CONSUS
REAL ESTATE

CONSUS Real Estate AG | Kurfürstendamm 188-189 | 10707 Berlin

Contact
Investor Relations

Telephone
+49 30 965 357 90 260

E-Mail
investors@consus.ag

Berlin, 15 October 2019

Consus Real Estate AG: Adjusted Half Year 2019 results released reflecting IFRS 15 reclassification, with positive impact on LTM Adjusted Pro Forma EBITDA

- Reclassification reflects best practice for IFRS 15 Percentage of Completion accounting for Institutional Forward Sales
- No impact on project margins over the life of project, and no impact on cashflow
- Net debt is unchanged
- LTM Adjusted Pro Forma EBITDA increases to EUR 319m from EUR 303m
- Reported EBITDA materially unchanged for H1 2019
- Leverage is reduced with Net debt/Pro Forma LTM Adjusted EBITDA as of 30 June 2019 reduced to 7.8x from 8.3x
- Guidance is unchanged

Berlin, 15 October 2019: Consus Real Estate AG has released adjusted Half Year 2019 results reflecting best practice following a more precise interpretation of IASB guidance by the auditors regarding forward sales under IFRS 15 Percentage of Completion accounting. The impact for the Half Year 2019 results is positive for Pro Forma LTM Adjusted EBITDA, largely neutral for reported EBITDA and Net Profit, with no change for Net Debt.

Consus has two different types of development projects accounted for under IFRS 15 for which it recognises revenue over time, i) forward sales to institutional purchasers and ii) forward sales of condominiums. Due to a more precise interpretation of IASB guidance by the auditors regarding the application of IFRS 15 to forward sales to institutional purchasers, we amended the accounting principles and reclassified certain items. This move reflects the underlying approach of the IASB to continually increase transparency through separately accounting for different elements of performance obligations.

In the past, both types were treated as if they only contain one combined material performance obligation. Forward sales to institutional purchasers are now separated into two material performance obligations, one relating to the sale of land and the other representing the development work performed. Whereas the development work continues to be accounted for on a percentage of completion basis, income from the sale of the land is now recognized at the point when the institutional purchaser obtains control over the land, typically at the end of the forward sale.

Forward sales of condominiums are still accounted for as a single performance obligation in accordance with IASB guidance.

In line with these changes, the fair value step-ups (PPA) are now split between land and development work performed, and the fair value step-ups in relation to development work, including forward sales of condominiums, are now expensed over the project period.

For reasons of transparency, the adjustments have also been made retrospectively, thereby modifying both the 2018 and the Half Year 2019 accounts regarding the Consolidated Statement of Financial Position, Statement of Comprehensive Income, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity as well as the selected explanatory notes to the impacted line items. The adjustments require a reclassification on the Income Statement primarily for Income from Property Development and Change in Project Related Inventory, and on the Balance Sheet primarily for Work-In-Progress, Contract Assets and Prepayments Received.

The net impact of these reclassifications delays recognition of a portion of the revenue and costs to the end of a forward sale. The margin over the life of the project is unchanged and the timing of EBITDA pre-PPA and one-offs ("Adjusted

CONSUS
REAL ESTATE

EBITDA") recognition is typically deferred for the land portion of institutional sales, although in a steady-state the net impact will be neutral. The Overall Performance decreases due to the reduction in Total Income, but improves due to increased Changes in Project Related Inventory, as income from land is not recognised typically until the end of the institutional forward sale. On the balance sheet, Contract Assets decrease while Work-In-Progress increases primarily due to the reclassification of land previously recognised as part of Contract Assets. Due to the land asset value remaining in Work-in-Progress, the Prepayments Received related to land are now not netted off against Contract Assets and are reclassified as Non-current and Current Prepayments Received.

The net impact of the changes on the Company's Half Year 2019 results are positive overall. Our key performance indicator Pro Forma LTM EBITDA pre PPA and pre-one offs ("LTM Pro Forma Adjusted EBITDA") has increased to EUR 319 million as of 30 June 2019 (EUR 303 million). EBITDA pre PPA and pre-one offs for the 6 months to 30 June 2019 has decreased to EUR 122 million (EUR 138 million). Reported EBITDA for the 6 months to 30 June 2019 has increased to EUR 117 million (EUR 116 million), and Reported Net Income is unchanged at EUR 4 million. Overall Performance is materially unchanged at EUR 334 million (EUR 333 million), with reclassified Total Income for the 6 months to 30 June 2019 decreased to EUR 210 million (EUR 256 million) and reclassified Change in Project Related Inventory for the 6 months to 30 June 2019 increased to EUR 123 million (EUR 77 million).

The impact on the balance sheet is as follows: reclassified Work-in-Progress as at 30 June 2019 increased to EUR 2,345 million (EUR 2,007 million), reclassified Contract Assets as at 30 June 2019 decreased to EUR 297 million (EUR 340 million), with reclassified Prepayments Received as at 30 June 2019 at EUR 329 million (previously netted off against Contract Assets). The reclassification had no impact on Net Debt.

Net Debt/Pro Forma LTM Adjusted EBITDA as of 30 June 2019 was reduced to 7.8x from 8.3x, with the reduction due to the increase in EBITDA under the reclassification, and further strengthens our deleveraging story.

Consus Real Estate AG
Kurfürstendamm 188-189
10707 Berlin
+49 30 965 35 790 260
investors@consus.ag
www.consus.ag

Vorstand:
Andreas Steyer (Vorsitzender)
Benjamin Lee
Theodorus Gorens

Aufsichtsratsvorsitzender:
Axel Harloff

USt-IdNr. DE263817317
Amtsgericht Berlin: HRB 191887 B I
Sitz der Gesellschaft: Berlin

CONSUS
REAL ESTATE

The adjusted Half Year 2019 results include a full reconciliation of the reclassification for the Half Year 2018 and the retrospective adjustments to Full Year 2018 in Note 2.5.2 in the Half Year accounts, and have been adjusted in accordance with IAS 8.

Guidance reconfirmed

Consus continues to target an Adjusted EBITDA of EUR 450 million in 2020 and an Adjusted EBITDA margin of around 20% in the medium term. Consus also intends to reduce its Net Debt/Adjusted EBITDA to approximately 3x in the medium term. Consus provides targets for Adjusted EBITDA as this reflects the underlying performance of the business prior to fair value accounting adjustments and one-off effects.

About Consus Real Estate AG

Consus Real Estate AG ("Consus") with its headquarters in Berlin is the leading property developer in the top 9 cities in Germany. The development portfolio of Consus had a gross development value (GDV) of EUR 10 bn as of 30 June 2019. Consus focuses on the development of entire quartiers and standardised homes. With forward sales to institutional investors and the digitalisation of construction processes, Consus operates along the entire property development value chain. Consus implements development projects from planning through construction to transfer of ownership, as well as delivers property management and related services through its subsidiaries CG Gruppe AG and Consus Swiss Finance AG. The shares of Consus are traded in the Scale segment of the Frankfurt Stock Exchange and the m:access segment of the Munich Stock Exchange and among others on XETRA in Frankfurt.

Disclaimer

This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management of the Company. Forward-looking statements should not be construed as a promise of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and *regulations, affecting the Company, and other factors. The Company does not assume any obligations to update any forward-looking statements.*

Consus Real Estate AG
Kurfürstendamm 188-189
10707 Berlin
+49 30 965 35 790 260
investors@consus.ag
www.consus.ag

Vorstand:
Andreas Steyer (Vorsitzender)
Benjamin Lee
Theodorus Gorens

Aufsichtsratsvorsitzender:
Axel Harloff

USt-IdNr. DE263817317
Amtsgericht Berlin: HRB 191887 B I
Sitz der Gesellschaft: Berlin