations are reclassified and measured at fair value less costs to sell. The fair value was determined based on the expected selling prices. This did not result in any impairment requirement for the assets held for sale at the time of classification as a disposal group within the meaning of IFRS 5. In the course of the ongoing review of the measurement of the assets and liabilities of the discontinued operations, an impairment requirement of € 2.6m arose as at 31 December 2021.

The revalued assets and liabilities comprise the following:

€ million	Capera	CRM	31 Dec 2021
<b>Non-Current Assets</b>			
Goodwill	-	8.3	8.3
Other Intangible Assets	1.6	1.1	2.8
Investment in Associates and Joint Ventures	-	0.1	0.1
Property, Plant and Equipment	2.5	1.2	3.7
Deferred Tax Assets	0.0	-	0.0
<b>Total Non-Current Assets</b>	<b>4.1</b>	<b>10.8</b>	<b>14.9</b>
<b>Current Assets</b>			
Contract Assets	0.3	-	0.3
Trade Receivables	2.1	1.8	3.9
Receivables from Associated Entities	0.3	-	0.3
Other Current Financial Assets	0.0	-	0.0
Other Current Assets	0.0	1.7	1.7
Cash and Cash Equivalents	0.2	2.2	2.4
<b>Total Current Assets</b>	<b>2.9</b>	<b>5.7</b>	<b>8.6</b>
<b>TOTAL ASSETS HELD FOR SALE</b>	<b>7.0</b>	<b>16.5</b>	<b>23.5</b>

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€ million	Capera	CRM	31 Dec 2021
<b>Non-Current Liabilities</b>			
Other non-current financial liabilities	1.1	0.6	1.7
Other Non-Current Provisions	0.0	-	0.0
Deferred Tax Liabilities	-	0.3	0.3
<b>Total Non-Current Liabilities</b>	<b>1.1</b>	<b>0.9</b>	<b>2.0</b>
<b>Current Liabilities</b>			
Other Current Provisions	0.0	-	0.0
Trade Payables	0.6	0.3	0.8
Current Income Tax Liabilities	-	0.2	0.2
Other Current Financial Liabilities	1.0	0.2	1.2
Other Current Liabilities	1.1	3.7	4.8
<b>Total Current Liabilities</b>	<b>2.6</b>	<b>4.3</b>	<b>6.9</b>
<b>TOTAL LIABILITIES HELD FOR SALE</b>	<b>3.8</b>	<b>5.2</b>	<b>8.9</b>

The following table shows the net cash flows generated by both discontinued operations:

€ million	Capera	CRM	01.01.2021-31.12.2021	01.01.2020-31.12.2020
<b>Net cash flows from operating activities</b>	<b>0.9</b>	<b>0.3</b>	<b>1.1</b>	<b>3.3</b>
<b>Net cash flows generated from/(used in) investing activities</b>	<b>(0.8)</b>	<b>(0.6)</b>	<b>(1.4)</b>	<b>(2.7)</b>
<b>Net cash flows generated from/(used in) financing activities</b>	<b>(1.1)</b>	<b>(0.2)</b>	<b>(1.2)</b>	<b>(1.0)</b>
<b>Cash and Cash Equivalents at begin of period</b>	<b>1.2</b>	<b>2.7</b>	<b>3.9</b>	<b>4.3</b>
<i>Net increase in Cash and Cash Equivalents</i>	<i>(1.0)</i>	<i>(0.5)</i>	<i>(1.5)</i>	<i>(0.4)</i>
<b>Cash and Cash Equivalents at end of period</b>	<b>0.2</b>	<b>2.2</b>	<b>2.4</b>	<b>3.9</b>

# C. SIGNIFICANT ACCOUNTING & VALUATION POLICIES

## C.1 SIGNIFICANT 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 in future periods.

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.

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

### Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair value. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market price. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Group either consults with an independent external valuation expert or determines the fair value internally, using an appropriate valuation technique which is generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by the Group's management regarding the future performance of the assets concerned and any changes in the discount rate applied (see Note E.1).

### Recoverability of Goodwill and Brand Names

The Group tests annually and, in addition, if any internal or external indicator exists, whether goodwill and brand names with indefinite useful lives need to be impaired. If an indicator prevails, the recoverable amount of the affected cash-generating unit(s) has to be estimated which is determined as the greater of the fair value less costs to sell and the value in use. The determination of the recoverable amount involves making judgements and estimates related to the projection and discounting of future cash flows.

Although the Group's management believes the assumptions used to calculate recoverable amounts are appropriate, any unforeseen changes in these assumptions could result in an impairment to goodwill or brand names in the future which could adversely affect the future financial position and operating results (see Note E.1).

### Expected Credit Loss

For financial assets measured at amortised cost a provision for expected credit losses (ECLs) is recognised. The determination of the ECL follows a 3-step approach:

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (ECL Step 1)
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (ECL Step 2) – this step also applies to trade receivables, for which a simplified approach starting with ECL Step 2 is applied
- If the financial asset's credit risk increases to the point where it is considered credit-impaired, a loss allowance is still required for credit losses expected over the remaining life of the exposure, however, interest revenue is then calculated based on the loan's amortised cost (ECL Step 3)

The provision rates are based on multiple inputs (i.e., depending on geographical region, product type, customer type and rating, and collateral). The calculation of the provision reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. In particular for financial assets that are considered credit impaired (ECL Step 3) the determination of the provision of ECL is subject to significant estimation uncertainty relating to assumptions on the expected timing of cash flows and the value of credit enhancements (such as collateral). The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note F.4.2. (see Notes D.2.4, D. 3.6, E.4, E.10, E.12, F.4.2).

### Assessing significant influence on Associates and Joint Ventures

Generally, entities are classified as associates if the Group holds more than 20% and less than 50% of the voting rights. However, the Group also classifies entities as associates if it considers that it has a significant influence on such entities based on the underlying investment documentation. 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,
- **Provision** of essential technical information.

With regard to providing real estate investment management services, the Group regularly enters into asset management agreements 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 services, i.e. market information, asset management and business plan expertise. Hence, the provision of technical services through an asset management agreement to associated entities as investees is considered a supplementary indicator (see Note E.3).

### Valuation of Investment properties of Associates and Joint Ventures

The fair value of investment property as the main assets of the associates is determined by using recognised valuation techniques. Such fair value measurement has a significant impact on the Group's investment in associates. The valuation technique comprises mainly the income method (based on discounted cash flow (DCF)). Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the property's cash inflows and outflows over its 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 fair value. For the purpose of IFRS 13, the fair value measurement of investment property is considered to be a Level 3 method (see Note C.2).

The key input parameters used in the DCF models include

- Discount rate
- Vacancy rate (current/long-term)
- Maintenance costs
- Cap rate
- Fluctuation rate
- Inflation rate
- Market rents
- Annual rent adaptation
- 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 capitalization 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 ten-year period). Key input parameters may vary depending on the real estate property usage (i.e. commercial or residential building, student accommodation 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 and Joint Ventures, Loans to Associates and Joint Ventures and Receivables from Associates or Joint Ventures (for further information see Note A.3 and a sensitivity analysis of the effect of changes in the value of the Associates and Joint Ventures see Note E.3).

## Promote and Coupon Participation Fee

In some projects, the Group is entitled to receive a success fee ("Promote fee") equalling approx. 15% to 20% of the net project returns. The entitlement to the Promote fee is only recognised when the relevant transaction documentation resulting in a net project return has been validly entered into (signing). At this time, the Group considers it highly probable that the Promote fee will flow to the Group and that for variable consideration no significant reversal will occur.

Promote fees represent compensation for the Group's investment management services rendered in relation to the sale of a particular investment, and predominantly form part of the fee schedule for investment products for private clients. If 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 (see also D.2.3).

Coupon Participation Fees are generated through sustainable and significant excess returns of HFS products (mezzanine financing) above a certain pre-agreed hurdle rate. The Group's contracts with customers for these types of services generally include one performance obligation. The Group has concluded that revenue from Coupon Participation Fees should be recognized over time when the services are provided because the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group uses an output method to measure progress towards complete satisfaction of the return on investment of the HFS funds based on monthly fair value measurement of the mezzanine financing (see Note D.3.2 to D.3.4).

## C.2 FAIR VALUE MEASUREMENT

The Group measures some financial instruments such as derivatives and some non-financial assets such as investment properties in associates 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 summarized in the following Notes:

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### Fair Value Measurement

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Disclosures regarding Fair Value Measurement Hierarchy	Note F
Investment Properties	Note C.10
Investments in unquoted Equity Shares	Note F
Financial Instruments (including those carried at Amortized Cost)	Note F

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 categorization (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 ("Group's management") determines the policies and procedures for recurring fair value measurement, such as investment properties and certain financial assets.

At each reporting date, the Group's management 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 Group's management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Generally external valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is determined annually by the Group's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### C.3 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 for the majority of the subsidiaries which are fully consolidated. The Group's performance and its liquidity management is measured in Euros. Therefore, the Euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As the sole exception, for CRM the functional currency is the British Pound (GBP).

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 recognized 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.

On consolidation, the assets and liabilities of foreign operations (i.e. CRM) are translated into Euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

### C.4 GOODWILL

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units.

### C.5 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Amortization is calculated on a straight-line basis over the estimated useful lives of the intangible assets with a finite life, as follows:

- Software 3 to 5 years
- Asset Management Agreements 2 to 17 years
- Order Backlog up to 2 years
- Customer Relationships 4 years
- Corporate Brand 'YOUNIQ' 14 years

Intangible assets with indefinite useful lives relate to goodwill and brand names. Goodwill and brand names are not amortized but are tested for impairment annually at the cash-generating unit level.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

## C.6 INVESTMENTS IN ASSOCIATES & JOINT VENTURES

### Recognition and subsequent measurement

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 Group's investments in its Associates and Joint Venture are accounted for using the equity method. Under the equity method, the investment in an Associate or a Joint Venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the Associate or Joint Venture since the acquisition date.

Goodwill relating to the Associate or Joint Venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss 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 recognized directly in the equity of the Associate or Joint Venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized 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 from Associates or Joint Ventures on the face of the consolidated statement of profit and loss. All balance sheet items and line items in the Consolidated Statement of Comprehensive Income that are related to the associated entities belong to the Alignment Capital segment.

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 or Joint Ventures at fair value rather than at cost (see below).

After application of the equity method, the Group determines whether it is necessary to recognize 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 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 Joint Venture and its carrying amount, and then recognizes the loss as Share of profit/(loss) of an Associate or Joint Venture in the statement of profit and loss.

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

## Investment properties

Associates invest in investment properties. Investment properties 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 derecognized when they are sold. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

## C.7 FINANCIAL ASSETS

### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in the following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through profit or loss

### Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, other receivables and cash and cash equivalents.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as fair value through profit or loss if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as fair value through profit or loss unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes long-term receivables, other financial instruments and loans to associates.

### De-recognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or when a financial instrument is written off. Therefore, a financial asset is derecognised when there is no reasonable expectation of recovering the contractual cash flows.

### Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in Note C.1.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Group determines that a debt instrument has significantly increased in credit risk when its contractual cash flows and the underlying contractual agreements are amended adversely.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for mass business transactions that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment as well as supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables relating to one single debtor that constitute more than ten percent of the total balance as at 31 December are separated and evaluated either on individual credit ratings if available or based on corresponding sector indices.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (e.g. gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in the sector where the Group operates, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Credit assessment is performed on a regular basis both by the accounting department as well as fund and asset management in consultation with executive management.

## C.8 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:

- Owner-occupied buildings 33 to 50 years,
- 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 derecognized 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 statement of Profit and Loss.

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.

## C.9 LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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. Corestate does not apply IFRS 16 to leases of intangible assets.

### C.9.1 GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

The Group's right-of-use assets are included in tangible assets, i.e. in the same line item as that within which the corresponding underlying assets would be presented if they were owned.

#### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group

exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### C.9.2 GROUP AS A LESSOR

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## C.10 INVENTORIES

Inventories are primarily related to the Group's warehousing activities and comprise real estate acquired with the intention of selling it within the normal business cycle in the normal course of our warehousing business. In this respect, the "normal business cycle" may be a period of up to three years.

Inventories are valued at the lower of cost and net realizable 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 realizable 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.

## C.11 CONTRACT BALANCES

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are predominantly related to the Coupon Participation Fee of HFS.

### Contract liabilities

A contract liability is an entity's obligation to transfer goods or services to a customer for which the Group has received consideration. If a customer of the Group pays consideration or has a right to an amount of consideration that is unconditional, before the Group transfers its goods or services to the customer, a contract liability is recognized.

## C.12 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 and are classified as financial assets at amortised cost.

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.

## C.13 DISCONTINUED OPERATIONS

The Group classifies all subsidiaries as a discontinued operation when the entity either has been disposed of or met the requirements as held for sale and represents a separate major business line or a geographical area of operation. The criteria for classification of assets and liabilities as held for sale are met if their carrying amounts will be recovered principally through a sale transaction than through continuing use. Such assets and liabilities are measured at the lower of their carrying amount and fair value less cost to sell, which comprise the incremental costs directly attributable to the disposal, excluding finance costs and income tax expense.

For classification as discontinued operation the distribution of the underlying entity is highly probable, and it is available for immediate distribution in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

Property, plant and equipment as well as intangible assets are not depreciated or amortised once classified as held for sale.

All assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

## C.14 SHARE-BASED PAYMENTS

### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to

the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Notes D.11 and F.6.3).

### Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

## C.15 FINANCIAL LIABILITIES

### Initial recognition and measurement

At initial recognition, financial liabilities are classified as

- Financial liabilities at fair value through profit or loss (financial liabilities at FVTPL)
- Financial liabilities at amortized cost, or
- Derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

The Group's financial liabilities include mainly:

- Long-term and short-term financial liabilities to banks,
- Other long-term and short-term liabilities (mainly bonds and convertible bonds),
- Trade payables,
- Other non-current and current liabilities (mainly loans)

### Subsequent measurement

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

#### Financial Liabilities at amortized cost

This is the category most relevant to the Group. After initial recognition, the respective liabilities (e.g. interest-bearing payables, loans and other liabilities, e.g. convertible bonds) are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

#### Financial liabilities at FVTPL

Financial liabilities at FVTPL are subsequently measured at fair value through profit or loss. Financial liabilities are classified as fair value through profit or loss if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as fair value through profit or loss unless they are designated as effective hedging instruments.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

### De-recognition

A financial liability is derecognized 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

## C.16 PROVISIONS

### General

Provisions 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 statement of profit and loss 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 recognized as a financial expense.

## Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

## C.17 REVENUE FROM REAL ESTATE EQUITY SEGMENT

Revenues from Real Estate Equity segment result from fees from the operating equity business of the Group, such as:

- Acquisition Fees,
- Asset and Property Management Fees,
- Development Fees,
- Sales Fees,
- Promote Fees

and are recognized with reference to the relevant individual contractual terms and on accrual basis.

Acquisition 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 0.8% and 1.5% of the purchase price of the underlying assets of the portfolio, and in certain situations also a lump-sum on-boarding fee amounting to up to € 0.5m 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. The Group's contracts with customers for these types of services generally include one performance obligation. Revenue from Acquisition related Fees and Sales Fees is recognized at a point in time when the services are provided because none of the criteria in IFRS 15.35 is met.

Asset Management Fees are determined in a range of 0.35% and 0.60% of the value of the real estate assets of the projects and third-party assets managed 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.

The Group's contracts with customers for these types of services generally include one performance obligation. The Group has concluded that revenue from these services should be recognized over time when the services are provided because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. As the Group's efforts and inputs are expended evenly throughout the performance period, the Group recognizes revenues on a straight-line basis.

Development Fees are generated by providing development services for the construction of new or the repositioning of an existing property. This includes services like planning, coordination, technical management and economical administration as well as supervising work. The Group's contracts with customers for these types of services typically include one performance obligation that is predominantly fulfilled over time. Development fees are usually a percentage based on construction costs of the property paid conducting the above-mentioned services.

In certain transactions, the Group is entitled to receive a Promote fee (regularly up to 20% depending on the boutique) of the net project returns at the end of the life of a fund or deal structure if the overall return of the transaction surpasses a certain hurdle rate.

Net project returns are defined as operating income, aggregate proceeds from sales and refinancing proceeds, in each case net of all principal repayments, working capital requirements and after any debt service, and irrespective of whether these will be paid by way of capital repayment, dividends or by any other means to the investors (the Promote fee is basically being paid out as a disproportional profit allocation).

The Group's contracts with customers for these types of services generally include a single performance obligation.

## C.18 REVENUE FROM REAL ESTATE DEBT SEGMENT

Revenues from Real Estate Debt segment result from fees from the operating equity business of the Group, such as:

- Performance (Coupon Participation) Fees,
- Underwriting & Structuring Fees,
- Asset Management Fees (see Note C.18),
- Income from Mezzanine Loans,
- Income from Trading Activities

Coupon Participation Fees are generated through sustainable and significant excess returns of mainly HFS products (mezzanine financing) above a certain pre-agreed hurdle rate. The Group's contracts with customers for these types of services generally include one performance obligation.

Underwriting & structuring fees are determined in a range of 0.5% and 2.5% of the value of the real estate debt financing product. The fees are recognized at a point in time when the debt financing product is issued to the customer. The service of structuring real estate debt financing products is offered to institutional as well as private clients.

Income from mezzanine loans comprises the interest income from short-term bridging activities of mezzanine loans to Real Estate Development Companies in the German-speaking region. Such loans are intended to be transferred to the Mezzanine Funds managed by the Group as soon as a corresponding cash return or equity contribution in the funds takes place. The income from mezzanine loans is recognized according to IFRS 9. The disclosure as revenue is made because granting of mezzanine loans and the resulting interest income is a core business of Corestate.

Income from trading activities is recognized from Corestate Bank's underwriting business and proprietary trading. In the underwriting business, a bearer bond or

a promissory note loan is generated for a customer and is recognized as financial asset at Corestate Bank. After successful issuance, the sale of the financial asset to the customer takes place. The delta between the amount of the financial instrument on inception date and the amount of the financial instrument on date of sale is recognized as trading income. The measurement of the financial assets as well as the recognition of the trading income follows according to IFRS 9.

## C.19 EARNINGS FROM ALIGNMENT CAPITAL MANAGEMENT

### Share of Profit or Loss from Associates and Joint Ventures

Share of Profit or Loss from Associates and Joint Ventures relates to the Group's alignment capital investments and comprises the Group's share of the results of operations of the Associates using the equity method as well as gains and losses from the disposal of shares in Associates (see D.4.3). The periodic results of operations of the Associates 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.

Dividends from other Alignment Capital reflect the Group's share of the cash distribution of the investment and are recognized in the statement of profit or loss when the right of payment has been established. This is generally when shareholders approve the dividend.

## C.20 REVENUE AND OTHER EARNINGS FROM REAL ESTATE OPERATIONS AND WAREHOUSING

### Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Contingent rental income is recognized when it arises. Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Income arising from expenses recharged to tenants (Revenue from Service Charges) is recognized 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.

### Net Results from Property Holding and Warehousing Exits

Net Results from Property Holding and Warehousing Exits comprise the proceeds from selling real estate holding companies/inventories, less selling costs, less carrying amount 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.

The net gain/loss is recognized when control over the relevant real estate holding company is transferred to the buyer.

### C.21 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial Income comprises interest income from bank balances and loans granted and gains on the disposal of financial assets as well as foreign currency gains and losses. Interest income is recognized as it accrues in profit or loss, using the effective interest rate method (EIR-method).

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

### C.22 INCOME TAXES

#### Current income taxes

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.

#### 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 recognized 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.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, except:

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

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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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## D. NOTES TO THE STATEMENT OF PROFIT AND LOSS

At the beginning of 2021, the Group has changed its segmentation. As at 2021 the presented segments Real Estate Equity and Real Estate Debt (that were previously combined as Real Estate Investment Management) are shown as individual segments. By contrast, the remaining segments Alignment Capital and Warehousing/Real Estate Operations (which were previously presented separately) have been combined as Other Segments.

All disclosure to the statement of profit and loss are adjusted in line with IFRS 5 Discontinued Operations for the financial years 2021 and 2020.

## D.1 TOTAL EARNINGS BY INCOME LINE

The total earnings by income line comprise both revenues and other income items including corresponding expenses to provide comprehensive insight in the respective earnings for Real Estate Equity, Real Estate Debt and Other Segments.

The following revenues and income types determine the segments' top line (for further information regarding the Group's segment reporting please refer to Note F.1).

Revenue stream	Description	Recognition of Revenues, Other Income, and Gains and Losses
<b>Real Estate Equity</b>		
Acquisition Fees	fees are earned upon successful acquisition of assets	point in time (IFRS 15)
Asset & Property Management Fees	fees are earned over the holding period of the respective asset for providing both asset and property management services (series of distinct services), including success fees earned from managed equity funds above a certain hurdle rate	over time (IFRS 15)
Sales / Promote Fees	sales fee is a percentage of the asset value upon sale (net project returns); promote fees are gained once the overall return surpasses a certain hurdle rate	point in time (IFRS 15)
Development Fees	Fees are earned by providing technical expertise with regard to (re-)positioning real estate estates, including refurbishment, change in asset class, or other measures	over time (IFRS 15)
<b>Real Estate Debt</b>		
Underwriting & Structuring Fees	fees are earned upon successful structuring [placement] of real estate debt financing products	point in time (IFRS 15)
Asset Management Fees	fees are earned over the holding period of the respective asset for providing asset management services	over time (IFRS 15)
Performance Fee	success fee that allows the company to participate in the performance of its managed debt funds above a certain hurdle rate (coupon participation fee)	over time (IFRS 15)
Income from Mezzanine Loans	interest income yielding from short-term bridge financing via mezzanine loans for development companies	measurement of financial assets (IFRS 9)
Income from Trading Activities	margin income resulting from short-term trading activities of financing tranches	measurement of financial assets (IFRS 9)
<b>Other Segments</b>		
Income from Rental Income and Service Charges	income resulting from acting as lessor for assets that are in a warehousing structure	lease income (IFRS 16)
Net results from Property Holding and Warehousing Exits	occasional income/expense that results from sale of warehousing structures in share deals, liquidation of property holding structures after asset deals, and similar transactions	measurement of gain or loss on deconsolidation (IFRS 10); measurement of financial assets (IFRS 9)
Share of Profit or Loss from Associates	income results from the subsequent measurement of Corestate's share in the net profit of its associated entities	share of net profit (IAS 28)
Dividends from other Alignment Capital	income results from dividends paid by Corestate's associated entities	dividends (IAS 28)
Gains & Losses from fv Measurement of Financial Instruments	changes in fair value of Corestate's other financial instruments that are measured at fair value in line with the eligible IFRS 9 categories	measurement of financial assets (IFRS 9)

## D.2 TOTAL REVENUES FROM REAL ESTATE EQUITY SEGMENT

€ million	2021	2020
Revenue from Acquisition Fees	9.7	15.1
Revenue from Asset Management Fees	37.0	37.3
Revenue from Property Management Fees	5.3	3.9
Revenue from Sales and Promote Fees realised	23.0	4.9
Revenues from Development Fees	2.5	9.1
<b>Total</b>	<b>77.6</b>	70.4

### D.2.1 REVENUE FROM ACQUISITION FEES

The revenues from acquisition fees in 2021 amount to € 9.7m (2020: € 15.1m). The decline in revenue from acquisition fee is caused by a lower level of transaction volume.

### D.2.2 REVENUE FROM ASSET AND PROPERTY MANAGEMENT FEES

The revenues from asset management fees amounting to € 37.0m (2020: € 37.3m) are comparable to prior year's level. The increase in property management fees of the remaining property management business from € 3.9m to € 5.3m in 2021 is mainly due to higher occupancy rates in student housing.

### D.2.3 REVENUE FROM SALES/PROMOTE AND DEVELOPMENT FEES

Revenue from sales and promote fees increased to € 23.0m (2020: € 4.9m) primarily due to the signing for the sale of a Core+ office building located in Berlin amounting to € 9.8m. Also, the signing occurred for the sale of a Leipzig-based fund yielding a performance fee of € 9.3m. Closing for both transactions is expected for the first half of 2022.

In contrast, the revenue from development fees decreased to € 2.5m (2020: € 9.1m) due to a lower volume of services performed in project management and development coordination.

### D.2.4 TOTAL EXPENSES FROM REAL ESTATE EQUITY SEGMENT

Expenses from Real Estate Equity Segment of € 71.4m (2020: € 78.9m) include both personnel and overhead expenses (e.g. rent and leasing expenses, IT and telecommunication expenses, travel expenses, provisions for expected credit losses, legal and other advisory fees) relating to the Group's Real Estate Equity activities.

The decrease in 2021 is mainly due to the first results of the re-organisation of Corestate's real estate equity business with particular focus on the sales team.

## D.3 TOTAL REVENUES FROM REAL ESTATE DEBT SEGMENT

In 2020, the revenues and expenses in the Real Estate Debt segment were exclusively generated by HFS as Corestate Bank was only acquired in May 2021.

€ million	2021	2020
Revenue from Underwriting and Structuring Fees	36.0	18.8
Revenue from Performance Fees	49.5	44.3
Income from Mezzanine Loans	18.1	10.3
Revenue from Asset Management Fees	17.3	19.9
Income from Trading Activities	1.0	-
<b>Total</b>	<b>121.9</b>	93.3

### D.3.1 REVENUE FROM UNDERWRITING AND STRUCTURING FEES

The underwriting and structuring fees increased significantly by € 17.2m to € 36.0m (2020: € 18.8m) due to the additional project volumes at Corestate Bank with corresponding fee income, as well as higher underwriting fees at HFS mirroring the increased turnover in mezzanine bonds on Stratos funds' level.

### D.3.2 REVENUE FROM PERFORMANCE FEES

In 2021, the coupon participation fee amounts to € 49.5m (2020: € 44.3m) which was essentially contributed by HFS due to comparatively higher turnover in bonds on the funds' level.

### D.3.3 INCOME FROM MEZZANINE LOANS

Increased income from mezzanine loans of € 18.1m (2020: € 10.3m) parallels the interest income from short-term bridging activities through mezzanine loans to Real Estate developers. The increase is driven by a constant higher level of short-term bridge loans partially securing the project pipeline for the Stratos funds which is expected to be significantly reduced in the first half of 2022.

### D.3.4 REVENUES FROM ASSET MANAGEMENT FEES

Revenues from asset management fees in the real estate debt segment stood at € 17.3m (2020: € 19.9m) and are slightly below prior year corresponding to reduced fund volumes throughout 2021.

### D.3.5 INCOME FROM TRADING ACTIVITIES

Income from trading activities is exclusively generated by Corestate Bank and its proprietary trading of real estate debt financing products. Since the integration of Corestate Bank in May 2021 the income from trading activities amounted to € 1.0m.

### D.3.6 TOTAL EXPENSES FROM REAL ESTATE DEBT SEGMENT

Expenses from real estate debt segment of € 66.1m (2020: € 9.1m) include both personnel and overhead expenses (e.g. rent and leasing expenses, IT and telecommunication expenses, travel expenses, provisions for expected credit losses, legal and other advisory fees) relating to the Group's Real Estate Debt activities.

The significant increase in costs by € 57.0m is due to the addition of Corestate Bank as at May 2021, which led to higher personnel and non-personnel costs in this segment, and provisions for expected credit losses.

## D.4 NET INCOME FROM OTHER SEGMENTS

Overall, net income from other segments came in at € 15.9m (2020: € -1.8m). The main difference results from a significantly improved share of profit/loss from associates which was particularly affected by negative valuation impacts from COVID-19 in 2020, higher dividends from alignment capital, and positive effects of the disposal from alignment capital.

€ million	2021	2020
Income from Rental Income and Service Charges	6.2	6.4
Net Result from Property Holding and Warehousing Exits	(2.7)	(0.8)
Share of Profit/Loss from Associates and Joint Ventures	2.4	(9.3)
Dividends from other Alignment Capital	12.8	8.8
Gains/Losses from Fair Value Measurement of Financial Instruments related to Real Estate	(2.9)	(6.8)
<b>Total</b>	<b>15.9</b>	<b>(1.8)</b>

### D.4.1 INCOME FROM RENTAL INCOME AND SERVICE CHARGES

Net rental income of € 6.2m (2020: € 6.4m) primarily relates to income from one operational asset held as inventory. In 2021, a higher volume of service charge income was generated, which correspondingly led to higher expenses from other segments resulting in a slightly overall decrease.

### D.4.2 NET RESULT FROM WAREHOUSING EXITS

The net result from warehousing exits reflects primarily the realized margin from the Group's warehousing activities, eventual adjustments to the net realizable value to warehousing assets under development, and costs incurred in connection with the liquidation of previously used structures.

In 2021, the loss from warehousing activities amounted to € -2.7m (2020: € -0.8m), which mainly results from an adjustment to the net realizable value on a warehousing asset that will be sold in the first half of 2022.

### D.4.3 SHARE OF PROFIT/LOSS FROM ASSOCIATES

Share of profit/loss for the year of € 2.4m (2020: € -9.3m) comprises the Group's share of the results of operations of the Associates or the Joint Ventures using the equity method as well as gains and losses from the disposal of shares in Associates or Joint Venture.

In 2020, the COVID-19 pandemic situation had a visible negative impact on the Group's share of profit/loss from Associates. Major investments of the Associates are related to shopping malls and retail outlets that were significantly affected by the imposed lockdowns. Hence, these assets were mainly causing the negative valuation effect.

Due to the breakthrough in COVID-19 vaccines, the situation for these asset classes has normalized to some extent in 2021, which is reflected in the significantly improved share of profit/loss from associates which also includes some valuation gains.

### D.4.4 DIVIDENDS FROM OTHER ALIGNMENT CAPITAL

Dividends from other alignment capital amounting to € 12.8m (2020: € 8.8m) showed a rather stable development and are mainly driven by dividend payments from several funds of Hannover Leasing.

#### D.4.5 GAINS & LOSSES FROM FV MEASUREMENT OF FINANCIAL INSTRUMENTS RELATED TO REAL ESTATE

Gains/losses from fair value measurements of financial instruments related to real estate cumulated to € -2.9m (2020: € -6.8m) and comprise the Group's results of operations that are allocated to financial instruments measured at fair value through profit and loss.

The overall loss results primarily from negative valuation effects on Corestate's Opportunity Fund amounting to € 9.8m, which was partially offset by positive valuation effects related to the Stratos funds shares.

#### D.4.6 EXPENSES FROM OTHER SEGMENTS

Expenses from other segments totalled to € 7.5m (2020: € 22.9m) and include direct expenses in relation to the operation of the assets as a concurrent effect with the development of rental income as well as personnel and overhead expenses allocated to the Management of Associates.

#### D.5 OTHER INCOME

Other income increased to € 15.5m (2020: € 10.6m). The increase mainly results from two items on Hannover Leasing and HFS level. First, on Hannover Leasing level, a reversal of risk provisions amounting to € 2.8m in relation to receivables from two aircraft funds that had previously been fully written off. Second, on HFS level, fund-related expenses amounting to € 2.6m regarding a guaranteed interest have been refunded due to the sale of the underlying assets in 2021.

#### D.6 GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative Expenses of € 59.5m (2020: € 45.4m) include both personnel and overhead expenses not allocated to the segments Real Estate Equity, Real Estate Debt Segment or Other Segments.

Costs rose in particular as a result of the increase in the number of employees and the severance payments for the changes in Management Board positions as well as the costs for the acquisition of Corestate bank.

In addition, € 6.5m were recognized as provision for the transformation of the Group's organizational structures and formal plan to reduce double-structures.

#### D.7 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

€ million	2021	2020
Goodwill	(174.8)	(21.7)
Intangible Assets from Customer Relationships	(16.6)	-
Intangible Assets from Oder Backlog	(9.0)	-
Other Intangible Assets	(9.1)	(23.9)
Property, Plant and Equipment	(0.8)	(1.0)
Rights of Use	(3.3)	(3.1)
Others	(0.8)	(1.0)
<b>Total</b>	<b>(214.3)</b>	<b>(50.6)</b>

The main portion of depreciation is due to asset management contracts and order backlog as well as customer relationships that have been recognized as part of business combinations amounting to € 33.2m (2020: € 22.6m).

The increase in depreciation of recognized Intangible Assets as part of business combinations compared to prior year results from the recognition of customer relationships and order backlog in course of the acquisition of CORESTATE Bank (see Note B.2.2 for more information of the recognized order backlog and customer relationships).

The impairment of HFS goodwill is related to the segment Real Estate Debt segment (see Note E.1).

## D.8 FINANCIAL INCOME

In 2021, financial income increased by € 2.1m to € 7.3m (2020: € 5.2m). Income from currency translation effects increased by € 2.8m and relates to a beneficial development of exchange rates. In contrast, interest income stood nearly unchanged at € 3.7m compared to prior year.

€ million	2021	2020
Interest Income	3.7	3.1
Foreign Currency Income	3.6	0.8
Other Financial Income	0.0	1.3
<b>Total</b>	<b>7.3</b>	<b>5.2</b>

## D.9 FINANCIAL EXPENSES

Financial expenses decreased in 2021 by € 3.4m to € 25.6m (2020: € 29.0m). Interest expenses are mainly related to the two corporate bonds issued in 2017 and 2018 that amount to interest expenses of € 17.6m (2020: € 17.6m). Expenses from currency translation were € 1.3m lower than in the previous year. Other financial expenses mainly comprise bank charges.

€ million	2021	2020
Interest Expenses	(23.2)	(24.3)
Profit or Loss Attributable to NCIs	(0.2)	(0.1)
Foreign Currency Expenses	(1.7)	(3.0)
Other Financial Expense	(0.5)	(1.6)
<b>Total</b>	<b>(25.6)</b>	<b>(29.0)</b>

## D.10 INCOME TAX

€ million	2021	2020
Current Income Tax Expense	(14.3)	(14.9)
Deferred Taxes	27.7	7.9
<b>Total</b>	<b>13.4</b>	<b>(6.9)</b>

Income from deferred taxes mainly results from capitalized tax loss carry-forwards related to the Corestate Capital Group GmbH, which is in process of integrating Corestate Bank GmbH into its fiscal unity. This integration will allow setting off future profits generated within Corestate Bank GmbH with existing tax loss carry-forwards. Further, the deferred tax income is partly being offset by expenses from deferred taxes, which are mainly due to changes in both temporary valuation differences and higher valuation allowances for deferred tax assets on tax loss carry-forwards related to the sub-group Hannover Leasing.

## 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 24.94% (2020: 24.94%) for CCH SA in Luxembourg.

€ million	2021	2020
Consolidated Earnings before Taxes (EBT)	(206.2)	(61.9)
Luxembourg Statutory Income Tax Rate for CCH SA	24.94%	24.94%
<b>Projected Income Tax (Gain)/Burden</b>	<b>(51.4)</b>	<b>(15.4)</b>
Adjustments in Respect of income Tax of previous Years	1.7	2.8
Effect from Changes in Tax Rates	0.0	(0.2)
Current Tax Losses for which no deferred Tax Asset has been recognised	1.4	16.3
Effect from Permanent Differences	24.8	6.8
Effect from different Tax Rates	11.9	(2.0)
Effect from Dividends and Other Income Exempt from Taxation	(1.6)	(1.1)
Other Differences	0.2	(0.2)
<b>Income Tax Reported in the Group's Income Statement</b>	<b>(13.4)</b>	<b>6.9</b>
Effective Tax Rate	6.5%	11.30%

€ million	2021	2020
from Tax Loss Carry-Forwards	26.1	7.4
from temporary Differences on Accruals	2.4	1.6
from temporary Differences on Liabilities	0.9	0.4
from temporary Differences on Shares in Subsidiaries	8.5	8.3
from temporary Differences on Properties	0.0	1.8
from temporary Differences on Intangible Assets	1.0	0.1
from temporary Differences on Financial Assets	4.2	4.3
from temporary Differences on Receivables	1.0	0.7
from Valuation of Other Assets	0.3	0.0
from temporary Differences on Financial Liabilities	3.8	7.1
<b>Set-off of Deferred Tax Liabilities</b>	<b>(7.4)</b>	<b>(11.0)</b>
<b>Total</b>	<b>41.5</b>	<b>20.7</b>



## D.11 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:

	31 Dec 2021		31 Dec 2020	
	Number of Shares	Days	Number of Shares	Days
<b>Calculation of undiluted Shares</b>				
<b>Shares at the Beginning of the Period</b>	<b>25,666,025</b>	<b>365</b>	<b>21,179,449</b>	<b>365</b>
Issue of new Shares on 25 May 2021	8,500,000	221		
Issue of new Shares on 07 July 2021	27,783	178		
Reactivated Shares from Repurchasing Program			174,968	352
Issue of new Shares on 15 Jan 2020			125,226	352
Issue of new Shares on 11 Sep 2020			4,186,382	112
<b>Shares at the End of the Period</b>	<b>34,193,808</b>		<b>25,666,025</b>	
<b>Weighted Average Number of Shares for the Period</b>	<b>30,840,325</b>		<b>22,753,540</b>	
<b>Calculation of Diluted Shares</b>				
Issue of new Shares on 15 Jan 2020			54,037	352
<b>Weighted Average Number of Shares for the Period (diluted)</b>	<b>30,840,325</b>		<b>22,805,562</b>	

The effect from potential ordinary shares from the conversion of convertible bonds was ignored for determining dilutive EPS as the conversion price set out in the terms and conditions for the convertible bond is fixed at € 61.958 per share (only subject to anti-dilution adjustments), which is significantly higher than the average market price of Corestate's shares during 2021. The Group's management therefore considered the convertible bonds to be anti-dilutive as it is very unlikely that the bond could be converted into ordinary shares.

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

	2021	2020
<b>Loss attributable to Ordinary Equity Holders of the Parent:</b>		
Continued Operations (€m)	(193.8)	(65.3)
Discontinued Operations (€m)	(7.2)	(3.8)
<b>Loss attributable to Ordinary Equity Holders of the Parent for basic Earnings</b>	<b>(201.1)</b>	<b>(69.1)</b>
<b>Weighted Average Number of Ordinary Shares (undiluted):</b>		
Share Capital	30,840,325	22,753,540
<b>Weighted Average Number of Ordinary Shares (Total)</b>	<b>30,840,325</b>	<b>22,753,540</b>
Earnings per Share from discontinued Operations	(0.23 €)	(0.17 €)
<b>Earnings per Share from continued Operations</b>	<b>(6.29) €</b>	<b>(2.87) €</b>
<b>Earnings per Share</b>	<b>(6.52) €</b>	<b>(3.04) €</b>

# E. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## E.1 GOODWILL

As at 31 December 2021 the Goodwill of € 487.2m (2020: € 577.7m), which was allocated to multiple CGUs within both the Real Estate Equity and Real Estate Debt segment, comprises the following individual positions:

€ million	2021	2020
<b>Real Estate Debt</b>		
HFS Helvetic Financial Services AG	345.4	520.1
Corestate Bank GmbH	94.6	-
<b>Real Estate Equity</b>		
STAM Europe	32.2	32.2
HANNOVER LEASING GmbH & Co. KG	15.0	15.0
CRM Students Ltd.	-	10.3
<b>Total</b>	<b>487.2</b>	<b>577.7</b>

On 25 May 2021, Corestate acquired Corestate Bank (see Note B.2.2), which led to an increase in Goodwill from business combination amounting to € 94.6m (see Note B.2.2).

With the intention to sell the CGU CRM in November 2021, goodwill on CRM Students Ltd of € 10.3m was reclassified and reported as assets held for sale in accordance with IFRS 5 (see Note B.2.3). Therefore, any disclosures on CRM are no longer provided.

The recoverable amount (value in use) of HFS was below the carrying value. Therefore the goodwill had to be impaired by € 174.8m.

## Goodwill

€ million	2021	2020
<b>Acquisition Cost</b>		
As at 01 January	599.4	567.1
Changes in Scope of Consolidation	84.3	32.3
<i>Additions</i>	94.6	32.2
<i>Currency translation effects</i>	-	(0.1)
<i>Disposals/Reclassification</i>	(10.3)	-
<b>As at 31 December</b>	<b>683.7</b>	<b>599.4</b>
<b>Amortisation and Impairment Losses</b>		
As at 01 January	21.7	-
Impairment for the year	174.8	21.7
<b>As at 31 December</b>	<b>196.5</b>	<b>21.7</b>
<b>Total (Carrying Amount)</b>	<b>487.2</b>	<b>577.7</b>

The Group performed its annual impairment test at year-end. The Group determines whether goodwill and other intangible assets with indefinite useful lives are impaired at least on an annual basis. Since brand names do not generate independent cash flows they form part of the assets within the respective CGUs which are tested for impairment.

The following major assumptions have been applied for determining value in use:

	2021	2020
<b>CGU HFS Helvetic Financial Services AG</b>		
Discount Rate (before Tax)	8.9%	8.1%
Growth Rate after Year 5	1.0%	1.0%
<b>CGU Hannover Leasing GmbH &amp; Co. KG</b>		
Discount Rate (before Tax)	7.0%	6.4%
Growth Rate after Year 5	1.0%	1.0%
<b>CGU STAM</b>		
Discount Rate (before Tax)	7.5%	5.6%
Growth Rate after Year 5	1.0%	1.0%
<b>CGU Corestate Bank</b>		
Equity Costs	9.1%	-
Growth Rate after Year 5	1.0%	-

The Group's most recent budget and forecast as well as extrapolations for periods beyond budgeted projections include a detailed budget for 2022 as well as a medium-term projection of 4 years for each CGU until 2026. The last year depicts the perpetual annuity that includes the last year of the medium-term projection with an additional growth rate of 1.0% for all CGUs. Due to the ongoing COVID-19 implications, the budget assumptions for 2022 and forecasted projections were still subjected to a lower transaction volume compared to pre-COVID-19 periods.

The Group expects the number of transactions to normalize to a pre-pandemic level across all asset classes in the following years. Therefore the planning assumptions for the medium-term projections show a higher transaction volume compared to both 2020 and 2021 as well as an improved long-term profitability.

The impairment of HFS is mainly caused by an expected significant lower fund volume in Stratos funds in 2022. Management expects a strong recovery of the funds' volume close to prior years' level in the mid-term perspective. In case the recovery of the funds' volume does not occur at all the goodwill on HFS would be reduced by another 44.8%.

For HL, the Group expects a continued focus on business with semi-institutional investors and expects the budgeted sales to be on a level of the year 2021.

For STAM, the Group expects – after two years which were negatively affected by COVID-19 – a solid transaction volume given the focus on Core/Core+ and logistic assets which is expected to further accelerate over the planning period resulting in a sales development averaging double-digit growth. At CORESTATE Bank, the Group assumes a solid growth of the underlying business as well as a strong demand of the trading activities over the planning period. These assumptions result in a moderate sales growth.

Mid-term and long-term assumptions that are reflected in the respective budgets for these CGU did not materially change compared to prior year. A sensitivity analysis was performed on the major assumptions for the impairment test. The following table shows an analysis at what percentage these assumptions must change to reach a headroom of zero; for newly acquired Corestate Bank only 2021 figures are listed.

CGU	EBITDA		WAAC Post Tax		Growth Rate	
	2021	2020	2021	2020	2021	2020
HFS	-	-20.6%	-	10.3%	-	-3.3%
Corestate Bank	-40.8%	-	13.1%	-	-4.9%	-
HL	-56.4%	-38.3%	11.3%	9.1%	-7.0%	-3.5%
STAM	-36.6%	-59.4%	9.4%	9.4%	-3.6%	-6.6%

## E.2 OTHER INTANGIBLE ASSETS

As a result of the purchase price allocation of CORESTATE Bank an amount of € 11.2m and € 25.5m was identified as order backlog respectively as customer relationships. The order backlog and the customer relationships are subject to scheduled amortization based on useful lives of 19 months (order backlog) and of 4 years (customer relationship). At year-end 2021, the majority of the backlog has already been amortized, as this portion was related to one major real estate financing transaction that has already been completed. In addition, an impairment was recognized on the customer relationships in the amount of € 12.9m at the end of the year, due to management reassessment of the future businesses with the customers included in the recognized customer relationships (for more details of the business combination of CORESTATE Bank see Note B.2.2).

The remaining other intangible assets include mainly brand names and acquired asset management contracts. These contracts have remaining useful lives between 1 and 16 years. The brand names have indefinite useful lives.

As at 31 December 2021, brand names amounting to € 46.7m (2020: € 47.1m) were tested for impairment as part of the annual impairment testing of CGUs of real estate equity segment resulting in no need for impairment (see Note E.1).

The reclassifications of acquired asset management contracts and other intangible assets include the relevant assets of CRM and Capera, which were reclassified and reported as assets held for sale in accordance with IFRS 5 (see Note B.2.3).

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€ million	Brand Names	Acquired Management Contracts	Customer Relationships	Order Backlog	Other intangible Assets	31 Dec 2021	31 Dec 2020
<b>Acquisition cost</b>							
As at 01 January	47.3	125.3	-	-	9.0	181.6	179.8
Additions from Business Combinations	-	-	25.5	11.2	-	36.7	9.2
Currency Changes	-	-	-	-	-	-	0.1
Additions	-	-	-	-	0.2	0.2	2.7
Disposals / Reclassifications	-	(11.7)	-	-	(1.6)	(13.3)	(10.1)
<b>As at 31 December</b>	<b>47.3</b>	<b>113.6</b>	<b>25.5</b>	<b>11.2</b>	<b>7.6</b>	<b>205.2</b>	<b>181.6</b>
<b>Amortisation and Impairment Losses</b>							
As at 01 January	0.2	90.0	-	-	3.6	93.8	70.2
Additions to cumulative Amortization	0.5	5.6	3.7	9.0	1.4	20.2	26.2
Impairment	-	1.6	12.9	-	-	14.5	-
Disposals / Reclassifications	-	(7.9)	-	-	(0.2)	(8.0)	(2.6)
<b>As at 31 December</b>	<b>0.7</b>	<b>89.3</b>	<b>16.6</b>	<b>9.0</b>	<b>4.8</b>	<b>120.4</b>	<b>93.8</b>
<b>Total (Carrying Amount)</b>	<b>46.7</b>	<b>24.3</b>	<b>8.9</b>	<b>2.2</b>	<b>2.8</b>	<b>84.8</b>	<b>87.8</b>

## E.3 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The table below shows the key financial information of the Group's five major investments in main associates and joint ventures:

€ million	Vision One	Liver	Quartier West	Highstreet VIII	Echo	Other <sup>1</sup>
Other non-current Assets	158.2	97.8	31.8	228.9	69.6	1,074.7
Cash (restricted and free Cash)	0.3	2.5	0.1	16.6	1.1	72.8
Other current Assets	10.2	4.0	-	12.3	0.8	45.3
Non-current financial Liabilities	(81.4)	(36.1)	-	(142.0)	-	(295.5)
Other non-current Liabilities	-	(1.1)	-	(43.4)	(1.0)	(94.3)
Current financial Liabilities	(47.0)	-	-	(4.2)	(38.8)	(228.2)
Other current Liabilities	(1.7)	(1.1)	(0.0)	(12.2)	(6.3)	(33.6)
<b>Equity</b>	<b>38.7</b>	<b>66.0</b>	<b>31.9</b>	<b>56.1</b>	<b>26.4</b>	<b>541.2</b>
Revenues	0.0	6.7	0.3	18.2	2.3	43.0
Interest Income	0.0	-	-	-	-	0.0
Interest Expenses	(0.2)	(1.2)	(0.0)	(4.0)	(0.6)	(10.3)
Income Tax Expense or Income	-	2.6	-	0.5	0.1	(3.8)
<b>Profit / (Loss) from continuing Operations</b>	<b>(1.5)</b>	<b>6.3</b>	<b>(0.2)</b>	<b>1.6</b>	<b>0.0</b>	<b>73.1</b>
Total comprehensive Income	(1.5)	6.3	(0.2)	1.6	0.0	(73.4)

<sup>1</sup> Others include investments  
< € 15m carrying value

The table below shows the key financial information of the Group's major investments in associates and joint ventures as at 31 December 2020:

€ million	Highstreet VIII	Liver	Quartier West	Echo	Other <sup>1</sup>
Other non-current Assets	227.7	79.7	31.3	60.2	911.9
Cash (restricted and free Cash)	17.7	1.9	0.1	2.3	60.7
Other current Assets	11.9	0.8	-	1.4	9.0
Non-current financial Liabilities	(146.0)	(34.0)	-	(29.0)	(355.4)
Other non-current Liabilities	(47.1)	1.4	-	(1.7)	(38.7)
Current financial Liabilities	(3.0)	0.0	-	0.0	(137.0)
Other current Liabilities	(11.6)	(1.3)	(0.0)	(6.0)	(39.2)
<b>Equity</b>	<b>49.7</b>	<b>48.5</b>	<b>31.4</b>	<b>27.3</b>	<b>411.3</b>
Revenues	19.5	5.3	-	2.0	34.4
Interest Income	0.0	0.0	-	-	0.0
Interest Expenses	(4.2)	(1.0)	(0.2)	(0.5)	(6.6)
Income Tax Expense or Income	1.6	1.5	-	0.0	2.1
<b>Profit / (Loss) from continuing Operations</b>	<b>(10.6)</b>	<b>(6.4)</b>	<b>(1.0)</b>	<b>(5.6)</b>	<b>(35.7)</b>
Total comprehensive Income	(10.6)	(6.4)	-	(5.6)	(35.7)

<sup>1</sup> Others include investments < € 15m carrying value

Investment properties held by the associates are measured at fair value in line with IAS 40, which includes assumptions on macro and micro economic developments in the future. Developments held as inventory by the investments are valued at cost or net realizable value.

A significant addition of € 22.5m results from the project VISION ONE while the other additions essentially represent capital increases.

In contrast to the year 2020, which was strongly characterized by COVID-19 restrictions, in 2021 a recovery and stabilization of the hotel/serviced living assets managed by the Group was observed.

In addition, the profit share for the period rose to € 3.7m, which can be primarily linked to positive valuation results for the projects LIVER, TEMPELHOF TWINS, and TURICUM.

The following table shows the participation quote and the movements in Group's investments in associates and joint ventures:

Project	Participation Quote 01 Jan 2021	Participation Quote 31 Dec 2021	01 Jan 2021	Additions/ Transfers	Share of Profit/ (Loss) for the Period	Dividends and Capital Repayments received in Cash	Disposals/ Transfers	Currency Translation Adjustments	31 Dec 2021
VISION ONE	-	21.5%	-	22.5	-	-	-	-	22.5
LIVER	35.1%	35.1%	17.8	-	1.8	-	-	1.1	20.7
QUARTIER WEST	31.7%	31.7%	13.7	-	(0.3)	-	(0.1)	-	13.3
HIGHSTREET VIII	21.6%	21.6%	10.1	-	0.3	-	-	-	10.4
ECHO	38.1%	38.1%	11.3	0.3	(1.2)	-	-	-	10.4
TEMPELHOF TWINS	10.1%	10.1%	6.5	0.1	1.6	(0.0)	-	-	8.1
TABLAS	48.5%	48.5%	6.6	-	(0.1)	(0.0)	-	-	6.5
TURICUM	6.0%	6.0%	2.6	-	3.0	-	-	-	5.6
HIGHSTREET VI	10.0%	10.0%	4.9	-	0.2	-	-	-	5.0
PALLARS	48.6%	48.6%	5.1	-	(0.3)	(0.0)	-	-	4.8
HIGHSTREET PII	10.0%	10.0%	3.9	0.1	(0.1)	-	-	-	3.9
NEUSS	35.5%	26.6%	5.0	-	0.3	-	(1.8)	-	3.5
OLYMPIC	10.5%	10.5%	3.3	0.2	(0.0)	(0.0)	-	-	3.4
<b>Associates, Subtotal</b>			<b>90.8</b>	<b>23.2</b>	<b>5.2</b>	<b>(0.1)</b>	<b>(1.9)</b>	<b>1.1</b>	<b>118.2</b>

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Project	Participation Quote 01 Jan 2021	Participation Quote 31 Dec 2021	01 Jan 2021	Additions/ Transfers	Share of Profit/ (Loss) for the Period	Dividends and Capital Repayments received in Cash	Disposals/ Transfers	Currency Translation Adjustments	31 Dec 2021
<b>Associates, Subtotal</b>			<b>90.8</b>	<b>23.2</b>	<b>5.2</b>	<b>(0.1)</b>	<b>(1.9)</b>	<b>1.1</b>	<b>118.2</b>
PLUTOS	11.5%	11.5%	2.8	-	0.0	(0.1)	-	-	2.7
BAIN	10.0%	10.0%	2.2	0.5	(0.1)	-	-	-	2.6
BOCHUM	10.1%	10.1%	1.8	0.2	(0.2)	-	-	-	1.8
CONDOR	10.5%	10.5%	1.4	0.2	0.0	-	-	-	1.7
ISABELA	11.1%	11.1%	1.5	0.0	(0.0)	-	-	-	1.5
CASSANDRA	11.0%	11.0%	1.3	0.2	(0.1)	(0.0)	-	-	1.3
ANNAPURNA	10.3%	10.3%	1.3	-	(0.0)	-	-	-	1.3
POSEIDON	10.4%	10.4%	1.4	-	(0.3)	(0.0)	-	-	1.0
DONALD	5.1%	5.1%	0.8	-	0.2	(0.0)	-	-	1.0
VENLOER4711	10.1%	10.1%	0.7	-	0.1	-	-	-	0.8
ACROSS	12.3%	5.5%	1.0	-	(0.8)	-	-	-	0.3
ROSE	5.4%	5.4%	0.1	-	0.0	-	-	-	0.2
HABANA	49.0%	49.0%	0.1	-	0.0	-	-	-	0.1
KING	10.6%	10.6%	0.5	-	(0.5)	-	-	-	0.0
FLIGHT 47	26.0%	-	0.4	0.0	-	-	(0.4)	-	-
<b>Associates, Total</b>			<b>108.0</b>	<b>24.2</b>	<b>3.7</b>	<b>(0.2)</b>	<b>(2.3)</b>	<b>1.1</b>	<b>134.5</b>
MOVIESTAR	18.0%	18.0%	10.4	-	(0.2)	-	-	-	10.2
RAW	50.0%	45.0%	2.3	(0.1)	(1.1)	-	-	-	1.1
SCORE	50.0%	50.0%	0.0	-	0.1	-	-	-	0.1
SANTES FAIR	50.0%	50.0%	0.0	0.0	0.1	-	(0.1)	-	-
ACCONTIS EXPORO	50.0%	50.0%	0.0	-	(0.0)	(0.0)	-	-	0.0
<b>Joint Venture, Total</b>			<b>12.8</b>	<b>(0.1)</b>	<b>(1.2)</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>-</b>	<b>11.4</b>
<b>Total</b>			<b>120.8</b>	<b>24.1</b>	<b>2.5</b>	<b>(0.2)</b>	<b>(2.5)</b>	<b>1.1</b>	<b>145.9</b>

The following table shows the participation quote and the movements in Group's investments in associates and joint ventures in 2020:

Project	Participation Quote 01 Jan 2020	Participation Quote 31 Dec 2020	01 Jan 2020	Additions/ Transfers	Share of Profit/ (Loss) for the Period	Dividends and Capital Repayments received in Ccash	Disposals/ Transfers	Currency Translation Adjustments	31 Dec 2020
LIVER	34.6%	35.1%	20.8	-	(1.8)	-	-	(1.2)	17.8
QUARTIER WEST	37.3%	31.7%	12.6	3.4	(0.3)	-	(2.0)	-	13.7
ECHO	37.7%	38.2%	13.0	-	(1.8)	-	-	-	11.3
HIGHSTREET VIII	21.1%	21.6%	11.3	-	(0.9)	(0.3)	-	-	10.1
TABLAS	42.7%	42.7%	5.8	1.6	(0.8)	-	-	-	6.6
Tempelhof Twins	11.0%	11.0%	5.9	0.2	0.4	-	-	-	6.5
PALLARS	42.4%	42.4%	1.3	4.1	(0.3)	-	-	-	5.1
Neuss	-	35.5%	-	5.0	-	-	-	-	5.0
HIGHSTREET VI	10.0%	10.0%	5.0	-	(0.2)	-	-	-	4.9
HIGHSTREET PII	10.0%	10.0%	4.2	-	(0.3)	-	-	-	3.9
OLYMPIC	10.0%	10.5%	5.3	0.2	(2.2)	-	-	-	3.3
PLUTOS	10.2%	13.0%	2.5	-	0.3	-	-	-	2.8
TURICUM	5.5%	6.0%	2.7	-	(0.1)	-	-	-	2.6
BAIN	10.0%	10.0%	0.8	1.7	(0.2)	-	-	-	2.2
BOCHUM	10.1%	10.1%	1.8	-	(0.0)	-	-	-	1.8
ISABELA	10.5%	11.7%	0.5	0.1	0.8	-	-	-	1.5
CONDOR	10.0%	10.5%	1.8	0.1	(0.5)	(0.1)	-	-	1.4
POSEIDON	10.1%	10.7%	2.2	-	(0.0)	(0.8)	-	-	1.4
ANNAPURNA	10.3%	10.3%	3.1	-	(0.2)	(1.5)	-	-	1.3
CASSANDRA	10.5%	11.0%	1.3	-	(0.0)	-	-	-	1.3
<b>Associates, Subtotal</b>			<b>102.0</b>	<b>16.4</b>	<b>(8.1)</b>	<b>(2.7)</b>	<b>(2.0)</b>	<b>(1.2)</b>	<b>104.3</b>

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Project	Participation Quote 01 Jan 2020	Participation Quote 31 Dec 2020	01 Jan 2020	Additions/ Transfers	Share of Profit/ (Loss) for the Period	Dividends and Capital Repayments received in Ccash	Disposals/ Transfers	Currency Translation Adjustments	31 Dec 2020
<b>Associates, Subtotal</b>			<b>102.0</b>	<b>16.4</b>	<b>(8.1)</b>	<b>(2.7)</b>	<b>(2.0)</b>	<b>(1.2)</b>	<b>104.3</b>
ACROSS	10.0%	12.3%	1.1	-	(0.1)	-	-	-	1.0
DONALD	5.1%	5.1%	0.9	-	(0.0)	(0.0)	-	-	0.8
KING	10.0%	10.6%	0.6	-	(0.0)	-	-	-	0.5
FLIGHT 47	24.7%	26.0%	0.4	-	-	-	-	-	0.4
Venloer4711	10.1%	10.1%	1.1	-	(0.5)	-	-	-	0.7
HABANA	46.5%	49.0%	0.1	0.0	0.0	-	-	-	0.1
ROSE	5.4%	5.4%	0.2	-	(0.0)	-	-	-	0.1
HIGHSTREET VII	40.8%	41.1%	6.7	35.8	(0.1)	(42.2)	(0.2)	-	0.0
VOLARE	94.9%	100.0%	0.1	-	(0.0)	-	(0.1)	-	0.0
ENERGY	0.0%	Merged	0.0	-	-	-	(0.0)	-	0.0
<b>Associates, Total</b>			<b>113.2</b>	<b>52.1</b>	<b>(8.9)</b>	<b>(44.9)</b>	<b>(2.3)</b>	<b>(1.2)</b>	<b>108.0</b>
Moviestar	18.0%	18.0%	10.4	-	-	-	-	-	10.4
RAW	50.0%	50.0%	2.9	-	(0.5)	-	-	-	2.3
SCORE	50.0%	50.0%	0.0	-	(0.0)	-	-	-	0.0
Santes Fair	50.0%	50.0%	0.0	-	(0.0)	-	-	-	0.0
Accontis Exporo	47.5%	50.0%	0.0	-	(0.0)	-	-	-	0.0
<b>Joint Venture, Total</b>			<b>13.4</b>	<b>-</b>	<b>(0.5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.8</b>
<b>Total</b>			<b>126.5</b>	<b>52.1</b>	<b>(9.4)</b>	<b>(44.9)</b>	<b>(2.3)</b>	<b>(1.2)</b>	<b>120.8</b>

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

€ million	Property Value (10%)	Property Value (5%)	Carrying Value	Property Value (-5%)	Property Value (-10%)
2021	163.3	154.8	<b>145.9</b>	137.0	127.5
2020	138.4	129.7	<b>120.8</b>	111.8	102.0

## E.4 OTHER FINANCIAL INSTRUMENTS

The major positions for 2021 relate to Corestate's Opportunity Fund and the Stratos funds managed by HFS. Both funds are treated as equity instruments designated at fair value through profit and loss (a sensitivity analysis of the Level 3 fair value measurement is presented in Note F.5).

The remaining financial instruments predominantly contain minority shares in partnership structures managed by HL, which are invested in real estate. Since shares in partnerships are treated as debt instruments, valuation changes are recognized in profit and loss.

The following overview shows the amount of the major positions of Group's other financial instruments:

€ million	2021	2020
Opportunity Fund	48.6	58.4
Stratos Funds	37.5	35.6
Private Invest	7.5	9.8
Bel Air	7.4	7.6
Weitblick Augsburg	5.0	-
Covent Garden	4.9	4.8
Johannis Quartier Chemnitz	3.9	-
Herschel	3.2	1.4
HeWiPPP	2.3	2.6
Nigresco	2.3	2.4
Other Instruments	28.8	31.3
<b>Total</b>	<b>151.5</b>	<b>153.9</b>

The other financial instruments amount to € 151.5m (2020: € 153.9m) whereas movement is mainly caused by two equity placements within the fund portfolio of Hannover Leasing, in an amount of € 8.8m, and a negative valuation effect in Opportunity Fund amounting to € -9.8m. In contrast to the negative valuation effect, the Stratos Funds and the HL portfolio 'Herschel' had a positive valuation effect totalling to € 3.7m.

## E.5 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS

€ million	Land and Buildings	Office and other Equipment	2021	2020
<b>Acquisition Cost</b>				
As at 01 January	24.4	13.7	38.1	32.2
Changes in Scope of consolidated Companies	0.6	0.6	1.2	0.4
Currency Changes	-	-	-	(0.1)
Additions	1.8	0.5	2.3	9.3
Disposals / Reclassifications	(7.4)	(6.9)	(14.3)	(3.7)
<b>As at 31 December</b>	<b>19.4</b>	<b>7.9</b>	<b>27.2</b>	<b>38.1</b>
<b>Depreciation and Impairment Losses</b>				
As at 01 January	6.1	9.7	15.8	8.0
Changes in Scope of consolidated Companies	-	0.1	0.1	0.3
Currency translation effects	-	-	-	(0.0)
Additions to cumulative Depreciation	3.1	1.0	4.1	8.9
Disposals / Reclassifications	(1.3)	(4.9)	(6.2)	(1.2)
<b>As at 31 December</b>	<b>7.9</b>	<b>5.9</b>	<b>13.8</b>	<b>15.8</b>
<b>Total (Carrying Amount)</b>	<b>11.4</b>	<b>2.0</b>	<b>13.4</b>	<b>22.3</b>

Changes in scope of consolidated companies contain the assets acquired from the purchase of Corestate Bank.

The addition of € 2.3m mainly relates to new and extended lease contracts as well as new office and other equipment in Corestate Capital Advisors GmbH and Corestate Bank.

The respective reclassifications of land and buildings and office and other equipment include the assets of CRM and Capera, which were reclassified and reported as assets held for sale in accordance with IFRS 5. In addition, a disposal in land and buildings is due to the shortening of the lease term for the office building in Frankfurt on Main (see Note E.6).

## E.6 LEASED ASSETS

The Group acts as a lessee of office premises, office and other equipment, and cars. Office premises have lease terms between one and 17 years, whilst cars and office equipment have lease terms mostly between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

€ million	Office Premises	Cars	Office Equipment	Other Assets	Total
As at 01 January 2021	18.2	0.3	0.1	0.3	19.0
Additions	1.3	0.3	0.0	0.0	1.4
Disposals / Reclassification	(4.9)	(0.2)	(0.0)	(0.1)	(5.2)
Depreciation	(3.2)	(0.1)	(0.0)	(0.1)	(3.4)
<b>As at 31 December 2021</b>	<b>11.4</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>	<b>11.8</b>

Set out below are the carrying amounts of lease liabilities (included in other financial liabilities) and the movements during the period:

€ million	2021	2020
As at 01 January	27.4	21.0
Additions	1.5	11.0
Disposals / Reclassification	(5.3)	-
Accretion of Interest	0.8	1.1
Payments	(4.9)	(5.7)
<b>As at 31 December</b>	<b>19.5</b>	<b>27.4</b>

In 2021, a remeasurement of the lease contract for Corestate's headquarter in Frankfurt was made after the decision for moving into new facilities at the end of 2022; this resulted in a reduction of the right of use assets amounting to € 4.1m and of the lease liability of € 4.6m (see also Note E.18). The maturity analysis of lease liabilities is disclosed in Note F.4.1 Liquidity risk.

The following table shows the amounts recognised in profit or loss (the disclosure to the statement of profit and loss is adjusted in line with IFRS 5 Discontinued Operations for the financial years 2021 and 2020):

€ million	2021	2020
Depreciation Expense of right-of-use Assets	(3.3)	(3.1)
Income of Subleasing recognized at Inception Date	-	2.7
Interest Expense on Lease Liabilities	(0.9)	(1.0)
Interest Income on Lease Receivables	0.3	0.3
Expense relating to Leases of low-value Assets	(0.2)	(0.2)
Expense relating to short-term Leases	(0.0)	(0.0)
<b>Total Amount recognised in Profit or Loss</b>	<b>(4.1)</b>	<b>(1.3)</b>

Corestate had total cash outflows for leases of € 5.1m (2020: € 5.9m).

## E.7 NON-CURRENT RECEIVABLES

€ million	2021	2020
Non-current Loans to Third Parties	34.2	33.6
Non-current Loans to former Majority Shareholder of HL	8.0	8.5
Non-current Loans Other	9.5	11.6
<b>Total</b>	<b>51.7</b>	<b>53.7</b>

Non-current receivables remain nearly unchanged to previous year. The other non-current loans mainly included leasing receivables in an amount of € 9.0m (2020: € 11.1m).

The carrying amount of non-current receivables has been reduced by a provision for expected credit losses in an amount of € 0.1m (2020: € 0.2m; for further details of the credit risk see Note F.4.2).

## E.8 NON-CURRENT LOANS TO ASSOCIATES

€ million	2021	2020
HL Invest Neuss GmbH	3.0	7.0
Kanada Haus KG	5.6	5.6
Pallars AIF HoldCo Sarl	1.9	1.9
Others	4.4	5.1
<b>Total</b>	<b>14.9</b>	<b>19.6</b>

The carrying amount of non-current loans to associates has been reduced by a provision for expected credit losses in an amount of € 9.5m (2020: € 7.5m; for further details of the credit risk see Note F.4.2).

## E.9 INVENTORIES

Inventories comprise real estate properties in “Real Estate Operations and Warehousing” as part of the other segments which are deemed to be converted into investment products by way of selling them into independent investment structures.

At the end of 2021, inventories totalling € 100.0m (2020: € 73.8m) are primarily related to the Projects Highstreet Giessen and Wallhalla, a micro-living asset development located in Bremen. Two development assets located in Spain complete the inventories.

The increase in inventories is predominantly the result of ongoing CAPEX-measures at the Highstreet Giessen project at around € 10.2m and the transitory acquisition of Wallhalla, which will be sold to an institutional investor in the first half of 2022.

According to the underlying business plan, all real estate assets classified as inventories are expected to be sold in the normal business cycle (up to three years).

€ million	2021	2020
Highstreet Giessen PropCo S.à r.l. (Property located in Giessen)	75.7	65.4
Wallhalla PropCo S.à r.l. (Property located in Bremen)	14.9	-
Bego PropCo I S.L. (Property located in Spain)	5.4	4.6
Thorfin Invest S.L. in future Gabriela PropCo S.L. (Property located in Spain)	4.0	3.7
<b>Total</b>	<b>100.0</b>	<b>73.8</b>

## E.10 TRADE RECEIVABLES

Trade receivables of € 47.2m (2020: € 33.0m) result from various fee income streams generated by the Group's Real Estate Equity and Debt Business with third-party clients and receivables from renting activities.

The increase at year-end results primarily from the sale of a Leipzig-based object by HFS resulting in a promote fee of € 9.3m. In addition, receivables of € 11.7m from the sale of Berlin-based project Herschel are recognised at Hannover Leasing.

The table below shows the risk provision for financial assets at amortised cost (within the simplified approach) showing cumulative expected credit losses of € 10.5m (2020: € 1.3m) that are recognised for doubtful accounts:

€ million	Step 2 Simplified Approach	Step 3 Simplified Approach	Total
<b>01 January 2021</b>	<b>0.5</b>	<b>0.8</b>	<b>1.3</b>
Provision for expected Credit Losses	1.3	8.0	9.2
<b>31 December 2021</b>	<b>1.7</b>	<b>8.8</b>	<b>10.5</b>

A detailed overview of the expected credit losses recognized is shown in Note F.4.2.

## E.11 CONTRACT ASSETS

Contract assets of € 58.5m (2020: € 51.0m) are mainly driven by the recognition of the coupon participation fees for the Stratos Funds at the level of HFS.

The coupon participation fees are calculated by an external investment fund manager on a monthly basis but are chargeable by HFS generally every six months. For contract assets an expected credit loss amounting to € 3.2m (2020: € 0.0m) is recognized (detailed information are shown in Note F.4.2)

## E.12 OTHER CURRENT FINANCIAL ASSETS

Other current financial assets amounted to € 86.5m (2020: € 126.7m) and are mainly defined by loans granted for warehousing activities as well as one finance lease receivable at the level of CE Bad Honnef Betriebsgesellschaft mbH.

The net amount of loans granted by Corestate Capital Services GmbH (CCS) for bridge financing activities is € 60.5m (2020: € 107.1m).

The carrying amount of other current financial assets has been reduced by a provision for expected credit losses in an amount of € 41.9m (2020: € 3.0m). The increase in risk provisions mirrors mainly the fact that for certain loans granted by CCS management has carried out an assessment of the recoverability and concluded that the collectability is at risk (for further details of the credit risk see note F.4.2).

## E.13 OTHER CURRENT ASSETS

Other current assets, predominantly consisting of other tax receivables, amount to € 12.1m (2020: € 16.6m) and remain relatively stable.

## E.14 RESTRICTED CASH, CASH AND CASH EQUIVALENTS

Restricted cash (€ 12.9m; 2020: € 23.0m) mainly relates to the CAPEX loan drawn in 2020 for improvement measures performed at the project Highstreet Gießen (see Note E.9) which therefore also explains the consumption-driven decline.

Cash and Cash Equivalents (€ 62.8m; 2020: € 68.2m) in the consolidated Statement of Financial Position comprise cash at banks and on hand as well as 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.

## E.15 SHARE CAPITAL

### E.15.1 SHARE CAPITAL

€ million	2021	2020
<b>As at 01 January</b>	<b>1.9</b>	<b>1.6</b>
Issue of Share Capital (contribution in Cash)	0.6	0.3
Equity-settled share-based Payments	0.0	0.0
<b>As at 31 December</b>	<b>2.6</b>	<b>1.9</b>

In the first six months of 2021, the Group issued 8,500,000 new shares out of its authorized capital that have been transferred as part of the consideration transferred for the acquisition of Corestate Bank GmbH (see Note B.2.2). Hence, the share capital increased by € 637,500 to € 2,562,452.

In July 2021, 27,783 shares were granted as part of the long-term incentive payments for several Board Members (see Note F.6.3) as well as for earn-out compensation payments due to an additional purchase price portion of the 2019 acquired UK located subsidiary CRM.

Overall, the Company's share capital as at 31 December 2021 is set at € 2,562,452 (2020: € 1,924,953) represented by 34,193,808 (2020: 25,666,025) shares. All shares are dematerialized shares without a par value. 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.

### E.15.2 AUTHORIZED CAPITAL

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

In 2020, 4,311,608 shares representing a share capital increase of € 336,493 have been issued by the Management Board out of the authorized capital.

Additionally, 8,527,783 shares representing a share capital of € 639,584 have been issued by the Management Board out of the authorized capital in 2021.

Since the annual general meeting in 2021, the authorized capital represented by a maximum of 30,000,000 shares without nominal value of in the Company in an amount of € 2,250,000 was given.

### E.15.3 OTHER RESERVES

The other reserves increased by € 68.8m to € 821.7m (2020: € 752.9m) mainly relating to the contributed shares of € 109.6m and the earn-out component of € 19.4m within the acquisition of Corestate Bank GmbH (see Note B.2.2), and an increase of € 3.5m (2020: € 1.2m) resulting from this year's LTI tranches as well as the transfer of the prior year's group net loss amounted to € -69.1m.

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 has to be set aside in order to build up the "legal reserve until the amount of the legal reserve has reached an amount of one tenth of the Share Capital."

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.

No dividend distribution may be decided by the annual general meeting of shareholders when, on the closing date of the last financial year, the net assets as set out in the annual accounts are, or following such distribution would become, lower than the amount of the subscribed share capital plus the legal reserve or any other reserves that may not be distributed by virtue of the Articles of Association.

## E.16 NON-CURRENT FINANCIAL LIABILITIES FROM BONDS

### Senior unsecured Bonds

The Company has issued senior unsecured bonds in the aggregate principal amount of € 300m. The bonds are issued in denomination with a principal amount of € 100,000 each, which rank pari passu among themselves. The Group used the net proceeds for the refinancing of existing debt as well as for general corporate purposes.

The bonds with a maturity of 5 years were issued at 98,857% and will be redeemed at 100%. The bonds were placed with a coupon of 3.5% per annum, payable semi-annually in arrears. The issuance of the bonds took place on 23 March 2018.

The table below shows the amounts of the Group's non-current financial liabilities from bonds:

€ million	2021	2020
Senior unsecured Bonds	298.0	296.5
Convertible Bonds	-	194.5
<b>Total</b>	<b>298.0</b>	<b>491.0</b>

The convertible bond has been classified as current financial liabilities from bonds due to the maturity date in November 2022 (see Note E.20).

## E.17 NON-CURRENT FINANCIAL LIABILITIES TO BANKS

Financial liabilities to banks of € 3.5m (2020: € 4.6m) presented a remaining term of more than one year. These liabilities are predominantly presented in project structures of Hannover Leasing.

## E.18 OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities of € 19.9m (2020: € 29.3m) mainly consist of lease liabilities (2021: € 15.0m; 2020: € 22.9m) resulting from procurement leases, particularly offices and cars. Due to the upcoming relocation to a new office building in Frankfurt on Main at the end of 2022, the existing office lease agreement was not extended and the previously included extension option was reduced by 5 years.

## E.19 OTHER NON-CURRENT PROVISIONS

Other Non-Current Provisions include different forms of guarantees and other commitments that typically arise from Corestate's warehousing or product placement activities. As at 31 December 2021, sundry other non-current provisions mainly include pension-related and similar obligations.

€ million	01 Jan 2021	Reversals	Additions	Utilization	31 Dec 2021
Guarantees and other Commitments	0.5	(0.1)	-	-	0.4
Sundry other non-current Provisions	1.3	(0.7)	0.7	(0.5)	0.8
<b>Total</b>	<b>1.8</b>	<b>(0.8)</b>	<b>0.7</b>	<b>(0.5)</b>	<b>1.2</b>

## E.20 CURRENT FINANCIAL LIABILITIES TO BONDS

### Convertible bonds

The Company has issued unsubordinated and unsecured convertible bonds in the aggregate principal amount of € 200m. The convertible bonds are issued in bearer form with a principal amount of € 100,000 each, which rank pari passu among themselves. The Group used the net proceeds for the refinancing of existing debt as well as for general corporate purposes.

The convertible bonds with a maturity of 5 years were issued at 100% and will be redeemed at 100% of their principal amount, unless previously converted or repurchased and cancelled. The bonds were placed with a coupon of 1.375% per annum, payable semi-annually in arrear and the conversion price was set to € 61.9580, representing a premium of 27.5% above the reference share price at the bond issue date. The settlement of the bonds took place around 28 November 2017.

The convertible bonds have both an equity and debt component. The equity component has an amount of € 9.7m and reflects the value of the conversion right (written call option).

The Company being the issuer may, on giving not less than 30 nor more than 60 days' prior notice to the bondholders, redeem all, but not some only, of the outstanding bonds with effect from the redemption date (which shall be no earlier than 19 December 2020). However, such notice may only be given if the share price on each of not less than 20 trading days during an observation period of 30 consecutive trading days is equal to or exceeds 130% of the conversion price in effect on each such trading day.

The issuer grants to each bondholder the right (the "conversion right") to convert each bond in whole, but not in part, at the conversion price into settlement shares on any business day during the conversion period (period from 8 January 2018 to the earlier of the following days: the 35th Business Day prior to the maturity date or if the bonds are redeemed by the issuer the 10th business day prior to the redemption date).

At year-end 2021, pro-rata redemptions of the convertible bond were made under par via market research, resulting in a reduction of the outstanding amount of € 6.5m and interest income of € 0.2m. This reduction results in an amount of current liabilities to bonds of € 190.9m.

## E.21 OTHER CURRENT PROVISIONS

The table below shows the detailed composition of the current provisions:

€ million	01 Jan 2021	Additions from Business Combinations	Utilization	Reversals	Transfer	Additions	31 Dec 2021
Litigation Costs	3.1	-	(0.5)	(0.5)	-	0.4	2.5
Restructuring	1.2	-	(0.6)	(0.1)	-	7.0	7.5
Rental Guarantees	0.9	-	(0.6)	-	-	-	0.3
Sundry	4.9	0.1	(1.2)	(0.6)	(0.6)	0.8	3.3
<b>Total</b>	<b>10.1</b>	<b>0.1</b>	<b>(2.9)</b>	<b>(1.1)</b>	<b>(0.6)</b>	<b>8.1</b>	<b>13.6</b>

The increase of other current provisions by € 3.5m is mainly due to a restructuring provision for the transformation of the real estate equity segment. Vice versa, offsetting effects come from utilization of provisions for restructuring and rental guarantees of each € 0.6m. Provisions for litigation costs decreased in total by € 0.6m and the sundry provision even by a total of € 1.6m.

## E.22 OTHER CURRENT FINANCIAL LIABILITIES TO BANKS

The other current financial liabilities to banks of € 68.3m (2020: € 68.7m) mainly comprise warehousing-related debt, including a senior loan as well as a CAPEX loan for improvement measures performed at the project Highstreet Gießen (see also Note E.14).

## E.23 TRADE PAYABLES

Trade payables (€ 27.6m; 2020: € 13.1m) mostly consist of amounts due to utilized services and are not interest-bearing. The payment of trade payables is settled in accordance with normal business practice.

The increase is mainly driven by a purchase price obligation in Wallhalla, which is one of the Group's warehousing projects (see Note E.9).

## E.24 OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities amount to € 41.4m (2020: € 42.0m). In 2020, the position still included the HFS Bond amounting to € 30.5m which was due in Q4 2021 and repaid accordingly.

## E.25 OTHER CURRENT LIABILITIES

€ million	2021	2020
Liabilities from Employee Benefits	14.8	16.9
Liabilities from other Taxes (VAT, Stamp Duty)	9.3	5.8
Deferred Income	0.2	3.5
Sundry	15.7	22.3
<b>Total</b>	<b>40.0</b>	<b>48.5</b>

The decrease of other current liabilities are mainly due to lower liabilities from employee benefits as well as lower 'sundry' liabilities. In 2020, severance payments amounting to € 3.6m were recognized as liabilities from employee benefits. The position 'sundry' includes liabilities for social security as well as deposits received.

# F. OTHER INFORMATION

## F.1 SEGMENT INFORMATION

### F.1.1 OPERATING SEGMENTS & CHIEF OPERATING DECISION MAKER (CODM)

For management purposes, the Group is organized into business units based on its assets and services and therefor reports the three following segments:

- Real Estate Equity,
- Real Estate Debt, and
- Other segments, comprising the Group's business in Alignment Capital Management and Real Estate Warehousing and Operations.

The segment definition and reporting in the Group corresponds to internal reporting to the chief operating decision-maker and is based on operating business divisions („management approach“). The chief operating decision-maker (“CODM”) is the Group's Management Board.

The Group's management 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 EBITDA and is measured consistently with profit or loss in the consolidated financial statements. The Group's General and Administrative Expenses, other income and Income Taxes (including Deferred and Current Taxes) are managed on a Group basis and are not allocated to operating segments.

Aiming to mirror the increased significance of the Real Estate Debt business, starting from 01 January 2021 management has changed the structure of its internal organisation by disaggregating the former Real Estate Investment Management (REIM) segment into the two segments Real Estate Equity and Real Estate Debt.

“Real Estate Equity” now encompasses the revenues from acquisition fees, from asset management fees, from property management fees and from sales and promote fees realized.

The “Real Estate Debt” segment summarizes the revenue streams underwriting and structuring fees, asset management fees, performance fees, income from bridge loans and trading income. Hence, this segment comprises the HFS and genost business as well as the Corestate Bank business.

The “Other Segments” incorporate all line items from the until 2020 separately presented segments “Alignment Capital Management” and “Real Estate Operations and Warehousing”.

The Group's revenues comprise the revenues from its segments Real Estate Equity and Real Estate Debt as well as the net rental income and the revenues from service charges from Real Estate Operations/ Warehousing.

The corresponding items of segment information and their segment allocation for the comparative period have been restated due to the changed segment allocation at the beginning of 2021; in addition, the 2020 P&L has been restated due to the designation of Capera and CRM as discontinued operations in line with IFRS 5.

The following tables present information on the Group's operating segments for 2021 and 2020, respectively. Operating results are monitored for the purpose of making decisions about resource allocation and performance assessment by the CODM.

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

## F.1.2 SEGMENT INFORMATION

Segment Information for the period from 01 January to 31 December 2021

€ million	Real Estate Equity Segment	Real Estate Debt Segment	Other Segments	Total Segments	Overhead (not allocated)	Consolidated Financial Statements <sup>1</sup>
<b>Revenues</b>						
<b>Total Revenues</b>	<b>77.6</b>	<b>121.9</b>	<b>6.2</b>	<b>205.8</b>	-	<b>205.8</b>
<b>Income/Expenses</b>						
Expenses from Real Estate Equity Segment	(71.4)	-	-	(71.4)	-	(71.4)
Expenses from Real Estate Debt Segment	-	(66.1)	-	(66.1)	-	(66.1)
Net Gain from Selling Warehousing Assets	-	-	(2.7)	(2.7)	-	(2.7)
Share of Profit or Loss from Associates and Joint Ventures	-	-	2.4	2.4	-	2.4
Dividends from other Alignment Capital	-	-	12.8	12.8	-	12.8
Gains/Losses from Fair Value Measurement of Financial Instruments related to Real Estate	-	-	(2.9)	(2.9)	-	(2.9)
Expenses from Other Segments	-	-	(7.5)	(7.5)	-	(7.5)
<b>Total Earnings</b>	<b>6.2</b>	<b>55.8</b>	<b>8.4</b>	<b>70.4</b>	-	<b>70.4</b>
General and Administrative Expenses	-	-	-	-	(59.5)	(59.5)
Other Income	-	-	-	-	15.5	15.5
<b>EBITDA</b>	<b>6.2</b>	<b>55.8</b>	<b>8.4</b>	<b>70.4</b>	<b>(44.0)</b>	<b>26.4</b>
Depreciation & Amortisation	(5.1)	(202.5)	(0.1)	(207.7)	(6.7)	(214.3)
Financial Income	-	-	-	-	7.3	7.3
Financial Expenses	-	-	-	-	(25.6)	(25.6)
Income Tax Expense	-	-	-	-	13.4	13.4
<b>Segment Net Profit/(Loss)</b>	<b>1.1</b>	<b>(146.7)</b>	<b>8.3</b>	<b>(137.3)</b>	<b>(55.5)</b>	<b>(192.8)</b>
<b>Total Assets (31 December 2021)</b>	<b>214.3</b>	<b>712.7</b>	<b>435.2</b>	<b>1,362.2</b>	<b>27.9</b>	<b>1,390.1</b>
<b>Total Liabilities (31 December 2021)</b>	<b>107.0</b>	<b>434.0</b>	<b>206.3</b>	<b>747.3</b>	<b>31.2</b>	<b>778.5</b>
<b>Investment in Associates and Joint Ventures</b>	-	-	<b>145.9</b>	<b>145.9</b>	-	<b>145.9</b>

<sup>1</sup> the statement of comprehensive income is adjusted in line with IFRS 5 Discontinued Operations for the financial years 2021 and 2020 (see Note B.2.3)

Segment Information for the period from 01 January to 31 December 2020

€ million	Real Estate Equity Segment	Real Estate Debt Segment	Other Segments	Total Segments	Overhead (not allocated)	Consolidated Financial Statements <sup>1</sup>
<b>Revenues</b>						
<b>Total Revenues</b>	<b>70.4</b>	<b>93.3</b>	<b>6.4</b>	<b>170.2</b>	-	<b>170.2</b>
<b>Income/Expenses</b>						
Expenses from Real Estate Equity Segment	(78.9)	-	-	(78.9)	-	(78.9)
Expenses from Real Estate Debt Segment	-	(9.1)	-	(9.1)	-	(9.1)
Net Gain from Selling Warehousing Assets	-	-	(0.8)	(0.8)	-	(0.8)
Share of Profit or Loss from Associates and Joint Ventures	-	-	(9.3)	(9.3)	-	(9.3)
Dividends from other Alignment Capital	-	-	8.8	8.8	-	8.8
Gains/Losses from Fair Value Measurement of Financial Instruments related to Real Estate	-	-	(6.8)	(6.8)	-	(6.8)
Expenses from Other Segments	-	-	(22.9)	(22.9)	-	(22.9)
<b>Total Earnings</b>	<b>(8.5)</b>	<b>84.2</b>	<b>(24.7)</b>	<b>51.0</b>	-	<b>51.0</b>
General and Administrative Expenses	-	-	-	-	(45.4)	(45.4)
Other Income	-	-	-	-	10.6	10.6
<b>EBITDA</b>	<b>(8.5)</b>	<b>84.2</b>	<b>(24.7)</b>	<b>51.0</b>	<b>(34.8)</b>	<b>16.2</b>
Depreciation & Amortisation	(25.7)	(18.8)	-	(44.5)	(6.1)	(50.6)
Financial Income	-	-	-	-	5.2	5.2
Financial Expenses	-	-	-	-	(29.0)	(29.0)
Income Tax Expense	-	-	-	-	(6.9)	(6.9)
<b>Segment Net Profit/(Loss)</b>	<b>(34.2)</b>	<b>65.5</b>	<b>(24.7)</b>	<b>6.5</b>	<b>(71.6)</b>	<b>(65.1)</b>
<b>Total Assets (31 December 2020)</b>	<b>93.0</b>	<b>762.9</b>	<b>427.1</b>	<b>1,283.0</b>	<b>154.9</b>	<b>1,437.8</b>
<b>Total Liabilities (31 December 2020)</b>	<b>51.0</b>	<b>488.9</b>	<b>203.6</b>	<b>743.5</b>	<b>23.6</b>	<b>767.2</b>
<b>Investment in Associates and Joint Ventures</b>	-	-	<b>120.8</b>	<b>120.8</b>	-	<b>120.8</b>

<sup>1</sup> the statement of comprehensive income is adjusted in line with IFRS 5 Discontinued Operations for the financial years 2021 and 2020 (see Note B.2.3)

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### F.1.3 GROUP-WIDE DISCLOSURES

The Group operates currently with a focus on Germany, Austria, United Kingdom, Switzerland, France, Spain and Poland. The Group has segmented its capital allocation by geographical area based on the location of the properties in its Real Estate Equity, Real Estate Debt as well as Real Estate Operations/Warehousing business. The Group generates a major part of its revenues and income in Germany, because the Group and/or its associates are focused on the German real estate market.

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.

One of the Group's customers accounts for more than 10% of consolidated revenue as same like in the previous year. These revenues of € 61.9m (2020: € 58.4m) are predominantly related to the coupon participation fee and exclusively recognized in the Real Estate Debt segment.

### Geographical Segment Information (Secondary Segments)

€ million	2021	2020
<b>Capital Allocation</b>	<b>284.2</b>	<b>227.7</b>
Germany	229.2	174.9
UK	21.0	18.4
Spain	25.1	19.3
Poland	2.7	10.9
Switzerland	6.1	1.5
Austria	-	2.6
Portugal	0.1	-
<b>Revenues</b>	<b>205.8</b>	<b>170.2</b>
Germany	179.0	144.3
UK	0.8	0.8
Spain	1.6	1.8
Austria	6.0	5.9
USA	5.4	5.1
Benelux	5.3	4.7
Switzerland	0.7	0.8
Asia	0.9	0.8
France	6.0	5.7

## F.2 COMMITMENTS AND CONTINGENCIES

The Corestate Group's contingent liabilities and other obligations are primarily potential future payment obligations of the Group attributable to guarantees that have been provided. The figures shown reflect potential liabilities that the guarantees are called upon.

### Contingent Liabilities

€ million	2021	2020
Loan Commitment	29.8	13.4
Placing and Takeover Obligations	36.1	44.1
Obligations under Guarantees and Warranty Agreements	45.3	8.5
<b>Total Loss Contingencies</b>	<b>111.2</b>	<b>66.0</b>

The increase in contingent liabilities are mainly the result of the Hannover Leasing projects "Vision One (HL Vision One KG)", "Augsburg Office (HL Augsburg Office KG)" and "Hessen Agentur (CLEMITA KG)". For the projects "Augsburg Office" and "Vision One", Hannover Leasing acts as the placement warrantor with an obligation of up to 24.6m and 11.0m, respectively. Compared to 2020, the project "Weitblick Augsburg" has now been fully placed, the placing and takeover obligations are reduced by € 43.9m accordingly. The increase in the obligations under guarantees and warranty agreements is almost entirely due to the project "Hessen Agentur" (€ 40,3m). The loan commitments mainly relate to HL Invest Neuss KG in the amount of € 11.1m (2020: € 7.1m) and HL Vision One KG in the amount of € 11.6m (2020: € 0.0m).

The Group is exposed to legal disputes or conflicts with its clients, customers, and other counterparties. The company estimated the financial risks resulting from such possible disputes to be remote and concluded that no provisions are required for these risks in 2021.

In addition, on 17 December 2021 the Group signed a forward contract for the Cologne-based Laurenz Carré which is contingent on the creation of the building components' permits. The earliest point in time where the conditions precedent

can be met is 01 October 2022 and no later than 31 December 2023. The final purchase price depends on the rental terms and conditions at closing date which is currently expected to be around € 320.0m. The sales process to (semi-)institutional clients has been started in the beginning of 2022.

## F.3 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 maximizing shareholder value.

For 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 year ended 31 December 2021.

## F.4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans, trade and other payables with the main purpose of financing the Group's operations. Vice versa, the Group has loan, trade and other receivables, as well as cash and cash equivalents directly resulting from its operations. The Group also holds other financial instruments 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 and operations of the Group, is geared towards the unpredictable nature of developments on the financial markets and aims to minimize potential negative effects on the Group's financial position. The Group identifies measures at regular intervals. In addition, 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 management oversees the administration of these risks to ensure that an appropriate balance between risk and control is achieved. The Group's management reviews and agrees policies for managing each of these risks which are summarized below.

### F.4.1 LIQUIDITY RISK

The Group monitors its risk of a shortage of funds using a continuous liquidity planning on a monthly basis. For short-term liquidity risks an efficient net working capital management is in place. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

#### Maturities of financial liabilities (2021)

€ million	Closing Balance 31 Dec 2021	< 1 year	1 to 5 years	> 5 years
Financial Liabilities to Banks	71.8	68.3	3.5	-
Other Financial Liabilities	550.2	232.1	324.6	8.0
<i>thereof lease liabilities</i>	19.5	4.5	9.2	5.8
Current liabilities to Associates	18.1	18.1	-	-
Trade Payables	27.6	27.6	-	-
<b>Total Financial Liabilities</b>	<b>667.8</b>	<b>346.2</b>	<b>328.1</b>	<b>8.0</b>

### F.4.2 CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, eventually leading to a financial loss. The Group is exposed to credit risk from its operating activities 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 finance management teams.

#### Maturities of financial liabilities (2020)

€ million	Closing Balance 31 Dec 2020	< 1 year	1 to 5 years	> 5 years
Financial Liabilities to Banks	73.3	72.2	4.7	-
Other Financial Liabilities	562.3	60.1	530.7	9.9
<i>thereof lease liabilities</i>	27.4	4.5	13.0	9.9
Current liabilities to Associates	9.3	9.3	-	-
Trade Payables	13.1	13.1	-	-
<b>Total Financial Liabilities</b>	<b>658.0</b>	<b>154.7</b>	<b>535.4</b>	<b>9.9</b>

The carrying amount of the Group's financial assets represents the maximum credit exposure. The expected credit loss for trade receivables is assessed using a matrix to determine the maturity of these receivables (simplified approach). The credit risk of other receivables (general approach) is qualified by allocating debtors to a corresponding industry. The main focus is on the real estate industry.

The table below shows all recognized expected credit losses per asset class for all financial assets designated at amortized costs:

€ million	Net carrying amount as amortized cost				Total ECL
	31 December 2021	ECL Step I	ECL Step II	ECL Step III	31 December 2021
Other Financial Instruments	4.9	-	-	-	-
Non-Current Receivables	16.1	0.1	-	-	0.1
Non-Current Loans to Associates	4.1	0.1	-	9.4	9.5
Other Current Financial Assets	84.4	0.1	0.1	38.2	38.5
Contract Assets	58.5	0.1	-	3.1	3.2
Receivables from Associates	16.8	-	0.5	5.8	6.3
Trade Receivables	47.2	-	1.7	8.8	10.5
Restricted Cash	12.9	-	-	-	-
Cash and Cash Equivalents	62.8	-	-	-	-
<b>Total Financial Assets / ECL</b>	<b>307.6</b>	<b>0.5</b>	<b>2.3</b>	<b>65.3</b>	<b>68.1</b>

In the following a detailed overview of the recognized expected credit losses divided into the simplified and general approach is shown:

€ million	Carrying amount as amortized cost				Total ECL
	31 December 2020	ECL Step I	ECL Step II	ECL Step III	31 December 2020
Other Financial Instruments	5.0	-	-	-	-
Non-Current Receivables	15.6	0.2	-	-	0.2
Non-Current Loans to Associates	13.2	-	-	7.5	7.5
Other Current Financial Assets	124.7	0.1	0.1	2.8	3.0
Contract Assets	51.0	-	-	-	-
Receivables from Associates	13.6	-	0.1	1.5	1.7
Trade Receivables	33.0	-	0.5	7.4	7.9
Restricted Cash	23.0	-	-	-	-
Cash and Cash Equivalents	68.2	-	-	-	-
<b>Total Financial Assets / ECL</b>	<b>347.3</b>	<b>0.3</b>	<b>0.7</b>	<b>19.3</b>	<b>20.3</b>

### Trade Receivables (simplified approach)

The table below shows the default ratios per aging item for trade receivables as at 31 December 2021:

€ million	Not yet due	Past-due - 1 to 90 days	Past-due - 91 to 180 days	Past-due - 181 to 360 days	Past-due - from 361 days	Total
Default Ratio	0.4%	0.5%	7.7%	10.0%	14.7%	3.6%
Gross Carrying Amount of Trade Receivables as at 31 December 2021	24.1	10.5	2.5	7.2	2.8	47.2
Expected Credit Loss Step 2	0.1	0.1	0.2	0.8	0.5	1.7

The table below shows the default ratios per aging item for trade receivables as at 31 December 2020:

€ million	Not yet due	Past-due - 1 to 90 days	Past-due - 91 to 180 days	Past-due - 181 to 360 days	Past-due - from 361 days	Total
Default Ratio	0.4%	0.5%	1.5%	4.2%	10.3%	1.7%
Gross Carrying Amount of Trade Receivables as at 31 December 2020	1.1	21.5	4.3	2.0	2.5	31.4
Expected Credit Loss Step 2	0.0	0.1	0.1	0.1	0.3	0.5

The table below shows the movements of impairment losses for all financial assets amortised at cost, except trade receivables, within the period 2021:

€ million	
<b>01 January 2021</b>	<b>19.1</b>
Change of Scope of Consolidation	(8.5)
Additions	51.4
Impairment Reversal	(0.7)
<b>31 December 2021</b>	<b>61.4</b>

The table below shows the movements of impairment losses within the period 2020:

€ million	
<b>01 January 2020</b>	<b>18.3</b>
Additions	2.1
Impairment Reversal	(1.3)
<b>31 December 2020</b>	<b>19.1</b>

### Other Receivables (general approach)

The table below shows the effect of expected credit losses (ECLs) on financial assets as at 31 December 2021:

€ million	Gross Carrying Amount	Expected Credit Loss
Financial Assets - Real Estate Industry	179.8	53.6
Financial Assets - Others	26.1	7.8
<b>Total Other Receivables</b>	<b>205.9</b>	<b>61.4</b>

The table below shows the effect of ECLs on financial assets as at 31 December 2020:

€ million	Gross Carrying Amount	Expected Credit Loss
Financial Assets - Real Estate Industry	169.0	16.0
Financial Assets - Others	33.1	3.1
<b>Total Other Receivables</b>	<b>202.0</b>	<b>19.1</b>

### F.4.3 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 and USD as well as GBP, the Group does not have any foreign currency risk relating to financial instruments. The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP and CHF exchange rates, with all other variables held constant.

€ million	Change in FX rate	Effect on EBIT 2021	Effect on EBIT 2020
USD	+10%	€ 1.7m	€ 1.7m
	- 10%	€ -2.1m	€ -2.1m
GBP	+10%	< € 0.1m	< € 0.1m
	- 10%	<€ -0.1m	<€ -0.1m
CHF	+10%	<€ 0.1m	<€ 0.1m
	- 10%	< € -0.1m	< € -0.1m

#### F.4.4 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 (European Interbank Offered Rate) reference rate.

All of the Group's financial assets – with the exception of loans to associates – are even non-interest bearing or partly with fees of 40–50 basis points.

The following table provides the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's earnings before tax (EBT) would be affected through the impact on floating rate financial instruments, as follows:

Increase/ Decrease in Basis Points	Effect on Financial Result 2021	Effect on Financial Result 2020
+50%	<€ -0.1m	<€ -0.1m
-50%	<€ 0.1m	<€ 0.1m

#### F.5 FAIR VALUE OF ASSETS AND LIABILITIES

IFRS 13 requires disclosures related to fair value measurements using a three-level fair value hierarchy. The availability of input factors determines the level of fair value hierarchy.

Hence, the Group uses 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 the previous year the Group's fair value measurements of assets are mainly within Level 3, whereas the fair value measurement of financial liabilities is used within Level 1 due to both corporate bonds being traded on the regulated market.

The Group's management 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 Management Board.

The table below summarizes the financial instruments that the Group holds and compares the carrying amount with the fair value of each class of financial instrument as at 31 December 2021:

€ million	Carrying Amount 31 December 2021	Measurement in Accordance with IFRS 9				Fair value 31 December 2021
		Amortized Cost	Fair Value recognised through Profit and Loss	not applicable		
Other Financial Instruments	151.5	4.9	146.6	-	151.5	
Non-Current Receivables	51.7	16.1	18.6	17.1	34.7	
Non-Current Loans to Associates	14.9	4.1	10.8	-	14.9	
Other Current Financial Assets	86.5	84.4	-	2.0	84.4	
Contract Assets	58.5	58.5	-	-	58.5	
Receivables from Associates	16.8	16.8	-	-	16.8	
Trade Receivables	47.2	47.2	-	-	47.2	
Restricted Cash	12.9	12.9	-	-	12.9	
Cash and Cash Equivalents	62.8	62.8	-	-	62.8	
<b>Total Financial Assets</b>	<b>502.7</b>	<b>307.6</b>	<b>176.0</b>	<b>19.1</b>	<b>483.6</b>	
Non-Current Financial Liabilities to banks	3.5	3.5	-	-	3.5	
Non-Current Financial Liabilities from bonds	298.0	298.0	-	-	259.5	
Other non-current liabilities	19.9	4.9	-	15.0	4.9	
Current Financial Liabilities from bonds	190.9	190.9	-	-	155.9	
Current Financial Liabilities to banks	68.3	68.3	-	-	68.3	
Other Current Financial Liabilities	41.4	36.8	-	4.5	36.8	
Current Liabilities to Associates	18.1	18.1	-	-	18.1	
Trade Payables	27.6	27.6	-	-	27.6	
<b>Total Financial Liabilities</b>	<b>667.8</b>	<b>648.2</b>	<b>-</b>	<b>19.5</b>	<b>574.7</b>	

The table below summarizes the financial instruments' fair values and provides comparison with the carrying amount as at 31 December 2020:

€ million	Carrying Amount 31 December 2020	Measurement in Accordance with IFRS 9			Fair value 31 December 2020
		Amortized Cost	Fair Value recognised through Profit and Loss	not applicable	
Other Financial Instruments	153.9	5.0	148.9		153.9
Non-Current Receivables	53.7	15.6	18.5	19.6	34.1
Non-Current Loans to Associates	19.6	13.2	6.4		19.6
Other Current Financial Assets	126.7	124.7		2.0	124.7
Receivables from Associates	13.6	13.6			13.6
Trade Receivables	33.0	33.0			33.0
Restricted Cash	23.0	23.0			23.0
Cash and Cash Equivalents	68.2	68.2			68.2
<b>Total Financial Assets</b>	<b>491.7</b>				<b>470.1</b>
Non-Current Financial Liabilities to banks	4.6	4.6			5.9
Non-Current Financial Liabilities from bonds	491.0	491.0			404.3
Other non-current liabilities	29.3	6.4		22.9	6.4
Current Financial Liabilities to banks	68.7	68.7			68.7
Other Current Financial Liabilities	42.0	37.6		4.5	37.6
Current Liabilities to Associates	9.3	9.3			9.3
Trade Payables	13.1	13.1			13.1
<b>Total Financial Liabilities</b>	<b>658.0</b>				<b>545.3</b>

Assets and liabilities designated as non-applicable mainly relate to lease receivables (€ 11.1m; 2020: € 13.0m) and corresponding lease payables (€ 19.5m; 2020: € 27.4m). Furthermore, non-current receivables include a receivable under a contingent contract (€ 8.0m; 2020: € 8.5m) that is not considered a financial instrument within the meaning of IFRS 9.

The table below shows which level of the fair value hierarchy, for Assets and Liabilities, as at 31 December 2021 is used to measure fair value:

€ million	Fair value measurement using			
	Total	Level 1	Level 2	Level 3
<b>Assets measured at Fair Value and for which Fair Values are disclosed</b>				
Other Financial Instruments	151.5	-	4.9	146.6
Non-Current Receivables	34.7	-	34.7	-
Non-Current Loans to Associates	14.9	-	14.9	-
<b>Liabilities for which Fair Values are disclosed</b>				
Non-Current Financial Liabilities from Bonds	259.5	259.5	-	-
Current Financial Liabilities from Bonds	155.9	155.9	-	-

The table below shows the fair value hierarchy allocation for Financial Assets and Liabilities as at 31 December 2020:

€ million	Fair value measurement using			
	Total	Level 1	Level 2	Level 3
<b>Assets measured at Fair Value and for which Fair Values are disclosed</b>				
Other Financial Instruments	153.9	-	5.0	148.9
Non-Current Receivables	34.1	-	34.1	-
Non-Current Loans to Associates	19.6	-	19.6	-
<b>Liabilities for which Fair Values are disclosed</b>				
Non-Current Financial Liabilities from Bonds	5.9	-	5.9	-
Current Financial Liabilities from Bonds	410.7	404.4	6.3	-

The table below reconciles Level 3 financial instruments from the opening balance to the closing balance for 2021:

€ million	Other Financial Instruments
<b>Fair Value as at 01 January 2021</b>	<b>148.9</b>
Additions / Disposals	5.8
Changes in the Fair Value Valuation through Profit and Loss	(8.9)
Gains/Losses from Exchange Rate Differences	0.7
<b>Fair Value as at 31 December 2021</b>	<b>146.6</b>

Changes in the fair value valuation through profit and loss are recognized in "Gains/losses from fair value measurement of financial instruments related to real estate". Gains/losses from exchange rate difference are recognized in "Other income" and are primarily related to a USD financial asset.

For the major positions of "Other Financial Instruments" the Group uses third-party pricing information. The remaining positions (€ 19.2m) are calculated by applying DCF computations. Forecasts of future cash flows are prepared by the asset management department whereas for the discount factor, equity costs are derived from a capital asset pricing model.

In addition, the Group performed a sensitivity analysis by changing relevant input parameters in a reasonable way (i.e. forecasts +/- 10%; discount rate +/- 100 bp). In these scenarios, the fair value would differ within a range of € -1.6m to € +1.8m.

The table below reconciles Level 3 financial instruments from the opening balance to the closing balance for 2020:

€ million	Other Financial Instruments	Non-Current Loans to Associates
<b>Fair Value as at 01 January 2020</b>	<b>166.9</b>	<b>5.8</b>
Additions / Disposals	(9.9)	(0.5)
Changes in the Fair Value Valuation through Profit and Loss	(7.2)	1.1
Gains/Losses from Exchange Rate Differences	(0.9)	-
Transfer to Level 2	-	(6.4)
<b>Fair Value as at 31 December 2020</b>	<b>148.9</b>	<b>-</b>

The table below provides a summary per IFRS 9 category for the net gains and losses resulting from financial instruments as at 31 December 2021:

€ million	At Amortized Cost		FVtPL
	Financial Assets	Financial Liabilities	Financial Assets
Net Results from Disposal	-	-	(0.1)
Net Measurement Effects	3.6	(1.7)	-
Impairment Gain/Loss	(60.0)	-	(12.7)
Effective Interest Rate Income	1.9	-	1.4
Effective Interest Rate Expenses	-	(22.3)	-
<b>Total</b>	<b>(54.5)</b>	<b>(24.0)</b>	<b>(11.4)</b>

The table below summarizes per IFRS 9 category the net gains and losses resulting from financial instruments as at 2020:

€ million	At Amortized Cost		FVtPL
	Financial Assets	Financial Liabilities	Financial Assets
Net Results from Disposal	-	-	(1.2)
Net Measurement Effects	0.8	(3.0)	0.2
Impairment Gain/Loss	(5.6)	-	(6.8)
Effective Interest Rate Income	2.0	-	0.7
Effective Interest Rate Expenses	-	(23.3)	-
<b>Total</b>	<b>(2.8)</b>	<b>(26.3)</b>	<b>(7.0)</b>

The Group's liabilities arising from financing activities mainly relate to the senior unsecured and convertible bond as well as lease liabilities. The bonds do not change significantly during their term and the lease liabilities are initially not cash effective. In 2021, the main cash effective change in liabilities from financing activities is driven by the repayment of the HFS bond amounting to € 30.5m and the partial repayment of the convertible bonds in an amount of € 6.5m (see Note E.20).

## F.6 RELATED PARTY INFORMATION

CCH SA has identified all Group companies as well as the following entities and persons as related parties:

Related Parties as at 31 December 2021	related to/as
Friedrich Munsberg	Supervisory Board
Prof. Dr Hermann Wagner	Supervisory Board
Dr Friedrich Oelrich	Supervisory Board
René Parmantier	Management Board
Johannes Märklin	Management Board
Sebastian Ernst	Management Board
Udo Giegerich	Management Board
RP Verwaltungsgesellschaft mbH	Management Board (R. Parmantier)
RP Vermögensverwaltungsgesellschaft mbH	Management Board (R. Parmantier)
Meiyo Capital Partners AG	Management Board (R. Parmantier)
Leonis Capital Management GmbH	Management Board (J. Märklin)
Leonis Real Estate GmbH	Management Board (J. Märklin)
DACH Finance GmbH	Management Board (J. Märklin & S. Ernst)
DACH Real Estate GmbH	Management Board (J. Märklin & S. Ernst)
Feldmannhof Capital GmbH	Management Board (S. Ernst)

Former Related Parties as at 31 December 2021	related to/as
Lars Schnidrig	Management Board until 2021
Nils Hübener	Management Board until 2021
Daniel Löhken	Management Board until 2021

## CCH SA Key Management Personnel

On 31 May 2021, Lars Schnidrig stepped down as Chief Financial Officer and left the company on 31 July 2021. Nils Hübener as Chief Investment Officer and Daniel Löhken as Chief Legal & HR Officer stepped down on 31 July 2021 and left the Company on 31 August 2021, too.

Hence, the Management Board in 2021 is formed by the following personnel:

### Udo Giegerich

Chief Financial Officer – since 01 Aug 2021

### René Parmantier

Chief Executive Officer - 01 Dec 2020 until 07 Mar 2022

### Sebastian Ernst

Chief Debt Investment Officer – 14 Jan 2021 until 7 Feb 2022

### Johannes Märklin

Chief Debt Financing Officer – 14 Jan 2021 until 7 Feb 2022

### Nils Hübener

Chief Investment Officer – 01 April 2020 until 31 July 2021

### Daniel Löhken

Chief Legal & HR Officer – 01 Nov 2020 until 31 July 2021

### Lars Schnidrig

Chief Financial Officer – 01 Dec 2020 until 31 May 2021

In addition to the individually agreed base salary, annual bonus payments, and long-term share-based incentives, 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.

The Supervisory Board led by Friedrich Munsberg was appointed on 29 November 2020 and was confirmed on the annual general meeting on 28 June 2021:

## Members of the Supervisory Board

### Friedrich Munsberg

Chairman – 29 Nov 2020 until 31 December 2021

### Prof. Dr Hermann Wagner

Deputy Chairman – 29 Nov 2020 until 31 December 2021

### Dr Friedrich Oelrich

Member – since 29 November 2020

Prof. Dr Wagner heads the Audit Committee and is considered the independent financial expert.

Friedrich Munsberg and Prof. Dr Hermann Wagner stepped down from the Board on 31 December 2021 in the light of the change in the Group's shareholder base at the end of November 2021. Stavros Efremidis and Dr Bernard Malmendier were appointed as new members of the Supervisory Board, effective as at 01 January 2022. Mr Efremidis was elected Chairman at the first constitutional Supervisory Board meeting on 05 January 2022, and Dr Malmendier was elected as his deputy. With effect of 07 March 2022 Stavros Efremidis succeed René Parmantier as CEO of the Group and Dr Bernard Malmendier took over as Chairman of the Supervisory Board. As a new member Dr Roland Folz joined the Supervisory Board on 07 March 2022. Dr Friedrich Oelrich will remain member of the Supervisory Board (for further information see Note F.9).

### F.6.1 TRANSACTIONS WITH SHAREHOLDERS AND SHAREHOLDER-RELATED ENTITIES

The following table sets out all payments made to shareholders and shareholder-related entities made by the Group in the period 01 January through 31 December 2021. Hence, such amounts do not necessarily reconcile with the statement of Profit and Loss for the financial year 2021.

€ million	2021	2020
Fees paid to Realty Corporation Ltd. (John Lurie) under consultancy agreements	-	(1.2)
Transaction fee Gateway AG	-	2.7
Remuneration N. Ketterer as Chairman of the Board of Directors of HFS	-	(0.3)
Rental Costs to Vicenda	-	(0.1)

### F.6.2 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The total remuneration of the Management Board consists of the basic remuneration as well as a short-term incentive and a long-term incentive component.

The basic remuneration relates to the annual base salary agreed under the service agreements with each member of the Group's Management Board.

The short-term incentive (STI) is a cash bonus component that depends on certain Group-related and individually agreed targets as described in the entities remuneration policy.

The long-term incentive (LTI) is a share-based programme that either grants or give the option of equity-settled shares or phantom shares, which are settled in cash.

€ million	2021	2020
Basic Remuneration	(3.9)	(1.4)
<b>Fixed Remuneration</b>	<b>(3.9)</b>	<b>(1.4)</b>
STI	(1.7)	(0.8)
LTI	(3.7)	(2.7)
<b>Variable Remuneration</b>	<b>(5.4)</b>	<b>(3.5)</b>
Compensation/Termination Payments	(2.6)	(8.0)
<b>Total Remuneration</b>	<b>(11.9)</b>	<b>(12.8)</b>

In May 2021, Lars Schnidrig's mandate as CFO was terminated by mutual agreement. Lars Schnidrig received a severance payment in the amount of € 0.9m (including cash-settled LTI payments amounting to 0.5m EUR). All contractual payment claims were settled with the compensation.

In July 2021, Daniel Löhken's mandate as Chief Legal & HR Officer as well as Nils Hübner's mandate as CIO were terminated by mutual agreement. Both received a severance payment in the amount of € 1.9m (Nils Hübner: € 0.4m; Daniel Löhken € 1.5m). All contractual payment claims were settled with the compensation.

The total remuneration of the Supervisory Board Members amounted to € 0.5m in 2021 (2020: € 0.8m). No advances or loans were granted.

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### F.6.3 SHARE-BASED PAYMENTS

In 2021, the Management Board was reduced to four members. All Management Board Members have been granted long-term equity-settled share-based payment awards which will be transferred after a vesting period of four years:

#### Equity-settled LTI-Plans

René Parmantier, Johannes Märklin, Sebastian Ernst and Udo Giegerich are granted equity-settled long-term incentive (LTI) options. Each of the four Board Members are granted LTI options in three tranches, one third each year of being appointed to the Group's Management Board. The number of share-based payments for each tranche depends on the individual achievement of the Board Members' agreed targets. Therefore the targets are not only based on financial KPIs but also on non-financial aspects (e.g. ESG). If a Board Member achieves 50% or less of the annual targets, no LTI shares are transferred. If a Board Member achieves between 51% and 100% of targets, this leads to a proportional allocation of the yearly LTI options and the calculated number of LTI shares (gross) will immediately be transferred, if necessary, after issuing new shares, at the end of the respective performance period to the deposit of the Board Member. From the date of transfer, each annual tranche of LTI shares is subject to a contractual holding period of four years.

If the service agreement starts or ends during the course of a fiscal year, the amount shall be calculated on a pro-rata basis. From this point on, the shares are subject to a contractual holding period of four years.

- René Parmantier is entitled to an amount of € 2,400,000 in LTI options that are granted in three tranches of shares in an amount of € 800,000 each.
- Johannes Märklin and Sebastian Ernst, both are entitled to an amount of € 2,430,000 each in LTI options that are distributed in three tranches of € 810,000 shares.
- Udo Giegerich is entitled to an amount of € 1,470,000 in LTI options that are distributed in three tranches of € 490,000 shares each.

The former Board Member Daniel Löhken, who left the Management Board of Corestate Capital Holding S.A. As at July 2021, contractually received a share package for the years 2021-2023. This contractual payment claim was settled in cash with the compensation at the end of his contractual agreement with the Group.

In 2021, the expenses recognized for the share packages of the Board Members amounted to € 3.9m (2020: € 0.2m).

### Cash-settled LTI-plans

The former Board Members Lars Schnidrig as well as Nils Hübener, who both left the Management Board of Corestate Capital Holding S.A., contractually received a share package for the years 2021-2023 as cash-settled LTI-plans.

With their severance payments all contractual payment claims were settled. In 2021, the total of € 0.5m (2020: € 0.6m) expenses were recognized up to the date of termination of the contracts.

Currently, the group no longer has any active cash-settled LTI-plans.

### Corestate Capital Holding S.A. Share Programme

In 2019, Corestate started a Performance Share Program for important senior managers and high performer as well as for new hires who joined the Group after 01 January 2019. At the beginning of the performance period in 2019 or if the participant is entering one or more years later, all participants receive an individualized grant letter in which the individual target value of the performance shares in Euros ("target value") is set out. The grant letter contains the number of virtual performance shares granted. Performance shares are not linked to any administrative, voting or dividend rights or rights to other distributions. They merely represent a calculation item for determining the future conditional entitlement to Corestate shares to be issued and transferred (real shares). Performance shares are transferred to the participants in annual tranches in the form of real shares from the third year onwards or if the participants join the program later from their third year on based on their start date in the program (it requires a waiting period of two years in which no real shares are transferred). The transfer takes place in four or less equivalent tranches (25% or 33,33% or 50% of the total number of performance shares each, depending on the start of the participant in the program) – subject to the achievement of the relevant performance target, which is an annually increase of the share price of 10% each year.

The increase in the stock market price as the key performance target is calculated by dividing the "transfer price" by the closing price. The transfer price is defined as the arithmetic mean of the closing prices of the last 12 trading months prior to 31 December of the respective year of the performance period. As said, the performance target is deemed to have been achieved if the cumulative transfer price increased by at least 10% each year compared with the closing rate (annual performance target).

The fair value of the synthetic stock options is measured using a Monte Carlo option pricing model considering the terms and conditions upon which the options were granted. The beneficiary may exercise the options between the end of the waiting period and the end of the term of the option on the condition that the employment contract has not been terminated and neither the beneficiary nor the company has notified in writing the termination of the employment contract by that date.

For the stock option valuation, the contractual life of the options and the possibility of early exercise were considered in the Monte Carlo simulation. The risk-free interest rate is the implied yield currently available on Luxembourg government issues with a remaining term equal to the term of the options. The future volatility for the lives of the options was estimated based on historical volatilities also considering the management's expectation of future market trends.

The Performance Share Program was classified as equity-settled plan and the resulting expenses are recognized during the vesting period on a pro-rata basis with a corresponding increase in equity (other reserves). Furthermore, the amount recognized is based on the best available estimate of the number of options expected to vest and is revised if subsequent information indicates that the number of options expected to vest differs from previous estimates.

The total fair value of the awards granted in 2019 amounted to € 3.7m. In 2020, expenses in the amount of € 1.1m were recognized. In contrast, in 2021, due to changes in the number of beneficiaries, expenses in the amount of € 0.4m were reversed.

#### F.6.4 TRANSACTIONS WITH ASSOCIATED ENTITIES (CO-INVESTMENTS & JOINT VENTURES)

The terms and conditions agreed with associates for the services of the Group are negotiated and set out in the underlying documentation for each investment with the respective investor (JVCIA, AMA, etc.). Such terms and conditions are at arm's length.

##### Transactions with Associates (Co-Investments)

€ million	2021	2020
Revenue from Acquisition Related Fees	-	(0.0)
Revenue from Asset Management Fees	6.5	5.6
Revenue from Property Management Fees	-	0.1
Revenue from Development Fees	1.9	5.9
Management Expenses	-	(1.5)
Share of Profit or Loss from Associates and Joint Ventures	2.4	(9.3)
Gains/losses from Selling Property Holding Companies	(2.7)	(0.8)
General and Administrative Expenses	(0.0)	(1.1)
Other Income	0.0	-
Interest Income from Associates	1.3	0.6
Interests Expenses from Associates	(0.3)	-

##### Balance with Associates (Co-Investments)

€ million	2021	2020
Receivables from Associates	37.9	33.2
Receivables from Affiliated Companies	4.1	4.1
Non-current Trade Receivables	0.5	15.2
Other Current Receivables	0.4	0.4
Non-current Loans to Associates	17.6	19.6
Loans granted from Associates	(0.1)	-
Liabilities to Associates	(18.1)	(9.3)
Liabilities from Affiliated Companies	(3.3)	(3.7)

## F.7 GROUP ENTITIES

CCH SA is the parent company of the Group. The consolidated financial statements include all companies which the Group controls, i.e. for which particularly CCH SA owns, directly or indirectly through subsidiaries, more than half of the voting rights. There are no restrictions regarding cash or dividend payments from such subsidiaries. The following overview shows the Group's shareholdings.

During 2021, changes in equity interests in some subsidiaries occurred that did not change the consolidation status:

Name	Seat and Country of Incorporation	Equity Interest 2021	Equity Interest 2020
<b>Corestate Capital Holding S.A.</b>	<b>Luxembourg</b>	<b>Parent Company</b>	<b>Parent Company</b>
AF ATHENA GmbH	Frankfurt on Main / Germany	100.00%	100.00%
Aggregate Debt Advisory GmbH	Frankfurt on Main / Germany	100.00%	n/a
Aggregate Debt GP S.à r.l.	Luxembourg	100.00%	n/a
Aggregate Debt Fund S.C.A. SICAV-RAIF	Luxembourg	100.00%	n/a
Bayreuth Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Bego HoldCo I S.L.	Madrid / Spain	100.00%	100.00%
Bego HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Bego PropCo I S.L.	Madrid / Spain	100.00%	100.00%
BER REV HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Capera Immobilien Service GmbH	Neu-Isenburg / Germany	100.00%	100.00%
CE Bad Honnef Betriebsgesellschaft mbH	Frankfurt on Main / Germany	100.00%	100.00%
Cisnes e Silhuetas Unipessoal Lda	Lisbon / Portugal	100.00%	100.00%
Corestate Bank GmbH	Frankfurt on Main / Germany	100.00%	n/a

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Corestate Ben HoldCo GmbH & Co. KG	Frankfurt on Main / Germany	100.00%	100.00%
Corestate Capital Advisors GmbH	Frankfurt on Main / Germany	100.00%	100.00%
Corestate CAPITAL AG	Baar / Switzerland	100.00%	100.00%
Corestate Capital Beteiligung Verwaltung GmbH	Frankfurt on Main / Germany	100.00%	100.00%
Corestate Capital Group GmbH	Frankfurt on Main / Germany	100.00%	100.00%
Corestate Capital France HoldCo SAS	Paris / France	100.00%	100.00%
Corestate CAPITAL Fund Management S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Capital International S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Capital Investors (Europe) GmbH	Frankfurt on Main / Germany	100.00%	100.00%
Corestate Capital Italy S.R.L.	Milan / Italy	100.00%	100.00%
Corestate Capital Partners GmbH	Zurich / Switzerland	100.00%	100.00%
Corestate Capital Partners UK Ltd.	London / United Kingdom	100.00%	100.00%
Corestate Capital Sales Holding S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Capital Services GmbH	Wollerau / Switzerland	100.00%	100.00%
Corestate Capital Transactions AG	Baar / Switzerland	100.00%	100.00%
Corestate CIV GmbH	Frankfurt on Main / Germany	100.00%	100.00%
Corestate FIF I Portfolio Verwaltung GmbH	Hamburg / Germany	100.00%	100.00%
Corestate Marketing GmbH	Frankfurt on Main / Germany	100.00%	100.00%

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Name	Seat and Country of Incorporation	Equity Interest 2021	Equity Interest 2020
Corestate MCIF GmbH & Co. KG	Frankfurt on Main / Germany	100.00%	100.00%
Corestate MCIF Germany GmbH & Co. KG	Frankfurt on Main / Germany	100.00%	100.00%
Corestate Shelf 11 S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Shelf 15 S.à r.l.	Luxembourg	100.00%	100.00%
Corestate Student Home Holding S.à r.l.	Luxembourg	100.00%	100.00%
Court HoldCo GmbH	Frankfurt on Main / Germany	100.00%	100.00%
Court PropCo S.à r.l.	Luxembourg	100.00%	100.00%
CRM Micro Living Services Italy S.R.L.	Milan / Italy	100.00%	100.00%
CRM Students Ltd.	Oxford / United Kingdom	100.00%	100.00%
Dedan AIF S.à r.l.	Luxembourg	100.00%	100.00%
DONALD HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Echo HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Frankfurt Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Gabriela HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Gabriela HoldCo S.L.	Madrid / Spain	100.00%	100.00%
Gabriela PropCo S.L.	Madrid / Spain	100.00%	100.00%
GENOST Consulting GmbH	Leipzig / Germany	100.00%	100.00%
Ginova AIF S.à r.l.	Luxembourg	100.00%	100.00%

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Ginova PropCo S.à r.l.	Luxembourg	100.00%	100.00%
Grindel AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Hannover Leasing Verwaltungsgesellschaft mbH	Pullach / Germany	100.00%	100.00%
HARBOUR AcquiCo 1 AIF S.à r.l.	Luxembourg	100.00%	100.00%
Hartly Invest S.L.U.	Madrid / Spain	100.00%	100.00%
HFS Helvetic Financial Services AG	Wollerau / Switzerland	100.00%	100.00%
Iberian HoldCo II S.à r.l.	Luxembourg	100.00%	100.00%
Iberian Investment II HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
JOYN Vermietungsgesellschaft mbH	Frankfurt on Main / Germany	100.00%	100.00%
Livision GmbH	Frankfurt on Main / Germany	100.00%	n/a
LOMBARDO Verwaltungsgesellschaft mbH	Pullach / Germany	89.58%	89.58%
Madison HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Mainz Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Mariggo Investments sp.z.o.o.	Warsaw / Poland	100.00%	n/a
Monet S.à r.l.	Luxembourg	77.67%	77.67%
Palmyra Verwaltungsgesellschaft mbH & Co. Vermietungs KG i.L.	Pullach / Germany	89.58%	89.58%
Palmyra Verwaltungsgesellschaft mbH & Co. Vermietungs KG S.e.n.c.	Luxembourg	84.92%	84.92%
Paolia sp.z.o.o.	Warsaw / Poland	100.00%	100.00%

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Name	Seat and Country of Incorporation	Equity Interest 2021	Equity Interest 2020
Plutos HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Potsdam Student Home AcquiCo II S.à r.l.	Luxembourg	100.00%	100.00%
Projekt AcquiCo III S.à r.l.	Luxembourg	100.00%	100.00%
Rose HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Stadttor Düsseldorf AcquiCo S.à r.l.	Luxembourg	100.00%	100.00%
STAM Co-Invest	Luxembourg	77.67%	77.67%
STAM Europe SAS	Paris / France	100.00%	100.00%
STAM France Investment Managers SAS	Paris / France	100.00%	100.00%
STAM Property Management SAS	Paris / France	100.00%	100.00%
Tempelhof Twins HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Tempelhof Twins TopCo S.à r.l.	Luxembourg	100.00%	100.00%
UPARTMENTS Real Estate GmbH	Leipzig / Germany	100.00%	100.00%
Urban Micro Estate Immobilienverwaltungs GmbH	Vienna / Austria	100.00%	100.00%
Urban Micro Estate Poland (prev. CRM Poland sp.z.o.o.)	Warsaw / Poland	100.00%	100.00%
Urban Micro Estate Spain	Spain	100.00%	n/a
Urban Micro Estate Swiss Immobilienverwaltungs GmbH	Zurich / Switzerland	100.00%	100.00%
Wallhalla HoldCo S.à r.l.	Luxembourg	100.00%	100.00%
Wallhalla PropCo S.à r.l.	Luxembourg	100.00%	100.00%

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HANNOVER LEASING GmbH & Co. KG	Pullach / Germany	94.90%	94.90%
Accontis GmbH Finanzanlagen und Beteiligungen	Frankfurt on Main / Germany	94.90%	94.90%
AKANTHUS Verwaltungsgesellschaft mbH	Pullach / Germany	94.90%	89.21%
BERYTOS Verwaltungsgesellschaft mbH	Pullach / Germany	85.30%	94.90%
Delta Vermietungsgesellschaft mbH	Pullach / Germany	94.90%	94.90%
DIRAN Verwaltungsgesellschaft mbH	Pullach / Germany	85.30%	94.90%
DIV Deutsche Immobilienfonds GmbH	Pullach / Germany	94.90%	94.90%
Freizeitgeräte Leasing GmbH i. L.	Pullach / Germany	94.90%	94.90%
FRICTION Verwaltungsgesellschaft mbH	Pullach / Germany	94.90%	62.63%
GALENA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach / Germany	94.90%	94.59%
GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach / Germany	86.43%	86.43%
GORDION Verwaltungsgesellschaft mbH	Pullach / Germany	94.90%	94.90%
HANNOVER LEASING Belgien Beteiligungs GmbH & Co. KG	Pullach / Germany	94.90%	94.90%
HANNOVER LEASING Beteiligungs GmbH & Co. KG	Pullach / Germany	94.90%	94.90%
HANNOVER LEASING Investment Beteiligungs GmbH	Pullach / Germany	94.90%	94.90%
HANNOVER LEASING Investment GmbH	Pullach / Germany	85.30%	94.90%
HANNOVER LEASING Private Invest Beteiligungs GmbH	Pullach / Germany	92.57%	86.60%

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HANNOVER LEASING Private Invest II GmbH & Co. KG	Pullach / Germany	92.57%	86.60%
HANNOVER LEASING Treuhand GmbH	Pullach / Germany	94.90%	94.90%
HANNOVER-LEASING Treuhand-Vermögensverwaltung GmbH	Pullach / Germany	94.90%	94.90%
HANNOVER LEASING Wachstumswerte Europa Beteiligungsgesellschaft mbH	Pullach / Germany	94.90%	94.90%
HANNOVER LEASING Wachstumswerte Europa VI GmbH & Co. KG i.L.	Pullach / Germany	94.90%	94.90%
HERSCHEL Verwaltungsgesellschaft mbH	Pullach / Germany	94.90%	62.63%
IKARIA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach / Germany	94.90%	94.90%
KERA Verwaltungsgesellschaft mbH	Pullach / Germany	94.90%	62.63%
MANCALA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach / Germany	94.90%	94.90%
NIGRESCO Verwaltungsgesellschaft mbH	Pullach / Germany	94.90%	94.90%
NOVELLINO Geschäftsbesorgungs GmbH & Co. Verwaltungs KG	Pullach / Germany	94.90%	94.90%
ORION Verwaltungsgesellschaft mbH & Co. Beteiligungs KG	Pullach / Germany	94.90%	94.90%
SINGULI Verwaltungsgesellschaft mbH	Pullach / Germany	94.90%	62.63%
SUBSTANTIA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach / Germany	94.90%	n/a
VANESSA Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Pullach / Germany	94.90%	94.90%

## F.8 REPORT ON BUSINESS RELATIONSHIPS WITH STRUCTURED ENTITIES

### Disclosures on unconsolidated structured entities

The fund business and other operating activities of the Group's companies give rise to various business relationships with structured entities within the meaning of IFRS 12. A structured entity is an entity that has been designed so that the exercise of voting or similar rights under company law is not the dominant factor in deciding who controls the entity as defined by IFRS 10.

The non-consolidated structured entities with which Corestate has business relationships are funds divided into the asset classes media, real estate and large-scale facilities.

The extent of the structured entities is based on the amount of historical fund assets under management. As at 31 December 2021, Corestate's non-consolidated structured entities are as follows:

Name	Media	Property	Large Installations	Total
Fund Volume 2021	836.0	404.0	188.0	1,428.0
Potential Financial Risk	0.8	-	-	0.8
Fund Volume 2020	903.0	404.0	188.0	1,495.0
potential Financial Risk	0.8			0.8

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## F.9 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

In connection with the changes in the shareholder base of Corestate Capital Holding S.A. ("Corestate") at the end of 2021, Mr. Stavros Efremidis and Dr Bertrand Malmendier were appointed as new members of the Supervisory Board with effect from 01 January 2022. Mr. Friedrich Munsberg and Prof. Dr Hermann Wagner stepped down from the Supervisory Board correspondingly as at 31 December 2021.

The Supervisory Board of Corestate Capital Holding S.A. resolved on 07 February 2022 to remove Johannes Märklin and Sebastian Ernst from the Management Board of Corestate Capital Holding S.A. and all further group functions. On 08 February 2022, the Group announced that René Parmantier will assume full responsibility for the Real Estate Debt segment in addition to his role as CEO of Corestate, and thus also the management of Corestate Bank.

On 04 February 2022, Hannover Leasing placed out an additional share amounting to € 12.5m (12.5%) in its project VISION ONE. By doing so, the investment of Hannover Leasing decreased to € 10.1m and is therefore reclassified from joint ventures and associates to other financial instruments accordingly as at the aforementioned date.

The invasion of Ukraine by the Russian Federation on 23 February 2022 and the resulting sanctions with regard to Russian state-owned companies and Russian individuals could also result in restrictions on investments in which Corestate is involved as a co-investor. Corestate has set up a task force to analyse and closely monitor both compliance with the sanction restrictions and their impact on Corestate's operating business. Risks would not directly concern the operating business of the underlying investment structures but potentially the restrictions on financing and distributions of cash. A final assessment of the consequences of this situation for the company is not yet possible at the time of finalisation of the financial statements.

On 07 March 2022 the Supervisory Board decided to strengthen the governance structure and resolved to appoint the former Chairman of the Supervisory Board Stavros Efremidis as CEO with immediate effect. The former CEO René Parmantier left the Group's Management Board to fully focus his activities on Corestate's Real Estate Debt business, incl. HFS and Corestate Bank. In addition, the Group's Management Board was extended to four members by Izabela Danner as Chief Operating Officer (COO) and Ralf Struckmeyer as Chief Investment Officer (CIO). The new members of the Management Board are appointed for a term of three years.

On Supervisory Board level, the former Deputy Chairman Dr Bertrand Malmendier took over as Chairman of the Supervisory Board. As a new member Dr Roland Folz joined the Supervisory Board on 07 March 2022.

Luxembourg, 21 April 2022

**Stavros Efremidis**  
Chief Executive Officer

**Udo Giegerich**  
Chief Financial Officer

**Izabela Danner**  
Chief Operating Officer

**Ralf Struckmeyer**  
Chief Investment Officer

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# RESPONSIBILITY STATEMENT OF CONSOLIDATED AND STATUTORY ACCOUNTS CORESTATE CAPITAL HOLDING S.A.

We confirm in accordance to Article 3 (2) c of the Luxembourg Law on Transparency requirements for the Issuers, to the best of our knowledge, that the consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries ("Group") which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and the annual accounts of Corestate Capital Holding S.A. ("Company") which have been prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company, and that the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities, uncertainties and risks associated with the expected development of the Group.

Luxembourg, 21 April 2022

**Stavros Efremidis**  
Chief Executive Officer

**Udo Giegerich**  
Chief Financial Officer

**Izabela Danner**  
Chief Operating Officer

**Ralf Struckmeyer**  
Chief Investment Officer

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# INDEPENDENT AUDITOR'S REPORT

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

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

We have audited the consolidated financial statements of Corestate Capital Holding S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

### BASIS FOR OPINION

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé"

for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note A.2 to the consolidated financial statements, which details the Group's refinancing strategy in respect of the maturing convertible bond and senior bond. The Group's ability to complete its refinancing strategy depends on various conditions, which together indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the

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current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**a) Determination of the identifiable intangible assets amount in the Business Combination of Corestate Bank GmbH (formerly "Aggregate Financial Services GmbH") and determination of the recoverable amount of the customer relationship asset****Description**

**Description**

On 15 January 2021, the Group signed an agreement for the acquisition of Aggregate Financial Services GmbH, later renamed Corestate Bank GmbH. The closing of the acquisition occurred on 25 May 2021. In accordance with IFRS, the Group is required to finalise its purchase price allocation within twelve months from the acquisition date. The allocation of the purchase price to the identified assets and liabilities acquired, and specifically in relation to the identification of intangible assets, was a matter of significance to our audit due to the significant judgements made by management regarding the value of the customer relationship and the order backlog, and the useful life of the customer relationship. Furthermore, as disclosed in note B.2.2 of the notes to the consolidated financial statements, and management assessment of the potential implications of the items disclosed in Note F.9 § 2, the Group has, in accordance with IFRS 3.45, reassessed the initial purchase price allocation at the reporting date, compared to that reported at 30 June 2021.

The acquisition of Corestate Bank GmbH resulted in the recognition of newly identified intangible assets of EUR 25.5 million as customer relationship, EUR 11.2 million as order backlog and goodwill amounting to EUR 94.6 million as at the acquisition date. As at 31 December 2021, Management recognised an impairment of EUR 12.9 million on the customer relationship.

**Auditor's response**

We obtained the calculation and purchase price allocation assessment performed by management and its identification of identifiable assets and liabilities in the business combination at acquisition date.

We obtained the supporting evidence which led management to the reassessment of the provisional purchase price allocation at the reporting date.

We obtained the supporting documentation related to the customer relationship valuation model and held discussions with management to understand the basis for the assumptions and inputs used in the valuation model. We involved our internal specialist to assist us in evaluating appropriateness of the valuation methods applied by management, assessing the material valuation parameters and assumptions and the verification of the material calculations. We reviewed the supporting documentation for the customer pipeline used in the model. We assessed the reasonableness of the assumptions used in determining the useful lives of the intangible assets acquired. We tested the mathematical accuracy of the valuation models.

**b) Impairment test of the goodwill and other intangible assets with indefinite useful lives**

**Description**

As part of acquisitions and related business combinations, the Group recorded goodwill and other intangible assets with indefinite useful lives (brand names). The carrying value of the goodwill and other intangible assets with indefinite useful lives amounted EUR 533.9 million representing 38% of the total Group's consolidated assets as of 31 December 2021. Goodwill and brand names with indefinite useful life are subject to an annual impairment test. In 2021, management recorded an impairment of EUR 174.8 million on the goodwill that was allocated to the cash generating unit HFS Helvetic Financial Services AG and EUR 2.6 million on the goodwill that was allocated to the cash generating unit CRM Students Ltd.

We considered the annual impairment test for goodwill and brand names to be a key audit matter because the assessment process is complex, involves significant management judgement and is based on assumptions that are affected by projected cash flows, growth rates, discount rates and overall future market and economic conditions, including ongoing market circumstances caused by COVID19 pandemic.

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## Auditor's response

Our audit procedures included a reconciliation of the projected EBITDA in the management's impairment test models to the management's business plan and adjustments thereto. In addition, we assessed the plausibility of cash flows used by management by comparing them to actual historical data and prior year business plans, and by evaluating their consistency with some forward-looking performance indicators and checked mathematical accuracy of calculations.

We involved our internal specialist to assist us in evaluating appropriateness of valuation methodologies selected by management for impairment test and technical accuracy of the calculation, and whether applied parameters, including the growth rates beyond 5 years and the discount rates used in the impairment test model are reasonable. We also assessed the adequacy of the related disclosures in the consolidated financial statements concerning those key assumptions to which the outcome of the impairment test is most sensitive.

### c) Fair value of investment properties held by associates

#### Description

The Group has significant investments in associates amounting to EUR 134.5 million as of 31 December 2021. The Group's associates' main assets are investment properties.

The investments in associates are accounted for using the equity method. In accordance with the Group accounting policies, investment properties owned by associates are initially recognised at cost and subsequently measured at fair value at each reporting date. Thus, the Group's share in the net assets of the associates is significantly impacted by the fair value of the investment properties that they own. The fair values are determined based on a periodic valuation, performed mainly by accredited independent valuers applying a valuation method recommended by the International Valuation Standards Committee. As part of the COVID 19 pandemic situation, a number of independent valuers have included material uncertainty statements in their valuation reports in accordance with the RICS Red Book statement.

The valuation of the investment properties is a significant estimate and is underpinned by a number of factual inputs and assumptions. The valuation is inherently subjective due to, among other factors, the individual nature of each property, the location and the estimate of expected cash flows generated by future rentals. The valuation models apply assumptions for discount and capitalization rates and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the fair value.

#### Auditor's response

As part of our audit procedures over the valuation of investment properties owned by Group's associates, we evaluated the competence, capabilities and objectivity of the valuers. For a sample of the valuations, we traced the inputs used in the valuation process to corresponding lease agreements and other relevant documentation.

For a sample of the valuations, we involved our real estate specialist to assist us in assessing the methodologies and assumptions used in the valuation models. In particular, we assessed whether the applied valuation methods are appropriate for the purpose of the valuation of the underlying investment properties. We considered assumptions and judgements used by the Group in the valuations following the impact of COVID-19. We also challenged the assumptions used in the valuation models, including discount and capitalisation rates, against available market data.

We assessed the adequacy of the related disclosures in the consolidated financial statements in relation to the sensitivity of the carrying amounts of associates depending on the valuation of the investment properties held by associates.

### d) Impairment assessment of the loans included in "Other current financial assets" granted as a bridge financing for project developments

#### Description

Other current financial assets include mainly loans (and related interest) granted by the Group as a bridge financing for project developments for an amount of

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EUR 60.5 million as at 31 December 2021 net of impairment of EUR 41.9 million. In accordance with the Group accounting policies, these loans are measured at amortised cost. Management performs an impairment assessment of its financial assets and recognizes an allowance for expected credit losses in accordance with IFRS 9.

We considered the impairment assessment of the loans as a key audit matter because of the size and nature of these loans at reporting date and the judgement required from management to perform the assessment. In addition, several of these loans have matured at reporting date and two of these loans have not been extended. Management performed the impairment assessment by reviewing the recoverability of the contractual cashflows considering the valuation of the underlying projects, reviewing the quality and sufficiency of the related security, collaterals and guarantees as well as estimated the expected credit losses based on the expected credit loss model specific to each loan.

#### Auditor's response

We considered management's impairment assessment based on our understanding of the nature of the loans, the valuation of the underlying assets granted as security and other securities and guarantees, if any, the financial situation of the borrower, where available, and the Group's rank in reimbursement hierarchy. Our audit procedures included a review of a sample of loan contracts and, where applicable, the loan maturity date extension. We reviewed management's evaluation of such loans based on the acceptance procedures performed at inception, mortgages included in the land registers of the development projects, the risks associated with these projects and other securities provided by the borrowers.

We made inquiries to management to identify if there were any recent developments or matters that might have affected the ability of the borrowers to reimburse the loans. We involved our internal specialist to assess the reasonability of how management quantified the expected credit losses based on the expected credit loss model.

## OTHER INFORMATION

The Management Board is responsible for the other information. The other information comprises the information included in the Group management report and the Report on corporate governance but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE MANAGEMENT BOARD AND OF THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Management Board is responsible for preparing and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## RESPONSIBILITIES OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ" FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on 28 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the management report, is the responsibility of the Management Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2021 with the relevant requirements set out in the ESEF regulation that are applicable to the consolidated financial statements.

## For the Group it relates to:

- the consolidated financial statements prepared in valid xHTML format;
- the XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation

In our opinion, the consolidated financial statements of the Group as at 31 December 2021, identified as Corestate\_Capital\_Holding\_SA-ESEF-31122021.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We provided the following permitted services in addition to the statutory audit:

- review of the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021;
- issuance of contribution in kind report in the context of the article 420-10 of the law of August 10, 1915 on commercial companies, as amended;
- issuance of a comfort letter in connection with the prospectus related to issuance of new ordinary shares of the Company

Ernst & Young  
Société anonyme  
Cabinet de révision agréé

Luxembourg, 21 April 2022

**Pavel Nesvedov**



# ANNUAL ACCOUNTS



## BALANCE SHEET ASSETS

€ million	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>	-	-	-
I. Subscribed capital not called	-	-	-
II. Subscribed capital called but unpaid	-	-	-
<b>B. Formation expenses</b>	-	-	-
<b>C. Fixed assets</b>	-	<b>1,133.3</b>	<b>1,018.4</b>
I. Intangible assets	Note C.1	2.5	3.4
1. Costs of development	-	-	-
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	-	2.5	3.4
a. acquired for valuable consideration and need not be shown under C.I.3	Note C.1	2.5	3.4
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	Note C.1	0.2	-
II. Tangible assets	Note C.2	0.1	0.1
1. Land and buildings	-	-	-
2. Plant and machinery	-	-	-
3. Other fixtures and fittings, tools and equipment	Note C.2	0.1	0.1
4. Payments on account and tangible assets in the course of construction	-	-	-

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## BALANCE SHEET ASSETS

€ million	Reference(s)	Current year	Previous year
III. Financial assets	Note C.3	1,130.6	1,014.8
1. Shares in affiliated undertakings	Note C.3.1	966.7	751.7
2. Loans to affiliated undertakings	Note C.3.2	52.4	139.1
3. Participating interests	Note C.3.3	44.0	45.5
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	-	3.8	5.3
5. Investments held as fixed assets	Note C.3.4	48.6	54.9
6. Other loans	Note C.3.5	15.1	18.3
<b>D. Current assets</b>	-	<b>78.7</b>	<b>118.2</b>
I. Stocks	-	-	-
1. Raw materials and consumables	-	-	-
2. Work in progress	-	-	-
3. Finished goods and goods for resale	-	-	-
4. Payments on account	-	-	-
II. Debtors	Note C.4	70.4	87.3
1. Trade debtors	Note C.4	3.5	1.7
a. becoming due and payable within one year	-	3.5	1.7
b. becoming due and payable after more than one year	-	-	-

## BALANCE SHEET ASSETS

€ million	Reference(s)	Current year	Previous year
2. Amounts owed by affiliated undertakings	Note C.4.1	53.1	65.5
a. becoming due and payable within one year	-	53.1	65.5
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	Note C.4.2	13.3	17.2
a. becoming due and payable within one year	-	13.3	17.2
b. becoming due and payable after more than one year	-	-	-
4. Other debtors	Note C.4.3	0.5	2.9
a. becoming due and payable within one year	-	0.5	2.9
b. becoming due and payable after more than one year	-	-	-
III. Investments	-	2.2	-
1. Shares in affiliated undertakings	-	-	-
2. Own shares	-	-	-
3. Other investments	Note C4.4	2.2	-
IV. Cash at bank and in hand	-	6.2	30.9
<b>E. Prepayments</b>	<b>Note C.5</b>	<b>3.0</b>	<b>5.6</b>
<b>Total assets</b>		<b>1,215.0</b>	<b>1,142.1</b>

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## BALANCE SHEET CAPITAL, RESERVES AND LIABILITIES

€ million	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>	<b>Note C.6</b>	<b>663.0</b>	<b>590.6</b>
I. Subscribed capital	Note C.6.1	2.5	1.9
II. Share premium account	Note C.6.3	561.5	400.7
III. Revaluation reserve	-	-	-
IV. Reserves	Note C.7	0.3	0.2
1. Legal reserve	Note C.7.1	0.3	0.2
2. Reserve for own shares	Note C.7.2	-	-
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 or loss brought forward	-	187.8	116.6
VI. Profit or loss for the financial year	-	(89.0)	71.2
VII. Interim dividends	-	-	-
VIII. Capital investment subsidies	-	-	-

## BALANCE SHEET CAPITAL, RESERVES AND LIABILITIES

€ million	Reference(s)	Current year	Previous year
<b>B. Provisions</b>	<b>Note C.8</b>	<b>8.4</b>	<b>5.1</b>
1. Provisions for pensions and similar obligations	-	-	-
2. Provisions for taxation	-	-	-
3. Other provisions	Note C.8.1	8.4	5.1
<b>C. Creditors</b>	<b>Note C.9</b>	<b>543.6</b>	<b>546.4</b>
1. Debenture loans	-	495.9	502.5
a. Convertible loans	Note C.9.1	193.5	200.1
i) becoming due and payable within one year	-	193.5	0.1
ii) becoming due and payable after more than one year	-	-	200.0
b. Non-convertible loans	Note C.9.2	302.4	302.4
i) becoming due and payable within one year	-	2.4	2.4
ii) becoming due and payable after more than one year	-	300.0	300.0
2. Amounts owed to credit institutions	-	-	-
a. becoming due and payable within one year	-	-	-
b. becoming due and payable after more than one year	-	-	-

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## BALANCE SHEET CAPITAL, RESERVES AND LIABILITIES

€ million	Reference(s)	Current year	Previous 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	Note C.9.3	2.6	1.1
a. becoming due and payable within one year	-	2.6	1.1
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	Note C.9.4	37.4	39.3
a. becoming due and payable within one year	-	13.0	13.2
b. becoming due and payable after more than one year	-	24.4	26.2
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	Note C.9.5	4.3	3.3
a. becoming due and payable within one year	-	0.2	0.1
b. becoming due and payable after more than one year	-	4.1	3.2

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## BALANCE SHEET CAPITAL, RESERVES AND LIABILITIES

€ million	Reference(s)	Current year	Previous year
8. Other creditors	Note C.9.6	3.4	0.2
a. Tax authorities	-	1.9	0.0
b. Social security authorities	-	-	-
c. Other creditors	-	1.5	0.2
i) becoming due and payable within one year	-	1.5	0.2
ii) becoming due and payable after more than one year	-	-	-
<b>D. Deferred income</b>	-	-	-
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		<b>1,215.0</b>	<b>1,142.1</b>

## PROFIT AND LOSS ACCOUNT

€ million	Reference(s)	Current year	Previous year
<b>1. Net turnover</b>	<b>Note D.1</b>	<b>16.3</b>	<b>23.1</b>
<b>2. Variation in stocks of finished goods and work in progress</b>	-	-	-
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	-	-	-
<b>4. Other operating income</b>	<b>Note D.2</b>	<b>1.5</b>	<b>2.7</b>
<b>5. Raw materials and consumables and other external expenses</b>	-	<b>(37.8)</b>	<b>(34.9)</b>
a. Raw materials and consumables	-	-	-
b. Other external expenses	Note D.3	(37.8)	(34.9)
<b>6. Staff costs</b>	<b>Note D.4</b>	<b>(4.8)</b>	<b>(2.7)</b>
a. Wages and salaries	-	(4.8)	(2.7)
b. Social security costs	-	(0.0)	-
i) relating to pensions	-	-	-
ii) Other social security costs	-	(0.0)	-
c. Other staff costs	-	-	-
<b>7. Value adjustments</b>	-	<b>(3.9)</b>	<b>(0.9)</b>
a. in respect of formation expenses and of tangible and intangible fixed assets	Note C.1; C.2	(1.1)	(0.9)
b. in respect of current assets	-	(2.7)	-
<b>8. Other operating expenses</b>	<b>Note D.5</b>	<b>(3.1)</b>	<b>(1.1)</b>

## PROFIT AND LOSS ACCOUNT

€ million	Reference(s)	Current year	Previous year
<b>9. Income from participating interests</b>	<b>Note D.6</b>	<b>51.3</b>	<b>101.6</b>
a. derived from affiliated undertakings	-	51.3	101.6
b. Other income from participating interests	-	-	-
<b>10. Income from other investments and loans forming part of the fixed assets</b>	-	-	-
a. derived from affiliated undertakings	-	-	-
b. Other income not included under a)	-	-	-
<b>11. Other interest receivable and similar income</b>	<b>Note D.7</b>	<b>6.5</b>	<b>5.8</b>
a. derived from affiliated undertakings	-	4.8	5.017
b. Other interest and similar income	-	1.8	0.8
<b>12. Share of profit or loss of undertakings accounted for under the equity method</b>	-	-	-
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	<b>Note D.8</b>	<b>(97.8)</b>	<b>(3.4)</b>
<b>14. Interest payable and similar expenses</b>	<b>Note D.9</b>	<b>(17.1)</b>	<b>(18.4)</b>
a. concerning affiliated undertakings	-	(1.4)	(3.5)
b. Other interest and similar expenses	-	(15.7)	(14.8)
<b>15. Tax on profit or loss</b>	<b>Note D.10</b>	<b>(0.3)</b>	<b>(0.8)</b>
<b>16. Profit or loss after taxation</b>	-	<b>(89.0)</b>	<b>71.2</b>
<b>17. Other taxes not shown under items 1 to 16</b>	-	<b>(0.0)</b>	<b>(0.0)</b>
<b>18. Profit or loss for the financial year</b>	-	<b>(89.0)</b>	<b>71.2</b>



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# 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 07 September 2015.

CCH SA was established on 21 August 2015 for an unlimited period of time. The Company’s financial year starts on 01 January and ends on 31 December of each year.

The Company applied for the admission of its shares to trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on 30 October 2017. Commencement of trading (Notierungsaufnahme) of the shares on the regulated market segment (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurt Wertpapierbörse) took place on 02 November 2017.

## Basic Share Data

WKN / ISIN	A141J3 / LU1296758029
Ticker Symbol / Reuters Code	CCAP
Common Code	129675802
Trading Segment	Prime Standard
Stock Exchange	Frankfurt
Type of Stock	No-par value bearer shares

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The Company's shares (31.12.2021: 34,193,808; 31.12.2020: 25,666,025 ordinary shares) are quoted on a 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 increased the reporting and publishing requirements.

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 any type of loan agreement, 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 Management Board. In this context, the new Luxembourg Law of 18 December 2015 was also considered. The new Luxembourg Law, which is applicable to financial years beginning on or after 01 January 2016, had mainly an impact on the Company's presentation of the annual accounts and amendments in the notes to the Company's accounts. Furthermore, the materiality 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 preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management Board 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. The Management Board 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 million Euros. All values in these notes are rounded to the nearest million Euros (€m), except where otherwise indicated. The use of automatic data processing 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 these financial statements a dash ("–") indicates that the relevant figure is not available, while a zero ("0") implies that the relevant figure is available, but has been rounded to or equals zero.

As at December 31, 2021, the Company's current liabilities exceed its current assets by € 144.8m. The financial statements have been prepared on a going concern basis. In assessing the Company's ability to continue as a going concern, the Management Board has considered the expected future proceeds from divestments and freeing up capital initiatives as the basis for refinancing the two major debt instruments. Accordingly, the refinancing strategy is to initially repay the convertible bond amounting to € 193.5m as of 31 December 2021 from net operating cash flows and from the repayment, settlement and placement of various balance sheet assets, while the senior bond amounting to € 300.0m as of 31 December 2021 maturing in April 2023 is to be refinanced through the issuance of one or more new debt instruments. Together with investors and advising banks, it is also being considered to refinance the convertible bond and the senior bond together in the course of 2022 by simultaneously issuing a new senior bond and using the accumulated cash. Management is confident in its ability to execute its refinancing plan. However, the Company's ability to complete its refinancing strategy depends on the timing of and amounts from the realization of the balance sheet assets, the capital market situation and the performance of the Company which together indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

## B.2 SIGNIFICANT ACCOUNTING POLICIES

### B.2.1 FORMATION EXPENSES

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

### B.2.2 INTANGIBLE ASSETS

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

The depreciation rates and methods applied are as follows:

Intangible assets	Depreciation rate p.a.	Depreciation method
IT Software	33.333%	linear, pro rata temporis
Licence	20.000%	linear, pro rata temporis

### B.2.3 TANGIBLE ASSETS

Tangible assets are measured at purchase price including the expenses incidental thereto or at production costs, less cumulated depreciation and value adjustments. Value adjustments are not continued if the reasons for the value adjustments have ceased to apply.

The depreciation rates and methods applied are as follows:

Tangible assets	Depreciation rate p.a.	Depreciation method
IT Equipment	33.333%	linear, pro rata temporis

### B.2.4 FINANCIAL ASSETS

Shares in affiliated undertakings and participating interests 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.

Long-term loans and claims held as fixed assets are stated at acquisition costs plus capitalised interests less reimbursements received 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.2.5 DEBTORS

Debtors are measured 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.2.6 CASH AT BANK AND CASH IN HAND

Cash is measured at its nominal value.

### B.2.7 FOREIGN CURRENCY TRANSLATION

The Company maintains its postings 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 based on 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.2.8 PREPAYMENTS

Prepayments include financing fees and expenditures incurred during the financial year but relating to a subsequent financial year.

Financing fees are amortised on a straight-line basis over the duration of the related debt.

### B.2.9 PROVISIONS

Provisions are recognised 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 recorded 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.

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 authorities within other creditors“.

### B.2.10 DEBT

Debt is recorded at its reimbursement value. Where the amount repayable 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.2.11 NET TURNOVER

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

# C. NOTES TO THE BALANCE SHEET

## C.1 INTANGIBLE ASSETS

The movements for the period are as follows:

	Ownership	01.01.21	Additions	Transfers	Disposals	31.12.21	01.01.21	Depreciation	31.12.21	31.12.21	31.12.20
Intangible fixed assets	%	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>1 Research and development costs</b>	-	-	-	-	-	-	-	-	-	-	-
<b>2 Concessions, patents, licences, trade marks and similar rights and assets</b>	-	-	-	-	-	-	-	-	-	-	-
IT Software and Homepage	-	4.5	-	-	-	4.5	1.9	0.9	2.7	1.7	2.6
Concessions, licences, industrial and similar rights and assets	-	0.4	-	-	-	0.4	0.2	0.1	0.3	0.1	0.2
Internally generated intangible fixed assets	-	0.6	0.0	-	-	0.7	-	0.1	0.1	0.5	0.6
	-	<b>5.5</b>	<b>0.0</b>	-	-	<b>5.5</b>	<b>2.1</b>	<b>1.1</b>	<b>3.1</b>	<b>2.4</b>	<b>3.4</b>
<b>3 Goodwill, to the extent that it was acquired for valuable consideration</b>	-	-	-	-	-	-	-	-	-	-	-
<b>4 Payments on account and intangible fixed assets under development</b>	-	-	-	-	-	-	-	-	-	-	-
Payments on account	-	-	0.2	-	-	0.2	-	-	-	0.2	0.0
	-	-	0.2	-	-	0.2	-	-	-	0.2	0.0
<b>Total</b>	-	<b>5.5</b>	<b>0.2</b>	-	-	<b>5.7</b>	<b>2.1</b>	<b>1.1</b>	<b>3.1</b>	<b>2.5</b>	<b>3.4</b>

## C.2 TANGIBLE ASSETS

The movements for the period are as follows:

	01.01.2021	Additions	Transfers	Disposals	31.12.21	01.01.21	Depreciation	31.12.21	31.12.21	31.12.20
<b>Tangible fixed assets</b>	<b>€ million</b>									
<b>Other fixtures and fittings, tools and equipment</b>	-	-	-	-	-	-	-	-	-	-
IT Equipment	0.1	-	-	-	0.1	0.1	0.0	0.1	0.1	0.1
Low-value assets	-	0.0	-	-	0.0	-	0.0	0.0	-	-
<b>Total</b>	<b>0.1</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>

## C.3 FINANCIAL ASSETS

A detailed statement of changes is attached in appendix 1 of the Notes.  
The movements for the period are as follows:

€ million	Shares in affiliated undertakings	Loans to affiliated undertakings held as fixed assets	Shares in undertakings with which the undertaking is linked by virtue of participating interests	Loans to undertakings with which the undertaking is linked by virtue of participating interests	Investments held as fixed assets	Other loans held as fixed assets	Total
Gross book value	-	-	-	-	-	-	-
Opening balance as at 01 January 2021	751.7	139.1	45.5	5.3	54.9	18.3	1,014.8
Additions for the period	251.9	87.4	1.0	1.1	-	0.5	342.0
Disposals for the period	(6.7)	(112.5)	(0.8)	-	(6.3)	(3.7)	(130.1)
Transfers for the period	-	-	-	-	-	-	-
Currency translation effects for the period	-	-	-	-	-	-	-
<b>Closing balance as at 31 December 2021</b>	<b>996.9</b>	<b>114.0</b>	<b>45.7</b>	<b>6.4</b>	<b>48.6</b>	<b>15.1</b>	<b>1,226.6</b>
Accumulated value adjustments	-	-	-	-	-	-	-
Opening balance as at 01 January 2021	-	-	-	-	-	-	-
Depreciation charge for the year	(30.1)	(61.6)	(1.7)	(2.7)	-	-	(96.1)
Closing balance as at 31 December 2021	(30.1)	(61.6)	(1.7)	(2.7)	-	-	(96.1)
Net book value - closing balance	966.7	52.4	44.0	3.7	48.6	15.1	1,130.5
Net book value - opening balance	751.7	139.1	45.5	5.3	54.9	18.3	1,014.8

Undertakings in which the Company holds at least 50% of the share capital are as follows:

<b>Name of the undertaking</b>	<b>Registered office and Country of incorporation</b>	<b>Ownership (in %)</b>	<b>Last balance sheet date</b>	<b>Net equity at the balance sheet date of the company concerned (in €m)</b>	<b>Profit or loss for the last financial year (in €m)</b>
<b>€ million</b>				<b>2021</b>	
HFS Helvetic Financial Services AG	Wollerau/Switzerland	100.00	31.12.2021	108.1	70.0
Corestate CAPITAL AG	Baar/Switzerland	100.00	31.12.2021	54.0	0.6
Corestate Capital Group GmbH	Frankfurt on Main/Germany	100.00	31.12.2021	42.0	(24.8)
Corestate Capital Services GmbH	Wollerau/Switzerland	100.00	31.12.2021	37.6	14.2
Ginova PropCo S.à r.l.	Luxembourg	100.00	31.12.2021	35.6	1.1
Ginova AIF S.à r.l.	Luxembourg	100.00	31.12.2021	31.2	(0.0)
Corestate Bank GmbH (vormals: Aggregate Financial Services GmbH)	Frankfurt on Main/Germany	100.00	31.12.2021	28.5	10.0
BER REV HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	12.9	9.8
Bego HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	6.2	(0.0)
Bego HoldCo I S.L.	Madrid/Spain	100.00	31.12.2021	5.8	(0.0)
Bego PropCo I S.L.	Madrid/Spain	100.00	31.12.2021	5.8	(0.1)
Corestate Capital France HoldCo SAS	Paris/France	100.00	31.12.2021	5.4	(2.5)
Gabriela HoldCo S.à r.l. (prev. Corestate Shelf 18 S.à r.l.)	Luxembourg	100.00	31.12.2021	5.1	(0.0)
Gabriela HoldCo S.L.	Madrid/Spain	100.00	31.12.2021	4.8	(0.2)
Gabriela PropCo S.L.	Madrid/Spain	100.00	31.12.2021	4.8	(0.1)
UPARTMENTS Real Estate GmbH	Leipzig/Germany	100.00	31.12.2021	4.5	0.0
DONALD HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	4.0	0.1

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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 (in €m)	Profit or loss for the last financial year (in €m)
				2021	
Wallhalla HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	3.0	(0.0)
Corestate Capital Advisors GmbH	Frankfurt on Main/Germany	100.00	31.12.2021	2.9	0.0
Echo HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	2.5	(0.0)
STAM Europe SAS	Paris/France	100.00	31.12.2021	2.4	1.5
Plutos HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	1.9	(0.0)
Capera Immobilien Service GmbH	Neu-Isenburg/Germany	100.00	31.12.2021	1.8	(1.4)
PALMYRA Verwaltungs GmbH & Co. Verm. KG S.e.n.c	Luxembourg	84.92	31.12.2021	1.5	(0.0)
PALMYRA Verwaltungs GmbH & Co. Vermietungs KG i.L.	Pullach/Germany	89.58	31.12.2021	1.5	0.0
CRM Students Ltd	Oxford/United Kingdom	100.00	31.12.2021	1.3	(1.9)
HARBOUR AcquiCo 1 AIF S.à r.l.	Luxembourg	100.00	31.12.2021	1.0	(0.1)
Hannover Leasing Verwaltungsgesellschaft mbH	Pullach/Germany	100.00	31.12.2021	0.8	0.0
Iberian HoldCo II S.à r.l.	Luxembourg	100.00	31.12.2021	0.8	(0.0)
STAM France Investment Managers SAS	Paris/France	100.00	31.12.2021	0.7	(0.4)
Stadttor Düsseldorf AcquiCo S.à r.l.	Luxembourg	100.00	31.12.2021	0.7	(4.6)
Corestate Student Home Holding S.à r.l.	Luxembourg	100.00	31.12.2021	0.7	(0.1)
Corestate CAPITAL Fund Management S.à r.l.	Luxembourg	100.00	31.12.2021	0.6	(1.0)
GENOST Consulting GmbH	Leipzig/Germany	100.00	31.12.2021	0.5	0.0
Corestate CIV GmbH	Frankfurt on Main/Germany	100.00	31.12.2021	0.5	0.0
Cisnes E Silhuettas	Lisbon/Portugal	100.00	31.12.2021	0.5	0.3
Corestate Capital Investors (Europe) GmbH	Frankfurt on Main/Germany	100.00	31.12.2021	0.4	(0.5)

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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 (in €m)	Profit or loss for the last financial year (in €m)
				2021	
Tempelhof Twins TopCo S.à r.l.	Luxembourg	100.00	31.12.2021	0.4	(0.0)
ROSE HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	0.4	0.1
Iberian Investments II HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	0.3	(0.0)
Stam Co-Invest	Luxembourg	77.67	31.12.2021	0.3	0.1
Corestate Capital International S.a r.l. (prev. CCIS Master HoldCo S.à r.l.)	Luxembourg	100.00	31.12.2021	0.3	(0.0)
Dedan AIF S.à r.l. (prev. Dedan HoldCo S.à r.l.)	Luxembourg	100.00	31.12.2021	0.3	(0.1)
STAM Property Management SAS	Paris/France	100.00	31.12.2021	0.2	0.0
Hartly Invest S.L.U.	Madrid/Spain	100.00	31.12.2021	0.2	0.0
AF ATHENA GmbH	Frankfurt am Main/Germany	100.00	31.12.2021	0.2	(0.0)
Corestate Capital Italy S.R.L.	Milan/Italy	100.00	31.12.2021	0.2	(0.1)
Madison HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	0.2	(0.0)
Bad Honnef OpCo GmbH	Frankfurt am Main/Germany	100.00	31.12.2021	0.2	(0.0)
Urban Micro Estate Immobilienverwaltungs GmbH	Vienna/Austria	100.00	31.12.2021	0.2	0.1
Potsdam Student Home AcquiCo II S.à r.l.	Luxembourg	100.00	31.12.2021	0.2	(0.2)
Wallhalla PropCo S.á r.l.	Luxembourg	100.00	31.12.2021	0.1	(2.8)
Court HoldCo GmbH	Frankfurt am Main/Germany	100.00	31.12.2021	0.1	(2.1)
Corestate MCIF GmbH & Co. KG	Frankfurt am Main/Germany	100.00	31.12.2021	0.1	(0.5)
Urban Micro Estate Swiss Immobilienverwaltungs GmbH	Zug/Switzerland	100.00	31.12.2021	0.1	(0.0)
Corestate Shelf 15 S.à r.l.	Luxembourg	100.00	31.12.2021	0.1	(0.0)

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<b>Name of the undertaking</b>	<b>Registered office and Country of incorporation</b>	<b>Ownership (in %)</b>	<b>Last balance sheet date</b>	<b>Net equity at the balance sheet date of the company concerned (in €m)</b>	<b>Profit or loss for the last financial year (in €m)</b>
<b>€ million</b>				<b>2021</b>	
Substantia KG	Pullach/Germany	100.00	31.12.2021	0.1	(0.0)
Frankfurt Student Home AcquiCo II S.à r.l.	Luxembourg	100.00	31.12.2021	0.1	(0.2)
LOMBARDO Verwaltungsgesellschaft mbH	Pullach/Germany	89.58	31.12.2021	0.1	0.0
Bayreuth Student Home AcquiCo II S.à r.l.	Luxembourg	100.00	31.12.2021	0.1	(0.1)
Corestate FIF Portfolio Verwaltung GmbH	Hamburg/Germany	100.00	31.12.2021	0.0	(0.0)
Projekt AcquiCo III S.à r.l.	Luxembourg	100.00	31.12.2021	0.0	(0.2)
Corestate Capital Partners GmbH	Pfäffikon/Switzerland	100.00	31.12.2021	0.0	(0.3)
Grindel AcquiCo II S.à r.l.	Luxembourg	100.00	31.12.2021	0.0	(0.1)
Aggregate Debt GP Sarl	Luxembourg	100.00	31.12.2021	0.0	0.0
Urban Micro Estate Spain	Madrid/Spain	100.00	31.12.2021	0.0	(0.0)
Corestate Marketing GmbH	Frankfurt am Main/Germany	100.00	31.12.2021	0.0	0.0
Corestate Capital Beteiligungs Verwaltungs GmbH	Frankfurt am Main/Germany	100.00	31.12.2021	0.0	(0.0)
Aggregate Debt Advisory GmbH	Frankfurt am Main/Germany	100.00	31.12.2021	0.0	(0.2)
Aggregate Debt Fund S.C.A. SICAV-RAIF	Luxembourg	100.00	31.12.2021	0.0	0.0
JOYN Vermietungsgesellschaft mbH	Frankfurt am Main/Germany	100.00	31.12.2021	(0.0)	(0.0)
Livision GmbH	Frankfurt am Main/Germany	100.00	31.12.2021	(0.0)	(0.0)
Mariggo Investments sp. z o. o.	Warsaw/Poland	100.00	31.12.2021	(0.0)	(0.0)
Paolia Sp. z o.o.	Warsaw/Poland	100.00	31.12.2021	(0.0)	(0.0)
Corestate Shelf 11 S.à r.l.	Luxembourg	100.00	31.12.2021	(0.0)	(0.0)

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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 (in €m)	Profit or loss for the last financial year (in €m)
€ million				2021	
Corestate MCIF Germany GmbH & Co. KG	Frankfurt am Main/Germany	100.00	31.12.2021	(0.1)	(0.0)
Corestate Ben HoldCo GmbH & Co. KG	Frankfurt am Main/Germany	100.00	31.12.2021	(0.1)	(0.1)
CRM Micro Living Services Italy S.R.L.	Milan/Italy	100.00	31.12.2021	(0.1)	(0.2)
Rewiana Sp. z o.o. (ehemals CRM Poland sp.z.o.o.)	Warsaw/Poland	100.00	31.12.2021	(0.1)	(0.0)
Mainz Student Home AcquiCo II S.à r.l.	Luxembourg	100.00	31.12.2021	(0.2)	(0.0)
Tempelhof Twins HoldCo S.à r.l.	Luxembourg	100.00	31.12.2021	(0.2)	(0.2)
Corestate Capital Transactions AG	Baar/Switzerland	100.00	31.12.2021	(2.0)	(0.2)
Corestate Capital Sales Holding S.à r.l.	Luxembourg	100.00	31.12.2021	(2.6)	(2.6)
Corestate Capital Partners UK Limited	London/United Kingdom	100.00	31.12.2021	(6.2)	(1.4)

### C.3.1 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. In 2021, the acquisition of Corestate Bank GmbH (formerly known as 'Aggregate Financial Services GmbH') was the major addition to the shares in affiliated undertakings amounting to € 166.4m.

### C.3.2 LOANS TO AFFILIATED UNDERTAKINGS

A detailed composition of loans to affiliated undertakings and a statement of changes are attached in appendix 1 of the Notes. In October 2021, the loan to Corestate Capital Advisors GmbH amounting to € 80.0m was contributed into Corestate Capital Group GmbH as capital increase (see also changes in shares in affiliated undertakings).

€ million	Start date	Maturity (years)	interest rate	collateral	31 Dec 2021	31 Dec 2020
<b>Long-term loans to subsidiaries</b>						
Corestate Capital Group GmbH	01.08.2018	5	1.000%	unsecured	3.8	69.9
Corestate Capital France HoldCo SAS	15.01.2021	5	0.500%	unsecured	28.3	-
Corestate Capital Advisors GmbH	04.10.2021	5	2.260%	unsecured	4.1	55.4
Corestate Capital Sales Holding S.à r.l.	07.01.2019	5	3.000%	unsecured	5.6	5.6
Tempelhof Twins TopCo S.à r.l.	23.09.2019	5	4.750%	unsecured	2.9	2.8
Corestate Capital Partners UK Ltd.	01.09.2018	5	5.500%	unsecured	5.5	3.9
Corestate Student Home Holding S. à r.l.	08.02.2017	5	0.000%	unsecured	0.7	0.8
STAM Co-Invest S.á r.l.	01.07.2020	10	0.000%	unsecured	1.1	0.6
Iberian HoldCo II S. à r.l.	04.08.2020	5	0.000%	unsecured	0.1	0.1
Monet S.à r.l.	11.03.2021	10	1.000%	unsecured	0.1	-
Urban Micro Estate Poland Sp. z o.o	23.06.2020	5	2.490%	unsecured	0.2	-
<b>Total</b>					<b>52.4</b>	<b>139.1</b>

### C.3.3 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 investment structures (also referred to as „Projects“), these investment structures qualify as a participating interest under Lux GAAP.

### C.3.4 INVESTMENTS HELD AS FIXED ASSETS

With the investment agreement dated 23 April 2018, CCH SA has advised HANSAINVEST Hanseatische Investment GmbH, Hamburg, to implement the real estate Alternative Investment Funds “Corestate Opportunity Deutschland I Fonds (Luxembourg)”. In 2019, CCH SA purchased additional shares of Corestate Opportunity Deutschland I Fonds (Luxembourg) amounting to € 44.9m increasing the total investment from € 10.0m to € 54.9m. At the end of 2021, the existing carrying amount of € 54.9m was revalued to the permanently reduced share value of the fund and thus a carrying amount of € 48.6m.

### C.3.5 OTHER LOANS

A detailed composition of other loans and a statement of changes are attached in appendix 1 of the Notes.

On 18 July 2018, the Company as lender and WGS Private Equity Beteiligungs GmbH, WGS Management GmbH and WGS Verwaltung GmbH (all seated in Königstein/Germany) as borrowers entered into a loan agreement. The maximum available loan amount under the agreement is € 15.6m which is paid directly to WGS Private Equity Beteiligungs GmbH. In the previous year the loan was classified under other debtors as the loan was deemed to be repaid by the end of July 2020.

On 21 July 2020, the Company as lender and Prime Partners GmbH, as borrowers superseding WGS Management GmbH as party to the initial loan agreement, entered into an extended loan agreement. The loan shall bear interest at a rate of 3.4% per annum. The loan will be repaid by December 31, 2026. To date, Prime Partners GmbH has met all contractual payment obligations without restriction.

## C.4 DEBTORS

Debtors are mainly composed of:

€ million	31 Dec 2021	31 Dec 2020
Trade Debtors	3.5	1.7
Amounts owed by Affiliated Undertakings	53.1	65.5
Amounts owed by Undertakings with which the Undertaking is linked by Virtue of Participating Interests	13.3	17.2
Other Debtors	0.5	2.9
<b>Total</b>	<b>70.4</b>	<b>87.3</b>

Trade debtors in the amount of € 3.5m (December 31, 2020: € 1.7m) include various fee income streams. The decrease of the other debtors results from reconciliation of the vat receivables and VAT payable.

### C.4.1 AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

€ million	31 Dec 2021	31 Dec 2020
<b>Receivables from Delivery and Service Relations</b>	<b>53.0</b>	<b>27.4</b>
<b>Short-term Loans (including Accrued Interests) and Other Receivables</b>	<b>0.1</b>	<b>38.1</b>
Corestate Capital France HoldCo SAS	-	28.9
HFS Helvetic Financial Services AG	0.0	9.1
Others	0.1	0.2
<b>Total</b>	<b>53.1</b>	<b>65.5</b>

In 2021, the receivables from delivery and service relations resulted from affiliated undertakings amounting to € 53.0m (December 31, 2020: € 27.4m). The increase of the receivables from delivery and service relations are mainly due to dividend distribution of € 42,6m of HFS Helvetic Financial Services AG.

### C.4.2 AMOUNTS OWED BY UNDERTAKINGS WITH WHICH THE UNDERTAKING IS LINKED BY VIRTUE OF PARTICIPATING INTERESTS

€ million	2021	2020
Receivables from Project Iberian	0.3	3.3
Receivables from Project Turicum	0.5	2.9
Receivables from Project 4711	0.3	2.1
Receivables from Project HIGHSTREET VIII	3.2	1.8
Receivables from Project CC SH	-	1.5
Receivables from Project Tablas	1.6	1.1
Receivables from Project Pallars	0.1	0.8
Receivables from Project Echo	1.6	0.8
Receivables from Project Olympic	1.2	0.6
Receivables from Project HIGHSTREET Premium II	1.0	0.5
Receivables from Project HIGHSTREET VI	1.2	0.4
Receivables from Project BCC	0.9	0.3
Receivables from Project LIVER	0.5	0.2
Receivables from Project Rose	0.1	0.1
Others	0.9	0.6
<b>Total</b>	<b>13.3</b>	<b>17.2</b>

In 2021, the Company was able to reduce the amounts owed by undertakings with which the undertaking is linked by virtue of participating interests by € 3.8m, which is primarily due to the fees received from project Turicum amounting to € 2.4m.

### C.4.3 OTHER DEBTORS

€ million	2021	2020
VAT Receivables	0.5	2.8
Deposits	0.0	0.0
Wage and Church Taxes Receivables	0.0	-
Others	0.0	0.0
<b>Total</b>	<b>0.5</b>	<b>2.9</b>

VAT receivables mainly result from transactions of the Company with third parties located in the EU zone (reverse charge). In consequence, CCH SA has input tax rebate claims against the Luxembourg tax authorities from value added taxes ("VAT"). In 2021, the VAT receivables and vat payables are reconciled.

### C.4.4 INVESTMENTS

€ million	31 Dec 2021	31 Dec 2020
Other Investments	2.2	-
<b>Total</b>	<b>2.2</b>	<b>-</b>

The increase in investments is due to the purchase of securities related to a real estate investment in Berlin.

### C.5 PREPAYMENTS

€ million	31 Dec 2021	31 Dec 2020
Transaction Costs Bonds	2.8	5.1
Others	0.2	0.5
<b>Total</b>	<b>3.0</b>	<b>5.6</b>

The bond-related transaction costs result from the issuance of the two bonds (refer to Notes C.9.1 and C.9.2) and comprise mainly bank and advisory fees, commissions as well as registration costs. At issuance, these costs were capitalized as deferred charges and amortized over the bonds' respective terms.

### C.6 CAPITAL AND RESERVES

#### C.6.1 SUBSCRIBED CAPITAL

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.

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€ million	Subscribed capital	Share Premium	Reserves for own shares	Reserves	Profit and loss brought forward	Profit or loss for the financial year	Total
<b>As at 31 December 2019</b>	<b>1.6</b>	<b>316.2</b>	<b>6.7</b>	<b>0.2</b>	<b>36.0</b>	<b>80.6</b>	<b>441.2</b>
Transfer of Profit or Loss	-	-	-	-	80.6	(80.6)	-
Increase of Subscribed Capital	0.3	74.3	-	-	-	-	74.6
Issue of Subscribed Capital (from Exercise of Share Options)	0.0	-	-	-	-	-	0.0
Conversion of reserves in share premium	0.0	6.7	(6.7)	-	-	-	-
Capital Reserves	-	3.6	-	-	-	-	3.6
Profit/(Loss) for the Period	-	-	-	-	-	71.2	71.2
<b>As at 31 December 2020</b>	<b>1.9</b>	<b>400.7</b>	<b>0.0</b>	<b>0.2</b>	<b>116.6</b>	<b>71.2</b>	<b>590.6</b>
Transfer of Profit or Loss	-	-	-	-	71.2	(71.2)	-
Issue of Subscribed Capital (from Exercise of Share Options)	0.6	-	-	-	-	-	0.6
Capital Reserves	-	160.8	-	-	-	-	160.8
Additions to the Legal Reserve	-	-	-	0.1	(0.1)	-	-
Profit/(Loss) for the Period	-	-	-	-	-	(89.0)	(89.0)
<b>As at 31 December 2021</b>	<b>2.5</b>	<b>561.5</b>	<b>0.0</b>	<b>0.3</b>	<b>187.7</b>	<b>(89.0)</b>	<b>663.0</b>

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.

At the end of first half of 2021, the Company issued 8.500.00 new shares out of its 2021 authorized capital that have been transferred as part of the consideration transferred for the acquisition of Corestate Bank GmbH in a contribution in kind transaction. Hence, the share capital increased by € 637.500 to € 2.562.452.

In July 2021, 27.783 shares were granted as part of the long-term incentive payments for several board members as well as for earn-out compensation payments due to an additional purchase price portion of the 2019 acquired UK located subsidiary CRM.

Due to the changes during the year 2021, the Company's share capital as at 31 December 2021 is set at € 2,562,452 (2020: € 1,924,953) represented by 34,193,808 (2020: 25,666,025) shares which are fully paid up. All Shares are dematerialized shares without a par value.

## C.6.2 AUTHORISED CAPITAL

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

In 2020, 4,311,608 shares representing a share capital increase of € 336,493 have been issued by the Management Board out of the authorized capital.

Additionally, 8,527,783 shares representing a share capital of € 639,584 have been issued by the Management Board out of the authorized capital in 2021.

Since the annual general meeting on 26 June 2021, the authorized capital represented by a maximum of 30,000,000 shares without nominal value of in the Company in an amount of € 2,250,000 was given.

The Management Board is authorized 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 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 authorized 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 authorized capital.

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

### C.6.3 SHARE PREMIUM AND SIMILAR PREMIUMS

The private placement dated 23 February 2017 results in a capital increase allocated to "Share premium account" in an amount of € 22,641,326.14. On 28 April 2017, the Company's annual general meeting resolved to pay a distribution for the financial year ended 31 December 2016 amounting to € 13,606,999.00 (corresponding to € 1.00 per issued share) out of the freely distributable reserves of the Company to the existing shareholders. From the issuance of new shares in connection with the acquisition of HFS and the acquisition of ATOS Group result an increase of "Share premium account" in an amount of € 330,884,125.80 respectively € 11,990,164.20.

At the Company's annual general meeting held on 27 April 2018, the shareholders of Corestate Capital Holding S.A. resolved a distribution out of the existing capital reserves in an aggregate amount of € 42,588,246.00 (corresponding to € 2.00 per issued share) to the shareholders.

At the Company's annual general meeting held on 26 April 2019, the shareholders of Corestate Capital Holding S.A. resolved a distribution out of the existing capital reserves in an aggregate amount of € 52,936,042.50 (corresponding to € 2.50 per issued share) to the shareholders.

On 22 April 2020, the Company withdrew its outlook for the financial year 2020 due to the COVID-19 pandemic. In view of the significant shift in investment decisions, transactions and valuation approaches in core markets and products, the Company considered it no longer likely that it would achieve its originally planned targets for this financial year and revenues were likely to fall short of expectations, particularly in the areas of acquisition and performance-based fees as well as warehousing and alignment capital. Corestate shifted its focus from being on a sustainable growth path to preserving liquidity and further strengthening the company's balance sheet. Accordingly, the Annual General Meeting, held for the first time purely online, decided on 5 June that no dividend will be distributed for financial year 2019.

In 2021, from the issuance of new shares in connection with the acquisition of Corestate Bank results an increase amounting to € 160,802,500. In addition, the Company proposed to its annual general meeting to not make a distribution of the profit, with respect to the financial year 2020 which was approved by the assembly.

## C.7 RESERVES

### C.7.1 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.

### C.7.2 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. As at 31 December 2021 and 31 December 2020 the Company holds no own shares.

## C.8 PROVISIONS

€ million	31 Dec 2021	31 Dec 2020
Other Provisions	8.4	5.1
<b>Total</b>	<b>8.4</b>	<b>5.1</b>

## C.8.1 OTHER PROVISIONS

Other provisions are composed of:

€ million	01.01.21	Utilization	Reversals	Additions	31.12.21
Ancillary Costs from Share-Based Payments	2.4	(0.2)	(0.0)	4.1	6.4
Legal Advice Fees	0.7	(0.0)	(0.7)	0.1	0.1
Bonus Payments to Management Board	0.4	(0.3)	(0.4)	0.8	0.5
Audit and audit-related Fees	0.4	(2.3)	(0.0)	2.2	0.4
Remuneration of the Supervisory Board	0.4	(0.8)	(0.0)	0.9	0.5
Other Provisions	0.2	(0.4)	(0.0)	0.2	0.0
Preparation of Tax Declaration	0.2	(0.3)	(0.1)	0.5	0.2
Vacation	0.1	(1.1)	(0.0)	1.1	0.1
Annual Report and annual General Meeting	0.1	(0.0)	(0.0)	0.0	0.1
Preparation of Financial Statements	0.1	(0.5)	(0.1)	0.5	0.1
<b>Total</b>	<b>5.1</b>	<b>(6.0)</b>	<b>(1.2)</b>	<b>10.4</b>	<b>8.4</b>

€ million	01.01.20	Utilization	Reversals	Additions	31.12.20
Ancillary Costs from Share-Based Payments	0.7	(0.7)	-	2.4	2.4
Legal Advice Fees	-	-	-	0.7	0.7
Bonus Payments to Management Board	0.3	(0.2)	(0.1)	0.4	0.4
Audit and audit-related Fees	0.3	(1.1)	-	1.2	0.4
Remuneration of the Supervisory Board	0.5	(0.4)	-	0.3	0.4
Other Provisions	0.7	(0.7)	-	0.2	0.2
Preparation of Tax Declaration	0.1	(0.0)	-	0.1	0.2
Vacation	-	(0.2)	-	0.3	0.1
Annual Report and annual General Meeting	0.1	(0.1)	-	0.1	0.1
Preparation of Financial Statements	0.1	(0.1)	-	0.1	0.1
<b>Total</b>	<b>2.8</b>	<b>(3.5)</b>	<b>(0.1)</b>	<b>5.9</b>	<b>5.1</b>

## C.9 CREDITORS

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

€ million	Within one year	After one year and within five years	After more than five years	Total 31 Dec 2021
Debenture Loans (convertible Loans)	193.5	-	-	193.5
Debenture Loans (non-convertible Loans)	2.4	300.0	-	302.4
Trade Creditors	2.6	-	-	2.6
Amounts owed to Affiliated Undertakings	13.0	24.4	-	37.4
Amounts owed to Undertakings with which the Undertaking is linked by Virtue of Participating Interests	0.2	4.1	-	4.3
Other Creditors	3.4	-	-	3.4
<b>Total</b>	<b>215.1</b>	<b>328.5</b>	<b>-</b>	<b>543.6</b>

The Company will be able to settle its current liabilities amounting to € 215.1m (2020: € 17.1m) with the cash and cash equivalents available in 2022.

€ million	Within one year	After one year and within five years	After more than five years	Total 31 Dec 2020
Debenture Loans (convertible Loans)	0.1	200.0	-	200.1
Debenture Loans (non-convertible Loans)	2.4	300.0	-	302.4
Amounts owed to Credit Institutions	0.0	0.0	0.0	0.0
Payments received on Account of Orders as far as they are not deducted distinctly from Inventories	0.0	0.0	0.0	0.0
Trade Creditors	1.1	-	-	1.1
Bills of Exchange Payable	0.0	0.0	0.0	0.0
Amounts owed to affiliated Undertakings	13.1	26.2	-	39.3
Amounts owed to Undertakings with which the Undertaking is linked by Virtue of Participating Interests	0.1	3.2	-	3.3
Other Creditors	0.2	-	-	0.2
<b>Total</b>	<b>17.1</b>	<b>529.3</b>	<b>-</b>	<b>546.4</b>

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### C.9.1 DEBENTURE LOANS (CONVERTIBLE LOANS)

€ million	2021	2020
Non-convertible Bonds	193.4	200.0
Interests from non-convertible Bonds	0.1	0.1
<b>Total</b>	<b>193.5</b>	<b>200.1</b>

In 2017 the Company issued unsubordinated and unsecured convertible bonds in the aggregate principal amount of € 200.0m. The bonds are issued in bearer form with a principal amount of € 100,000.00 each, which rank pari passu among themselves. The Company used the net proceeds for the refinancing of existing debt as well as for general corporate purposes.

#### Key facts of the convertible bonds

ISIN	DE000A19SPK4
WKN	A19SPK
Issue Volume (in €)	200.000.000.00
Maturity	28.11.22
Coupon	1.38%
Rating	S&P: BB+
Issue Price	100.00%
Next Interest Payment Day	April 2022
Nominal (in €)	100.000.00
Underlying	Shares of Corestate Capital Holding S.A.
Conversion Price (in €)	55.321
Initial Conversion Premium	27.50%
Conversion Period	08.01.2018-10.10.2022
Issue date	21.11.17
Clearing House	Clearstream Frankfurt

The Bonds with an initial maturity of 5 years were issued at 100% and will be redeemed at 100% of their principal amount, unless previously converted or repurchased and cancelled. The Bonds were placed with a coupon of 1.375% per annum, payable semi-annually in arrear and the conversion price was set to € 61.9580, representing a premium of 27.5% above the reference share price at the bond issue date. The settlement of the bonds took place around 28 November 2017.

The issuer grants to each bondholder the right (the “onversion right”) to convert each bond in whole, but not in part, at the conversion price into settlement shares on any business day during the conversion period (period from 8 January 2018 to the earlier of the following days: the 35th Business Day prior to the maturity date or if the bonds are redeemed by the issuer the 10th Business Day prior to the redemption date).

The bonds bear interest on their principal amount at a rate of 1.375% p.a. as from 28 November 2017. Each bond will cease to bear interest when the bondholder exercises the conversion right in respect of any bond or a bond is redeemed.

At year-end 2021, pro-rata redemptions of the convertible bond were made under par, resulting in a reduction of the outstanding amount of € 6.5m and interest income of € 0.2m.

## C.9.2 DEBENTURE LOANS (NON-CONVERTIBLE LOANS)

€ million	2021	2020
Non-convertible Bonds	300.0	300
Interests from non-convertible Bonds	2.4	2.4
<b>Total</b>	<b>302.4</b>	<b>302.4</b>

In March 2018, the Company issued a non-convertible bond with a volume of € 300m. The non-convertible bond is placed with institutional investors. The key facts are as follows:

### Key facts of the non-convertible bonds

ISIN	DE000A19YDA9
WKN	A19YDA
Issue Volume (Principal Amount) (in €)	300.000.000.00
Issue price (in €)	98.857 % of the principal amount
Date of Issuance	23.03.18
Maturity	15.04.23
Coupon	3.5 % per annum
First Coupon Date	15.10.18
Denomination (in €)	100.000.00

### C.9.3 TRADE CREDITORS

As at 31 December 2021, trade creditors in the amount of € 2.6m mainly consist of liabilities to external service providers (31 December 2020: € 1.1m).

### C.9.4 AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

The liabilities from delivery and services relations result mainly from cost recharges and the transfer pricing agreements.

€ million	Start date	Maturity (years)	interest rate	collateral	31 Dec 2021	31 Dec 2020
<b>Long-term Loans to Subsidiaries</b>					<b>24.4</b>	<b>26.2</b>
Corestate Capital AG	26.04.19	5	1.000%	unsecured	17.3	17.2
Donald HoldCo S.à r.l.	31.01.18	5	3.000%	unsecured	4.2	4.2
Iberian Investments II HoldCo S.à r.l.	27.06.17	5	3.000%	unsecured	1.9	-
Corestate CAPITAL Fund Management S.à r.l.	28.06.17	5	1.000%	unsecured	0.5	4.3
Rose HoldCo S.à r.l.	31.01.18	5	1.000%	unsecured	0.4	0.5
HFS Helvetic Financial Services AG	13.06.19	5	3.750%	unsecured	0.2	-
<b>Short-term Liabilities owed to Subsidiaries</b>					<b>13.0</b>	<b>13.2</b>
Liabilities from delivery and services relations				unsecured	11.7	10.9
Loan Interest to affiliated companies				unsecured	1.1	0.5
Dedan AIF S.à r.l.	29.09.21	1	1.360%	unsecured	0.1	-
CRM Students Limited	16.11.18	1	1.000%	unsecured	-	1.8
<b>Total</b>					<b>37.4</b>	<b>39.3</b>

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### C.9.5 AMOUNTS OWED TO UNDERTAKINGS WITH WHICH THE UNDERTAKING IS LINKED BY VIRTUE OF PARTICIPATING INTERESTS

€ million	31 Dec 2021	31 Dec 2020
<b>Long-term Loans owed from Associates</b>	<b>4.1</b>	<b>3.2</b>
Iberian HoldCo III S.à r.l.	4.1	3.1
Tempelhof Twins TopCo AIF S.à r.l.	0.0	0.0
<b>Short-term Liabilities owed to Associates</b>	<b>0.2</b>	<b>0.1</b>
Liabilities owed to Project HIGHSTREET VI	0.1	0.1
Liabilities owed to Project Iberian HoldCo	0.1	-
<b>Total</b>	<b>4.3</b>	<b>3.3</b>

### C.9.6 OTHER CREDITORS

€ million	31 Dec 2021	31 Dec 2020
<b>Tax Authorities</b>	<b>1.9</b>	<b>0.0</b>
VAT liabilities	1.9	0.0
<b>Other Creditors</b>	<b>1.5</b>	<b>0.2</b>
Payables to CC SH PropCo 01 S.à r.l.	1.5	-
Others	-	0.2
<b>Total</b>	<b>3.4</b>	<b>0.2</b>

# 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:

€ million	2021	2020
<b>Categories of Activity</b>		
Revenue from Delivery of Services intra-group	8.2	13.2
Revenue from Asset Management Fees	5.4	4.9
Revenue from Development Fee	1.9	3.7
Other Revenues	0.6	1.1
Revenue from other Acquisition Related Fees	0.1	-
<b>Total</b>	<b>16.3</b>	<b>23.0</b>
<b>Geographical Markets</b>		
Germany	6.5	7.9
Luxembourg	5.6	7.9
Switzerland	1.2	4.6
Spain	1.2	1.0
Guernsey	0.7	0.0
Poland	0.6	1.2
Austria	0.2	0.2
France	0.2	-
United Kingdom	0.1	-
<b>Total</b>	<b>16.3</b>	<b>23.0</b>

The revenues generated with Associates (see Note C.3.3) 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. The revenue is mainly classified into following categories:

Delivery of services intra-group, acquisition related fee, onboarding fee, developing fee, asset management fee, termination fee and others. The decrease in delivery of services intra-group is primarily caused by a recalculation of the cost allocation.

## D.2 OTHER OPERATING INCOME

€ million	2021	2020
Reversal of Provisions and Staff Costs	1.3	0.0
Currency Translation Adjustments	0.2	-
Other / Miscellaneous / Sundry Income	-	2.6
<b>Total</b>	<b>1.5</b>	<b>2.7</b>

Income of reversal of the provision mainly results from the legal fee and the bonus provisions from the year 2020. Due to Covid-19-Pandemic it was not utilised as calculated.

## D.3 OTHER EXTERNAL EXPENSES

Within the classification of other external expenses, the risk provisions depict the inevitable costs, which exceed the expected economic benefits of fulfilling the obligations. In 2021 they consisted of the bad debt allowances of € 3.3m, which derived mainly from waiver of intercompany loans and its interest, and of statute-barred fees.

€ million	2021	2020
Recharges intra-group Costs	(11.5)	(14.1)
Legal and Consultancy Fees	(11.2)	(9.0)
Office Supplies and IT Expenses	(3.6)	(3.9)
Other Miscellaneous Expenses	(3.3)	(0.2)
Risk Provisions Expense	(3.3)	(2.3)
Insurance Costs	(1.8)	(1.0)
Tax Advisory and other Professional Fees	(0.7)	(0.3)
Audit and Accounting-related Advisory Fee	(0.6)	(0.9)
Personnel Recruitment	(0.6)	(1.2)
Currency Translation Adjustments	(0.5)	(0.2)
Public Relation and Stock Exchange	(0.3)	(0.3)
Aborted Deals	(0.1)	(0.2)
Financing Fees	(0.1)	(0.8)
Travelling Expenses	(0.1)	(0.1)
Contribution Fees	(0.0)	-
Accounting and Financial Statement Preparation	(0.0)	(0.2)
<b>Total</b>	<b>(37.8)</b>	<b>(34.9)</b>

## D.4 STAFF AND STAFF COSTS

€ million	2021	2020
Salaries and Wages		
Share-based Remunerations	(4.0)	(1.5)
Management Board's Bonus	(0.7)	(0.3)
Salaries paid to Management Board	(0.1)	(0.9)
<b>Total</b>	<b>(4.8)</b>	<b>(2.7)</b>

As in prior years, the Company has no employees of its own. Therefore, the staff costs comprise only the remunerations of the members of the Management Board. The share-based remuneration increased by € 2.1m in line with the Management Board extension.

## D.5 OTHER OPERATING EXPENSES

€ million	2021	2020
Other Miscellaneous Expenses	(1.8)	-
Licence Fees	(0.7)	(0.3)
Remuneration of the Supervisory Board	(0.5)	(0.8)
<b>Total</b>	<b>(3.1)</b>	<b>(1.1)</b>

## D.6 INCOME FROM PARTICIPATING INTERESTS

€ million	2021	2020
<b>Dividend Payments Received</b>		
Dividend Payment Received from HFS	50.6	73.1
Dividend Payment received from HANSAINVEST Corestate Opportunity	0.7	2.3
Dividend Payment received from RECAP FinCo IV S.à r.l.	-	1.8
Dividend Payment received from Stadttor Düsseldorf Acqui S.à r.l.	-	12.2
Dividend Payment received from RECAP FinCo II S.à r.l.	-	12.0
Other / Miscellaneous / Sundry Income	-	0.2
<b>Total</b>	<b>51.3</b>	<b>101.6</b>

## D.7 OTHER INTERESTS RECEIVABLE AND SIMILAR INCOME

€ million	2021	2020
<b>a) Derived from Affiliated Undertakings</b>	<b>4.8</b>	<b>5.0</b>
Corestate Capital Advisors GmbH (interests)	2.7	2.4
Corestate Capital France HoldCo SAS	0.7	1.5
Corestate Capital Group GmbH (interests)	0.7	0.7
Corestate Capital Partners UK Ltd. (interests)	0.2	0.1
Corestate Capital Sales Holding S.à r.l. (interests)	0.2	0.1
Tempelhof Twins TopCo S.à r.l.	0.1	0.1
HFS Helvetic Financial Services AG (interest)	0.1	0.0
<b>b) Other Interest and similar Financial Income</b>	<b>1.8</b>	<b>0.8</b>
Debt securities / Bond (interest)	0.9	-
PRIME Capital AG	0.5	-
Lux Fund Management Services S.à r.l. (interest)	0.2	0.0
WGS Private Equity Beteiligungs GmbH (interest)	-	0.7
<b>Total</b>	<b>6.5</b>	<b>5.8</b>

## D.8 VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS

Significant companies where CCH SA is able, directly or indirectly, to significantly influence financial and operating policy decisions, or that are directly or indirectly jointly controlled are accounted at their acquisition costs, taking into account any impairments of financial assets and investments.

Impairment on financial assets and participations mainly comprise the devaluation of the Corestate Opportunity Deutschland I Fund and the impairment of affiliated companies of HFS Helvetic Financial Services AG, CRM Students Ltd., Dedan AIF S.à r.l. and Court HoldCo GmbH

Impairment of loans of Corestate Capital Group GmbH is made under prudence principle, due to obligations assumed under loss absorption agreements as of the balance sheet date.

Impairment of investments in associates is recognized due to permanent impairment at King AIF 1 S.à r.l., King AIF 2 S.à r.l., Venloer AIF 1 S.à r.l., Venloer AIF 2 S.à r.l., BCC Investments S.à r.l..

The adequacy of the impairment is reviewed regularly.

## D.9 INTERESTS PAYABLE AND SIMILAR EXPENSES

€ million	2021	2020
<b>Concerning affiliated undertakings</b>	<b>(1.4)</b>	<b>(3.5)</b>
Book Value of Participating Interests sold	(0.8)	-
Interest from Loan of Corestate CAPITAL AG	(0.2)	(0.1)
Interest from Loan of DONALD HoldCo S.à r.l.	(0.1)	(0.1)
Book Value of affiliated Undertakings Sold	(0.1)	(0.6)
Interest from Loan of Corestate CAPITAL Fund Management S.à r.l.	(0.0)	-

€ million	2021	2020
Interest from Loan of Corestate Bank GmbH	(0.0)	-
Interest from Loan of HFS Helvetic Financial Services AG	(0.0)	(1.7)
Interest from Loan of Iberian Investments II HoldCo S.à r	(0.0)	-
Interest from Loan of CRM	(0.0)	-
Interest from Loan of Rose HoldCo S.à r.l.	(0.0)	-
Interest from Loan of RECAP FinCo II S.à r.l.	(0.0)	(0.6)
Interest from Loan of PALMYRA Verwaltungsges. mbH	(0.0)	(0.1)
Interest from Loan of Stadttor Düsseldorf AcquiCo S.à r.l.	(0.0)	(0.1)
Others	(0.0)	(0.1)
<b>Other Interest and Similar Expenses</b>	<b>(15.7)</b>	<b>(14.8)</b>
Interests from Debenture Loans	(15.5)	(13.1)
Interests from Bank Loans	(0.1)	(0.5)
Interests from Third Party Loans	(0.1)	(1.3)
<b>Total</b>	<b>(17.1)</b>	<b>(18.4)</b>

## D.10 TAXES ON PROFIT AND LOSS

€ million	2021	2020
<b>Current Income Tax</b>	<b>(0.3)</b>	<b>(0.8)</b>
Capital Gains Tax	(0.3)	(0.8)
Corporate Income Tax (Luxembourg)	(0.0)	-
<b>Total</b>	<b>(0.3)</b>	<b>(0.8)</b>

# E. OTHER INFORMATION

## E.1 MANAGEMENT BOARD

The members of the Management Board were appointed by the Supervisory Board for the following terms:

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, 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.

### **Stavros Efremidis**

Chief Executive Officer – since 07 Mar 2022

### **Ralf Struckmeyer**

Chief Investment Officer – since 07 Mar 2022

### **Izabela Danner**

Chief Operating Officer – since 07 Mar 2022

### **Udo Giegerich**

Chief Financial Officer – since 01 Aug 2021

### **René Parmantier**

Chief Executive Officer - 01 Dec 2020 until 07 Mar 2022

### **Sebastian Ernst**

Chief Debt Investment Officer – 14 Jan 2021 until 07 Feb 2022

### **Johannes Märklin**

Chief Debt Financing Officer – 14 Jan 2021 until 07 Feb 2022

### **Nils Hübener**

Chief Investment Officer – 01 April 2020 until 31 July 2021

### **Daniel Löhken**

Chief Legal & HR Officer – 01 Nov 2020 until 31 July 2021

### **Lars Schnidrig**

Chief Financial Officer – 01 Dec 2020 until 31 May 2021

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## TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

An LTI-Share Programme for Senior Management and Key People of the Corestate Group has been implemented effective 01 January 2019. The five-year program is based on certain KPIs with respect to the development of the share price of CCHSA. The programme details are described in legal plan conditions and not limited to current employees but also open for new hires.

In 2021, the Management Board was reduced to four members. All Management Board Members have been granted long-term equity-settled share-based payment awards which will be transferred after a vesting period of four years:

### Equity-settled LTI-Plans

René Parmantier, Johannes Märklin, Sebastian Ernst and Udo Giegerich are granted equity-settled long-term incentive (LTI) options. Each of the four board members are granted LTI options in three tranches, one third each year of being appointed to the Group's Management Board. The number of share-based payments for each tranche depends on the individual achievement of the board members' agreed targets. Therefore the targets are not only based on financial KPIs but also on non-financial aspects (e.g. ESG). If a board member achieves 50% or less of annual targets no LTI shares are transferred. If a board member achieves between 51% and 100% of targets, this leads to a proportional allocation of the yearly LTI options and the calculated number of LTI shares (gross) will immediately be transferred, if necessary, after issuing new shares, at the end of the respective performance period to the deposit of the board member. From the date of transfer, each annual tranche of LTI shares is subject to a contractual holding period of four years.

If the service agreement starts or ends during the course of a financial year, the amount shall be calculated on a pro-rata basis. From this point on, the shares are subject to a contractual holding period of four years.

- René Parmantier is entitled to an amount of € 2,400,000 in LTI options that are granted in three tranches of shares in an amount of € 800,000 each.
- Johannes Märklin and Sebastian Ernst, both each are entitled to an amount of € 2,430,000 in LTI options that are distributed in three tranches of € 810,000 shares.
- Udo Giegerich is entitled to an amount of € 1,470,000 in LTI options that are distributed in three tranches of € 490,000 shares each.

The former board member Daniel Löhken, who left the Management Board of Corestate Capital Holding S.A. as at July 2021, contractually received a share package for the years 2021-2023. This contractual payment claim was settled in cash with the compensation at the end of his contractual agreement with the Group.

In 2021, the expenses recognized for the share packages of the board members amounted to € 3.9m (2020: € 0.2m).

## Share-based payments

Members of the Management Board receive remuneration in the form of share-based payments, whereby the members render services as consideration for equity instruments. Some members of the Management Board are granted so called phantom stocks, which are settled in cash.

In 2019 Corestate started a Performance Share Programme to important Senior Managers and High Performers (Key People) as well as for new hires who are joining the Group after the 01 January 2019. At the beginning of the performance periods in 2019 and 2020 the participants receive an individualized delivery letter in which the individual target value of the performance shares in Euros ("target value") is recorded. The letter of allocation shall contain the number of virtual performance shares granted. Performance shares are not linked to any administrative, voting or dividend rights or rights to other distributions. They merely represent a calculation item for determining the future conditional entitlement to Corestate shares to be issued and transferred (real shares).

Performance shares are transferred to the participants in annual tranches in the form of real shares from the third year onwards (requires a waiting period of two years in which no real shares are transferred). The transfer is to take place in four equivalent tranches (25% of the total number of performance shares each) – subject to the achievement of the relevant performance targets, which is an annual increase of the share price of 10% each. The increase in the stock market price as the key performance target is calculated by dividing the "transfer price" by the closing price. The transfer price is defined as the arithmetic mean of the closing prices of the last 30 trading days prior to 31 December of the respective year of the performance period. As said, the performance target is deemed to have been achieved if the cumulative transfer price increased by at least 10% each year compared with the closing rate (annual performance target).

## Valuation model and input parameters

The fair value of the synthetic stock options is measured using a Monte Carlo option pricing model taking into account the terms and conditions upon which the options were granted.

The beneficiary may exercise the options between the end of the waiting period and the end of the term of the option on the condition that the employment contract has not been terminated and neither the beneficiary nor the company has notified in writing the termination of the employment contract by that date.

For the stock option valuation, the contractual life of the options and the possibility of early exercise were considered in the Monte Carlo model. The risk-free interest rate is the implied yield currently available on Luxembourg government issues with a remaining term equal to the term of the options. The future volatility for the lives of the options was estimated based on historical volatilities also considering the management's expectation of future market trends.

The expense resulting from the share-based payment transactions is recognized during the vesting period on a pro-rata basis with a corresponding increase in provision. Furthermore, the amount recognized is based on the best available estimate of the number of options expected to vest and is revised if subsequent information indicates that the number of options expected to vest differs from previous estimates.

The former board members Lars Schnidrig and Nils Hübener, who left the Management Board of Corestate Capital Holding S.A., contractually received a share package for the years 2021-2023 as cash-settled LTI-plans. With their severance payments all contractual payment claims were settled. In 2021, the total of € 0.5m expenses were recognized up to the date of termination of the contracts.

Currently, the Group no longer has any active LTI-plans which could be cash-settled.

## E.2 SUPERVISORY BOARD

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

- **Friedrich Munsberg** (Chairman) – since 30 November 2020 – until 31 December 2021
- **Prof. Dr Hermann Wagner** (Deputy Chairman) – since 30 November 2020 – until 31 December 2021
- **Dr Friedrich Oelrich** (Member) – since 30 November 2020

Friedrich Munsberg and Hermann Wagner stepped down from the Board on 31 December 2021 in the light of the change in the Group's shareholder base at the end of November 2021. Stavros Efremidis and Dr Bernard Malmendier were appointed as new members of the Supervisory Board, effective as at 01 January 2022. Mr Efremidis was elected Chairman at the first constitutional Supervisory Board meeting on 05 January 2022, and Dr Malmendier was elected as his deputy. With effect of 07 March 2022 Stavros Efremidis succeed René Parmantier as CEO of the Group and Dr Bernard Malmendier took over as Chairman of the Supervisory Board. As a new member Dr Roland Folz joined the Supervisory Board on 07 March 2022. Dr Friedrich Oelrich will remain member of the Supervisory Board (for further information see Note E.6).

In 2021, a total fee of € 0.5m (2020: € 0.9m) is 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:

Related Parties as at 31 Dec 2021	related to/as
Friedrich Munsberg	Supervisory Board
Prof. Dr Hermann Wagner	Supervisory Board
Dr Friedrich Oelrich	Supervisory Board
René Parmantier	Management Board
Johannes Märklin	Management Board
Sebastian Ernst	Management Board
Udo Giegerich	Management Board
Leonis Capital Management GmbH	Management Board (J. Märklin)
Leonis Real Estate GmbH	Management Board (J. Märklin)
DACH Finance GmbH	Management Board (J. Märklin & S. Ernst)
DACH Real Estate GmbH	Management Board (J. Märklin & S. Ernst)
Feldmannhof Capital GmbH	Management Board (S. Ernst)
RP Verwaltungsgesellschaft mbH	Management Board (R. Parmantier)
RP Vermögensverwaltungsgesellschaft mbH	Management Board (R. Parmantier)
Meiyo Capital Partners AG	Management Board (R. Parmantier)

Former Related Parties as at 31 Dec 2021	related to/as
Lars Schnidrig	Management Board until 2021
Nils Hübener	Management Board until 2021
Daniel Löhken	Management Board until 2021

## E.4 AUDITOR'S FEES

Ernst & Young S.A., 35E, 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 at and for the year ended 31 December 2021 and issued an unqualified auditors' report.

At the Company's annual general meeting held on 28 June 2021, Ernst & Young S.A. was also appointed as auditor for the Company and the Group for the financial year 2021.

The total fees expensed by the Company and due for the current financial period to the audit firm are presented as follows:

€ million	2021	2020
Audit Fees	0.3	0.4
Audit-related Fees	0.3	0.1
Other non-audit related Services	-	0.0
<b>Total</b>	<b>0.6</b>	<b>0.6</b>

## E.5 OFF-BALANCE SHEET COMMITMENTS

There were no financial commitments of the Company as per 31 December 2021.

## E.6 SUBSEQUENT EVENTS

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In connection with the changes in the shareholder base of Corestate Capital Holding S.A. ("Corestate") at the end of 2021, Mr. Stavros Efremidis and Dr Bertrand Malmendier were appointed as new members of the Supervisory Board with effect from 01 January 2022. Mr. Friedrich Munsberg and Prof. Dr Hermann Wagner stepped down from the Supervisory Board correspondingly as at 31 December 2021.

The Supervisory Board of Corestate Capital Holding S.A. resolved on 07 February 2022 to remove Johannes Märklin and Sebastian Ernst from the Management Board of Corestate Capital Holding S.A. and all further group functions. On 08 February 2022, the Group announced that René Parmantier will assume full responsibility for the Real Estate Debt segment in addition to his role as CEO of Corestate, and thus also the management of Corestate Bank.

The invasion of Ukraine by the Russian Federation on 23 February 2022 and the resulting sanctions with regard to Russian state-owned companies and Russian individuals could also result in restrictions on investments in which Corestate is involved as a co-investor. Corestate has set up a task force to analyse and closely monitor both compliance with the sanction restrictions and their impact on Corestate's operating business. Risks would not directly concern the operating business of the underlying investment structures but potentially the restrictions on financing and distributions of cash. A final assessment of the consequences of this situation for the company is not yet possible at the time of finalisation of the financial statements.

On 07 March 2022 the Supervisory Board decided to strengthen the governance structure and resolved to appoint the former Chairman of the Supervisory Board Stavros Efremidis as CEO with immediate effect. The former CEO René Parmantier left the Group's Management Board to fully focus his activities on Corestate's Real Estate Debt business, incl. HFS and Corestate Bank. In addition, the Group's Management Board was extended to four members by Izabela Danner as Chief Operating Officer (COO) and Ralf Struckmeyer as Chief Investment Officer (CIO). The new members of the Management Board are appointed for a term of three years.

The Supervisory Board of CORESTATE Capital Holding S.A. resolved the following personnel matters on 07 March 2022: Stavros Efremidis, previously Chairman of the Supervisory Board, will join the Management Board as CEO. Izabela Danner will also join the Management Board as COO from within Corestate itself, while Ralf Struckmeyer will join as CIO. René Parmantier will immediately take over the management of the real estate financing business. He is leaving the Group's Management Board for regulatory and supervisory reasons.

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 April 2022

**Stavros Efremidis**  
Chief Executive Officer

**Udo Giegerich**  
Chief Financial Officer

**Izabela Danner**  
Chief Operating Officer

**Ralf Struckmeyer**  
Chief Investment Officer

## APPENDIX 1 TO THE NOTES: STATEMENT OF CHANGES IN FIXED ASSETS

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<b>1 Shares in affiliated undertakings</b>											
Corestate Bank GmbH (formerly Aggregate Financial Services GmbH)	100.00%	-	166.4	-	-	166.4	-	-	-	166.4	-
HFS Helvetic Financial Services AG	100.00%	576.6	-	-	-	576.6	-	(19.5)	-	557.2	576.6
Corestate Capital Group GmbH	100.00%	47.6	80.0	-	-	127.5	-	-	-	127.5	47.6
Ginova AIF S.à r.l. (formerly Highstreet Gießen HoldCo S.à r.l.)	100.00%	31.3	0.0	-	-	31.4	-	-	-	31.4	31.3
Corestate CAPITAL AG	100.00%	29.6	-	-	-	29.6	-	-	-	29.6	29.6
CRM Students Ltd.	100.00%	18.2	-	-	-	18.2	-	(7.7)	-	10.5	18.2
Corestate CAPITAL FRANCE HOLD CO SAS	100.00%	8.6	-	-	-	8.6	-	-	-	8.6	8.6
Stadttor Düsseldorf AcquiCo S.à r.l.	100.00%	6.9	-	-	-	6.9	-	-	-	6.9	6.9
Dedan AIF S.à r.l.	100.00%	6.8	0.1	-	(5.8)	1.1	-	(0.8)	-	0.3	6.8
Bego HoldCo S.à r.l. (formerly Dalia HoldCo AIF S.à r.l.)	100.00%	6.3	0.3	-	-	6.4	-	-	-	6.4	6.3
Gabriela HoldCo S.à r.l. (formerly Corestate Shelf 18 S.à r.l.)	100.00%	5.1	-	-	-	5.1	-	-	-	5.1	5.1
Wallhalla HoldCo Sarl (formerly Corestate Shelf 5 S.à r.l.)	100.00%	3.2	-	-	-	3.2	-	-	-	3.2	3.2
BER REV HOLDCO S. R.L.	100.00%	3.0	0.1	-	-	3.0	-	-	-	3.0	3.0
Iberian Investments II HoldCo S.à r.l.	100.00%	-	2.2	-	-	2.2	-	-	-	2.2	-
Echo HoldCo S.à r.l. (formerly Projekt AcquiCo I S.à r.l.)	100.00%	1.7	-	-	-	1.7	-	-	-	1.7	1.7
Harbour AcquiCo 1 S.à r.l.	100.00%	1.6	-	-	-	1.6	-	-	-	1.6	1.6
Plutos HoldCo S.à r.l. (formerly Corestate Shelf 3 S.à r.l.)	100.00%	1.1	-	-	(0.4)	1.0	-	-	-	1.0	1.1
Projekt AcquiCo III S.à r.l.	100.00%	0.9	-	-	(0.5)	0.4	-	-	-	0.4	0.9
Iberian HoldCo II S.à r.l. (formerly Corestate Shelf II S.à r.l.)	100.00%	0.8	0.1	-	-	0.8	-	-	-	0.8	0.8
Tempelhof Twins TopCo S.à r.l.	100.00%	0.6	0.1	-	-	0.6	-	-	-	0.6	0.6

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<b>FINANCIAL FIXED ASSETS</b>											
<b>1 Shares in affiliated undertakings</b>											
Corestate Capital Fund Management S.à r.l.	100.00%	0.6	-	-	-	0.6	-	-	-	0.6	0.6
Corestate Student Home Holding S.à r.l.	100.00%	0.5	-	-	-	0.5	-	-	-	0.5	0.5
Corestate Capital Sales Holding S.à r.l.	100.00%	0.3	-	-	-	0.3	-	-	-	0.3	0.3
Court HoldCo GmbH	100.00%	0.2	2.2	-	-	2.3	-	(2.1)	-	0.2	0.2
ROSE HoldCo S.à r.l.	100.00%	0.1	-	-	-	0.1	-	-	-	0.1	0.1
Madison HoldCo S.à r.l.	100.00%	0.1	0.1	-	-	0.2	-	-	-	0.2	0.1
Design Center AIF S.à r.l.	100.00%	0.0	-	-	(0.0)	-	-	-	-	-	0.0
Corestate ZGE Feeder GmbH & Co. KG	100.00%	0.1	-	-	(0.1)	-	-	-	-	-	0.1
CCIS Master HoldCo S.à r.l.	100.00%	0.0	0.3	-	-	0.4	-	-	-	0.4	0.0
Corestate Shelf 11 S.à r.l.	100.00%	0.0	0.0	-	-	0.0	-	-	-	0.0	0.0
Corestate SHELF 15 S.à r.l.	100.00%	0.0	0.1	-	-	0.1	-	-	-	0.1	0.0
		<b>751.7</b>	<b>251.9</b>	<b>-</b>	<b>(6.7)</b>	<b>996.8</b>	<b>-</b>	<b>(30.1)</b>	<b>-</b>	<b>966.7</b>	<b>751.7</b>

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<b>FINANCIAL FIXED ASSETS</b>	<b>Ownership</b>	<b>01 Jan 2021</b>	<b>Additions</b>	<b>Transfers</b>	<b>Disposals</b>	<b>31 Dec 2021</b>	<b>01 Jan 2021</b>	<b>Depreciation</b>	<b>31 Dec 2021</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>2 Loans to affiliated undertakings</b>											
Corestate Capital Group GmbH (loan and accrued interests)		69.9	14.4	-	(22.1)	62.2	-	(58.5)	-	3.8	69.9
Corestate Capital France HoldCo SAS		-	28.3	-	-	28.3	-	-	-	28.3	-
Corestate Capital Advisors GmbH (loan and accrued interests)		55.4	30.9	-	(82.3)	4.1	-	-	-	4.1	55.4
Corestate Capital Sales Holding S.à r.l. (loan and accrued interests)		5.6	11.1	-	(8.0)	8.7	-	(3.1)	-	5.6	5.6
Corestate Capital Partners UK Ltd. (loan and accrued interests)		3.9	1.6	-	-	5.5	-	-	-	5.5	3.9
Tempelhof Twins TopCo S.à r.l.		2.8	0.1	-	(0.1)	2.8	-	-	-	2.8	2.8
Corestate Student Home Holding S.à r.l. (loan and accrued interests)		0.8	0.0	-	(0.1)	0.7	-	-	-	0.7	0.8
STAM Co-Invest S.à r.l.		0.6	0.5	-	-	1.1	-	-	-	1.1	0.6
Iberian HoldCo II S.à r.l. (loan and accrued interests)		0.1	0.0	-	-	0.1	-	-	-	0.1	0.1
Monet S.à r.l.		-	0.1	-	-	0.1	-	-	-	0.1	0.0
Urban Micro Estate Poland Sp. z o.o		-	0.2	-	-	0.2	-	-	-	0.2	-
		<b>139.1</b>	<b>87.4</b>	<b>-</b>	<b>(112.5)</b>	<b>114.0</b>	<b>-</b>	<b>(61.6)</b>	<b>-</b>	<b>52.4</b>	<b>139.1</b>

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<b>FINANCIAL FIXED ASSETS</b>											
<b>3 Shares in undertakings with which the undertaking is linked by virtue of participating interests</b>											
Moviestar Zweitmarkt Management GmbH	18.00%	9.6	-	-	-	9.6	-	-	-	9.6	9.6
Echo HoldCo 2 AIF S.à r.l.	31.10%	7.3	-	-	-	7.3	-	-	-	7.3	7.3
Tablas HoldCo AIF S.à r.l.	42.74%	6.1	-	-	-	6.1	-	-	-	6.1	6.1
Pallars AIF HoldCo S.a.r.l.	42.38%	4.5	-	-	-	4.5	-	-	-	4.5	4.5
TURICUM AIF S.à r.l.	5.48%	2.7	-	-	-	2.7	-	-	-	2.7	2.7
BCC Investments S.à r.l.	10.00%	2.4	0.5	-	-	2.8	-	(0.1)	-	2.7	2.4
Olympic AIF 2 S.à r.l.	10.00%	1.9	0.1	-	-	2.0	-	-	-	2.0	1.9
Tablas HoldCo S.L.U.	10.10%	1.6	-	-	(0.0)	1.6	-	-	-	1.6	1.6
Con 2 AIF S. à r.l.	10.00%	1.4	0.2	-	-	1.6	-	-	-	1.6	1.4
Venloer4711 AIF 2 S.à r.l.	10.05%	1.3	-	-	-	1.3	-	(0.7)	-	0.6	1.3
Pallars HoldCo S.L.	10.77%	1.3	-	-	(0.0)	1.2	-	-	-	1.2	1.3
Cassandra HoldCo S.L.U.	10.47%	1.2	-	-	(0.0)	1.4	-	-	-	1.4	1.2
Bochum PropCo S.à r.l.	10.01%	1.0	0.2	-	-	1.2	-	-	-	1.0	1.0
Across TopCo 2 S.à r.l.	10.00%	1.0	-	-	(0.8)	0.2	-	-	-	0.2	1.0
King AIF 2 S.à r.l.	10.00%	0.7	-	-	-	0.7	-	(0.7)	-	-	0.7
Corestate Capital Investments Solutions	2.61%	0.7	-	-	-	0.7	-	-	-	0.7	0.7
Olympic AIF 1 S.à r.l.	10.00%	0.2	-	-	-	0.2	-	-	-	0.2	0.2
Venloer4711 AIF 1 S.à r.l.	10.05%	0.1	-	-	-	0.1	-	(0.1)	-	-	0.1
Across TopCo 1 S.à r.l.	10.00%	0.1	-	-	(0.0)	0.0	-	-	-	0.1	0.1
Iberian HoldCo III, S.L.	10.27%	0.1	-	-	-	0.1	-	-	-	0.1	0.1

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<b>FINANCIAL FIXED ASSETS</b>											
<b>3 Shares in undertakings with which the undertaking is linked by virtue of participating interests</b>											
King AIF 1 S.à r.l.	10.00%	0.1	-	-	-	0.1	-	(0.1)	-	-	0.1
Tempelhof Twins TopCo AIF S.à r.l.	1.00%	0.0	-	-	-	0.0	-	-	-	0.0	0.0
Plutos HoldCo AIF S.à r.l.	1.00%	0.0	-	-	-	0.0	-	-	-	0.0	0.0
SCORE S.à r.l.	50.00%	0.0	-	-	-	0.0	-	-	-	0.0	0.0
Corestate Residential Germany Fund III	0.00%	0.0	-	-	-	0.0	-	-	-	0.0	0.0
		<b>45.5</b>	<b>1.0</b>	<b>-</b>	<b>(0.8)</b>	<b>45.7</b>	<b>-</b>	<b>(1.7)</b>	<b>-</b>	<b>44.0</b>	<b>45.5</b>
<b>4 Loans to undertakings with which the undertaking is linked by virtue of participating interests</b>											
Pallars AIF HoldCo S.à r.l.		1.9	-	-	-	1.9	-	-	-	1.9	1.9
King AIF 2 S.à r.l.		1.8	0.0	-	-	1.8	-	(1.8)	-	-	1.8
T6 HoldCo S.à r.l.		0.7	0.0	-	-	0.8	-	-	-	0.8	0.7
King PropCp S.à r.l. (loan and accrued interests)		0.6	-	-	-	0.6	-	(0.6)	-	-	0.6
King AIF 1 S.à r.l.		0.3	0.0	-	-	0.3	-	(0.3)	-	-	0.3
BCC Investments S.à r.l.		-	0.2	-	-	0.2	-	-	-	0.2	-
Con 2 AIF S.à r.l. (loan and accrued interests)		-	0.0	-	-	0.0	-	-	-	0.0	-
Raw-Ost HC S.à r.l. (loan and accrued interests)		-	0.8	-	-	0.8	-	-	-	0.8	-
		<b>5.3</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>6.4</b>	<b>-</b>	<b>(2.7)</b>	<b>-</b>	<b>3.7</b>	<b>5.3</b>

	Ownership	01 Jan 2021	Additions	Transfers	Disposals	31 Dec 2021	01 Jan 2021	Depreciation	31 Dec 2021	31 Dec 2021	31 Dec 2020
<b>FINANCIAL FIXED ASSETS</b>											
<b>5 Investments held as fixed assets</b>											
Corestate Opportunity Deutschland I Fonds (Luxembourg)	20.00%	54.9	-	-	(6)	48.6	-	-	-	48.6	54.9
		<b>54.9</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>48.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48.6</b>	<b>54.9</b>
<b>6 Other loans</b>											
PRIME Capital AG		14.0	-	-	(1.5)	12.5	-	-	-	12.5	14.0
HIGHSTREET PREMIUM I PropCo II S.à r.l. (loan and accrued interests)		1.8	-	-	(1.8)	-	-	-	-	-	1.8
WGS Private Equity Beteiligungs GmbH (loan and accrued interests)		1.1	-	-	-	1.1	-	-	-	1.1	1.1
Isabela HoldCo AIF I S.à r.l.		0.9	-	-	0.0	0.9	-	-	-	0.9	0.9
VITU TOPCO Ltd.		0.2	-	-	(0.2)	-	-	-	-	-	0.2
Sechep Investments Holding S.à r.l.		0.2	-	-	(0.2)	-	-	-	-	-	0.2
ECP LUX Holding S.A.		0.0	0.0	-	-	0.1	-	-	-	0.1	0.0
Lux Fund Management Services S.à r.l. (loan and accrued interests)		0.0	-	-	(0.0)	-	-	-	-	-	0.0
Corestate Highstreet II HoldCo S.à r.l.		0.0	-	-	(0.0)	-	-	-	-	-	0.0
Highstreet Premium I HoldCo S.à r.l.		0.0	-	-	(0.0)	-	-	-	-	-	0.0
Highstreet FinCo II S.à r.l.		0.0	-	-	(0.0)	-	-	-	-	-	0.0
CC Investment Solutions		-	0.1	-	-	0.1	-	-	-	0.1	-
DIANTHUS Verwaltungsgesellschaft		-	0.4	-	-	0.4	-	-	-	0.4	-
Jade Investment Ltd.		-	-	-	-	-	-	-	-	-	-
		18.3	0.5	-	(3.7)	15.1	-	-	-	15.1	18.3
<b>Total</b>		<b>1,014.8</b>	<b>342.0</b>	<b>-</b>	<b>(130.1)</b>	<b>1,226.6</b>	<b>-</b>	<b>(96.1)</b>	<b>-</b>	<b>1,130.5</b>	<b>1,014.8</b>

# INDEPENDENT AUDITOR'S REPORT

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

## REPORT ON THE AUDIT OF THE ANNUAL ACCOUNTS

### OPINION

We have audited the annual accounts of Corestate Capital Holding S.A. (the "Company"), which comprise the balance sheet as at 31 December 2021, and the profit and loss account for the year then ended, and the notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2021, 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.

### BASIS FOR OPINION

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for

Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note B.1 to the annual accounts, which discusses the Company's refinancing strategy in respect of the maturing convertible bond and senior bond. The Company's ability to complete its refinancing strategy depends on various conditions, which together indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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## VALUATION OF SHARES IN AFFILIATED UNDERTAKINGS AND PARTICIPATING INTERESTS

### Description

As at 31 December 2021, the Company's investment in shares in affiliated undertakings and participating interests held by the Company amounted to EUR 1.010,7 million in total representing 83% of the total balance sheet. These investments are recognised and valued at acquisition price, including the expenses incidental thereto, and are subject to value adjustments in case of permanent impairment in value. In assessing whether such permanent impairment exists, management considers factors that could give rise to the impairment of its individual investments and evaluates whether the impairment is of permanent nature when an eventual impairment loss is identified. We considered the valuation of shares in affiliated undertakings and participating interests to be a key audit matter because it requires a high level of management judgement and due to the materiality of the amounts involved.

### Auditor's response

We considered management's impairment assessment based on our understanding of the investments, state of the underlying development projects and existing market conditions. We compared the carrying value of a sample of investments to the net assets of the entities in which the Company holds shares or participating interests, based on their most recent available financial information. Where indicators of potential impairment were identified, we assessed management's fair value adjustments to the net assets of direct and indirect investees that ultimately hold properties accounted at cost.

For the investments, where management performs the impairment test based on the discounted cash flow model, our audit procedures included a reconciliation of the projected EBITDA in the management's impairment test models to the management's business plan and adjustments thereto. In addition, we assessed the plausibility of cash flows used in management's calculations by comparing them to actual historical data and prior year business plans, and by evaluating the correlation with some forward-looking performance indicators and checked

mathematical accuracy of the calculations. We involved our internal specialist to assist us in evaluating appropriateness of valuation methodologies selected by management for impairment test and proper application of the calculation, and whether applied parameters, including the growth rates beyond 5 years and the discount rates used in the impairment test model are reasonable.

We assessed management's conclusions of whether any identified potential impairment losses were of permanent nature.

### OTHER INFORMATION

The Management Board is responsible for the other information. The other information comprises the information included in the Group management report and the Report on corporate governance but does not include the annual accounts and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE MANAGEMENT BOARD AND OF THOSE CHARGED WITH GOVERNANCE FOR THE ANNUAL ACCOUNTS

The Management Board is responsible for the preparation and fair presentation of the 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 Management Board determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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In preparing the annual accounts, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## RESPONSIBILITIES OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ" FOR THE AUDIT OF THE ANNUAL ACCOUNTS

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the annual accounts have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on 28 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The Group management report, which is the responsibility of the Management Board, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Report on corporate governance, is the responsibility of the Management Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the annual accounts of the Company as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- the annual accounts prepared in valid xHTML format;

In our opinion, the annual accounts of the Company as at 31 December 2021, identified as Corestate\_Capital\_Holding\_SA-Statutory\_Accounts-ESEF-31122021.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

## We provided the following permitted services in addition to the statutory audit:

- review of the interim condensed consolidated financial statements of Corestate Capital Holding S.A. and its subsidiaries for the six months ended 30 June 2021;
- issuance of contribution in kind report in the context of the article 420-10 of the law of August 10, 1915 on commercial companies, as amended;
- issuance of a comfort letter in connection with the prospectus related to issuance of new ordinary shares of the Company.

## OTHER MATTER

The Report on corporate governance includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé

Luxembourg, 21 April 2022

**Pavel Nesvedov**



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# HISTORICAL SUMMARY OF FINANCIAL DATA

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		2021 <sup>1</sup>	2020 <sup>1</sup>	2019	2018	2017
<b>Aggregate Revenues &amp; Gains<sup>2</sup></b>	million €	215.4	162.0	303.4	292.2	195.0
<b>Consolidated Total Revenues of the Group</b>	million €	205.8	170.2	250.9	204.4	161.7
Revenues from Real Estate Equity	million €	77.6	70.4	127.9	77.3	83.7
Revenues from Real Estate Debt	million €	121.9	93.3	108.2	107.9	67.9
Income from Rental Income and Service Charges	million €	6.2	6.4	14.8	19.2	10.1
<b>EBITDA</b>	million €	26.4	16.2	175.0	174.1	104.7
EBITDA Margin	%	12.3	10.0	57.6	59.6	53.7
<b>Adjusted EBITDA<sup>3</sup></b>	million €	43.8	16.2	175.0	184.3	123.3
Adjusted EBITDA Margin	%	20.3	10.0	57.6	63.1	63.2
<b>Net Profit</b>	million €	-192.8	-65.1	108.8	104.6	55.7
<b>Adjusted Net Profit<sup>4</sup></b>	million €	23.7	-45.4	130.3	135.3	93.3
<b>Earnings per Share (undiluted)</b>	million €	-6.29	-2.87	5.11	4.91	3.24
		<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Number of Shares outstanding		34,193,808	25,666,025	21,354,417	21,329,417	21,294,123
Dividend per Share	€	-	-	-	2.50	2.00
Equity Ratio	%	44.3	47.0	47.7	44.6	38.6
Cash and Cash Equivalents	million €	62.8	68.2	103.2	194.4	108.3
Net Debt <sup>5</sup>	million €	526.5	531.4	469.2	387.7	519.4
Net Debt / EBITDA		12.0x	32.8x	2.7x	2.2x	4.2x
Assets under Management at End of Period	billion €	27.4	27.8	26.3	25.0	22.0
Number of Employees at End of Period	FTE	811	757	709	675	566

<sup>1</sup> Continued operations

<sup>2</sup> Aggregate Revenues & Gains include Revenue streams from all three segments (Real Estate Equity, Real Estate Debt and Other).

<sup>3</sup> Adjusted EBITDA is calculated on the EBITDA for the period, net of M&A related costs as well as expenditure for transformation and efficiency programme.

<sup>4</sup> Adjusted Net Profit is calculated based on the Net Profit for the period, net impairment of goodwill and M&A related costs, expenditure for transformation and efficiency programme as well as (deferred) tax effects and depreciation mainly resulting from purchase price allocations.

<sup>5</sup> Adjusted by IFRS 16 financial liability

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## 08 MARCH 2022

Preliminary figures 2021

## 21 APRIL 2022

Annual financial report 2021

## 10 MAY 2022

Q1-2022 interim financial statement

## 28 JUNE 2022

Annual General Meeting 2022

## 09 AUGUST 2022

H1-2022 financial report

## 08 NOVEMBER 2022

9M-2022 interim financial statement



# IMPRINT

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