corêo® real estate

Annual Report 2020

Content

Supervisory Board's report to the Annual Shareholders Meeting
for the 2020 fiscal year

Dear shareholders,

The Supervisory Board reports below on its activities in the financial year of 2020.

Monitoring and consulting in continuous dialogue with the Management Board

The Supervisory Board performed the duties incumbent upon it pursuant to the law, the articles of association and the rules of procedure in the past financial year and carefully and continuously monitored and accompanied the Management Board in its management of the company. In this context, we always convinced ourselves of the legality, appropriateness and regularity of the work of the Management Board. The Management Board met its duties to provide information. By means of written and oral reports, the Supervisory Board was regularly and promptly informed about the current business development, short and long-term corporate planning, current earnings situation, risk situation, risk management and organisational measures of the company. There was a continuous and intensive exchange of information between the Management Board and the Chairman of the Supervisory Board, also beyond the meetings of the Supervisory Board. In all major processes and decisions, the Supervisory Board was involved. The Supervisory Board was actively involved in all material business transactions in close coordination with the Management Board and, above all, assessed the respective opportunities and risks. Its approval was granted to the extent required by law or the Articles of Association.

Composition of the Supervisory Board and the Management Board

In accordance with the statutory provisions of Coreo AG, the Supervisory Board consists of three members. The members of the Board remained unchanged throughout the period under review.

- Stefan Schütze (Chairman of the Supervisory Board),
- Axel-Günter Benkner
  (Deputy chairman of the Supervisory Board),
- Dr. Friedrich Schmitz (member of the Supervisory Board).

During the 2020 financial year, to ensure efficiency, the Supervisory Board again dispensed with the formation of committees due to its size and the extent of the business.

No changes took place to the Management Board. During the whole year, Marin N. Marinov represented the Management Board.

Main topics of the meetings of the Supervisory Board

In the reporting year, six ordinary meetings of the Supervisory Board were held.

The Management Board regularly reported on the development of the company and important business transactions at these meetings and identified real estate investment opportunities were examined and evaluated, considering opportunities and risks as well as cash flow and financing scenarios. Decisions by the Supervisory Board were taken during meetings or in writing, on the basis of detailed, pertinent information and analyses, insofar as these were not yet ripe for decision or necessary at the time of the meeting.

The portfolio development and corporate financing of the Coreo Group were discussed at the meeting on 16 March 2020 as part of the annual planning.

In the balance sheet meeting on 21 April 2020, the auditor reported on the major findings of the annual audit to the Supervisory Board. The Supervisory Board approved the annual financial statement for 2019 which had been given the unconditional auditor's certificate. Furthermore, the items on the agenda of the Annual General Meeting were approved unanimously. The Corona crisis was another item on the agenda of the meeting.

In the committee meeting of 3 June 2020, resolutions were passed in connection with the cash capital increase.

At the meeting on 26 August 2020, the topics were the discussion and resolution on the Coreo corporate bond with a volume of up to 30 million euros, which was withdrawn in mid-September on the grounds of the low number of subscriptions and the associated high costs and alternative financing options, as well as on the property acquisitions in Wiesbaden and Haßloch.

Besides the resolution to cancel the bond, the focus of the meeting on 14 September 2020 was the discussion of the new financing option, with which the Serengeti bond can be repaid in full and new property investments can be made.

Details of the new growth financing were discussed in detail on 26 October 2020 and then finalised and approved in December.

Annual Audit for 2020

The financial statement, prepared for Coreo AG in accordance with the German Commercial Code (HGB), as well as in accordance with the International Financial Reporting Standards (IFRS) by the Management Board for the 2020 financial year were voluntarily audited by Votum AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Frankfurt am Main who issued the unconditional auditor's certificate. The auditing management was shared by Mr Leoff and Mr Lehnert.

The Supervisory Board was provided with the financial statements and the audit report of the auditor. At the balance sheet meeting on 20 April 2021, they were reviewed in particular with regard to legality, correctness and expediency and discussed in detail with the Management Board and the auditors. In the report, the auditor presented the executive board's risk management and monitoring system and found it suitable for identifying developments at an early stage that endanger the company's survival. The auditor reported on the results of the audit in the Supervisory Board meeting from 20 April 2021 as a whole and on the individual focal points of the audit and answered the questions of the members of the Supervisory Board in detail. The Supervisory Board subjected the submitted annual financial statement and the audit report to its own review. The Supervisory Board was convinced in the process that the audit reports as well as the audit conducted by the auditors themselves complied with the legal requirements and raised no objections.

The Supervisory Board accepted and thus approved the annual financial statement with the decision of the Supervisory Board of 20 April 2021.

Closing remarks

The Supervisory Board expresses its thanks to the Management Board and the employees for their commitment and achievements.

For the Supervisory Board,
Frankfurt am Main, 20 April 2021

Stefan Schütze
Chairman of the Supervisory Board

Consolidated financial statement (IFRS) of Coreo AG
as of 12/31/2020

Consolidated balance sheet as of 12/31/2020 (IFRS)
Assets

in TEUR	12/31/2020	12/31/2019	Notes
Intangible assets	4	6	5.1.1
Tangible assets	48	42	5.1.2
Investments in properties	54,259	38,502	5.1.3
Financial assets	13,635	11,952	5.1.4
Deferred tax assets	233	116	6.2.3
Non-current assets	**68.179**	**50.618**	
Inventories	8,918	709	5.2.1
Trade receivables	591	417	5.2.2
Financial assets	1,017	2,979	5.2.3
Other assets	1,494	621	5.2.2
Tax receivables	187	78	5.2.4
Cash and bank balances	3,276	5,195	5.2.5
Assets held for sale	902	5,881	5.2.6
Current assets	**16,384**	**15,880**	
Total assets	**84,563**	**66,497**	

Consolidated balance sheet as of 12/31/2020 (IFRS)
Liabilities

in TEUR	12/31/2020	12/31/2019	Notes
Subscribed capital	17,540	15,946	6.1.1
Capital reserves	24,097	23,778	6.1.2
Revenue reserves	12,545	12,545	6.1.3
Retained earnings/loss	-24,785	-22,362	6.1.4
Other result	-239	-1,737	6.1.5
Equity attributable to shareholders of Coreo AG	**29,158**	**28,169**	
Non-controlling interests	137	151	6.1.6
Equity	**29,295**	**28,319**	
Other provisions	6	6	6.2.1
Financial liabilities	32,623	26,874	6.2.2
Other liabilities	89	0	
Deferred tax liabilities	1,166	1,816	6.2.3
Non-current liabilities	**33,884**	**28,696**	
Other provisions	390	398	6.3.1
Financial liabilities	18,996	7,116	6.3.2
Accounts payable trade	1,017	393	6.3.2
Other liabilities	477	985	6.3.2
Tax liabilities	504	591	6.3.3
Current liabilities	**21,385**	**9,482**	
Total equity and liabilities	**84,563**	**66,497**	

Statement of comprehensive income (IFRS)
01/01/2020 to 12/31/2020

in TEUR	2020	2019	Notes
Rent revenues	3,515	2,919	7.1
Revenues from the sales of properties	6,092	2,983	
Book value from the solt properties	-5,604	-1,549	
Result from the sale of investment properties	**488**	**1,434**	7.2
Result from the valuation of investment properties	847	3,060	7.3
Other revenues	168	4	7.1
Other operating revenues	57	47	7.4
Cost of materials	-2,290	-2,592	7.5
Personnel costs	-1,050	-807	7.6
Depreciation and impairments	-698	-15	7.7
Other operating costs	-1,726	-1,547	7.8
Earnings before interest and tax (EBIT)	**-690**	**2,502**	
Financial income	165	17	7.9
Financial expenses	-2,316	-2,181	7.10
Other financial result	26	23	
Earnings before tax (EBT)	**-2,814**	**361**	
Taxes on income and profit	377	-1,223	7.11
Period result	**-2,437**	**-862**	
Other result			
Positions that will not be reclassified to profit or loss in the future			
Changes in value of financial assets measured at fair value through other comprehensive income in the form of equity instruments	1,521	-1,144	
Income taxes on positions that are not reclassified	-23	27	
Other earnings after taxes	**1,499**	**-1,117**	
Total result	**-938**	**-1,980**	
The result for the period is attributable to			
Shareholders of Coreo AG	-2,424	-845	
Non-controlling shareholders	-13	-18	
The total result is attributable to			
Shareholders of Coreo AG	-925	-1,962	
Non-controlling shareholders	-13	-18	
Shares outstanding (undiluted and diluted)	17,540,460	15,945,880	6.1.1
Earnings per share (undiluted and diluted) in EUR	-0,14	-0,05	4.1.16

Cash flow statement (IFRS)
01/01/2020 to 12/31/2020

in TEUR	2020	2019
Period result	-2,437	-862
Result from the valuation of investment properties and change in value of properties held for sale	-847	-3,060
Result from the sale of properties	-488	-1,434
Depreciation	698	15
Other non-cash expenses and income	92	72
Increase/reduction of provisions	-8	134
Increase/reduction of receivables and other current assets	-1,156	-1,608
Increase/reduction of liabilities and other dept	120	145
Inflows from the disposal of inventories	746	0
Payments for investments in inventories	-9,204	0
Financial income	-191	-17
Financial costs	2,316	2,181
Income taxes	-377	1,223
Interest received	70	21
Interest payed	-2,632	-2,055
Tax payments	-504	-6
Cash flow from operating activities	**-13,802**	**-5,251**
Payments received from real estate sales	5,346	6,324
Payments for investment properties and properties held for sale	-15,156	-2,854
Proceeds from the disposal of other assets	2,032	903
Payments made for the investment in other assets	-156	-6,703
Cash flow from investment activities	**-7,934**	**-2,330**
Proceeds from capital increases	1,913	0
Cash received from loans	37,049	300
Repayment of loans	-6,145	-1,557
Payments received from the issue of a bond	2,000	0
Cash outflows from the repayment of the bond	-15,000	0
Cash flow from financing activities	**19,817**	**-1,257**
Change in cash and cash equivalents	-1,919	-8,838
Cash at the beginning of the period	5,195	14,033
Cash at the end of the period	**3,276**	**5,195**

Statement of changes in equity (IFRS)
01/01/2020 to 12/31/2020

in TEUR	Subscribed capital	Capital reserve	Revenue reserve	Result carried forward	Other result	Shareholders' equity	Non-controlling interests	Total equity
Status as of 01/01/2019 according to IFRS	**15,946**	**23,778**	**12,545**	**-21,575**	**-620**	**30,073**	**168**	**30,241**
Period result	-	-	-	-845	-	-845	-18	-862
Changes in value, without effect of financial assets measured at fair value through profit or loss in the form of equity instruments	-	-	-	-	-1,059	-1,059	-	-1,059
Disposal of financial assets measured at fair value through other comprehensive income in the form of equity instruments	-	-	-	58	-58	-	-	-
Status as of 12/31/2019 according to IFRS	**15,946**	**23,778**	**12,545**	**-22,362**	**-1,737**	**28,169**	**151**	**28,319**
Status as of 01/01/2020 according to IFRS	**15,946**	**23,778**	**12,545**	**-22,362**	**-1,737**	**28,169**	**151**	**28,319**
Period result	-	-	-	-2,424	-	-2,424	-13	-2,437
Capital increase	1,594	-	-	-	-	1,594	-	1,594
Premium from issue new shares	-	319	-	-	-	319	-	319
Changes in value, without effect of financial assets measured at fair value through profit or loss in the form of equity instruments	-	-	-	-	1,499	1,499	-	1,499
Disposal of financial assets measured at fair value through other comprehensive income in the form of equity instruments	-	-	-	-	-	-	-	-
Status as of 12/31/2020 according to IFRS	**17,540**	**24,097**	**12,545**	**-24,785**	**-239**	**29,158**	**137**	**29,295**
Notes	6.1.1	6.1.2	6.1.3	6.1.4	6.1.5		6.1.6	

Notes to the consolidated financial statements (IFRS) 01/01/2020 to 12/31/2020

1. General information on the Company

Coreo AG has its headquarters in Frankfurt am Main, Grüneburgweg 18. The Company is registered in the commercial register of the district court Frankfurt am Main under HR B 74535.

In accordance with the articles of association, the object of the company is the operation of real estate transactions and related transactions of all kinds, in particular the acquisition of developed and undeveloped land, the construction of buildings on such properties, their surrender of use, the development, improvement and encumbrance of such buildings and land, their letting and administration as well as their use, the participation in partnerships and (listed and non-listed) commercial companies with the same or similar business purpose and their sales and supply of services for these companies in the real estate sector, in particular the letting and administration of real estate. Activities defining the Company as an investment fund in the sense of the German Capital Investment Code are not exercised. In particular, the Company does not pursue the main purpose to provide its shareholders with a return by selling its subsidiaries or affiliated companies.

The shares of Coreo AG are traded on the Open Market of the Frankfurt Stock Exchange. There is no stock exchange listing within the meaning of § 3, section 2 of the German Stock Corporations Act (AktG). This also means that it is not a capital market-oriented corporation in accordance with § 264d German Commercial Code (HGB).

2 Basis of preparation of the Consolidated Financial Statements

The Consolidated Financial Statements of Core AG as of 31 December 2020 were prepared pursuant to International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the additional requirements of German Commercial Law according to § 315e HGB. All mandatory pronouncements of the International Accounting Standards Board (IASB) adopted by the EU by the balance sheet date as part of the endorsement process, i.e., published in the Official Journal of the EU, were applied.

Coreo AG is not legally obliged to prepare Consolidated Financial Statements in accordance with IFRS. The preparation and publication of the Consolidated Financial Statements in accordance with IFR should enable users to better assess the value of the Company or Group.

The preparation of the Consolidated Financial Statements is generally carried out applying amortised cost. Real estate held as a financial investment, non-current assets held for sale, derivative financial instruments, and equity instruments, which are valued at fair value, are particularly excluded from this. They are valued at their fair value.

The balance sheet value is based on the maturity of the corresponding assets and liabilities. Assets and liabilities are classified as short-term if they are expected to be completed or settled within the normal course of the business cycle of the Group. The Consolidated Statement of Comprehensive Income is prepared using the total cost method.

The financial year shall correspond to the calendar year. The Consolidated Financial Statements are prepared in euro, the functional and presentation currency of the Group. Unless otherwise stated, all financial information presented in euros is in thousands of euros (TEUR). We would like to point out that differences may occur in the use of rounded amounts and percentages due to commercial rounding.

These Consolidated Financial Statements are prepared on the assumption that the Group will continue as a going concern.

2.1 Changes in Accounting Policy - New IFRS Standards and Interpretations

The applied Accounting Policy is basically the same as those applied in the previous year, with the exception of the new and revised IFRS standards and interpretations applied for the first time in the financial year.

2.1.1 New Accounting Standards to be applied in the financial year

First-time application of new and amended standards and interpretations in the 2020 financial year:

Standard	Title
Amendments to the framework concept	Revised framework concept
Amendments to IAS 1 and IAS 8	Definition of materiality
Amendments to IFRS 3	Definition of the Annual Report
Amendments to IFRS 9, IAS 39 and IFRS 7	Amendments to IFRS 9, IAS 39, IFRS 7 Reform of the interbank reference rates
Amendments to IFRS 16	IFRS 16 Accounting for lease concessions in the context of the coronavirus pandemic

For the first time, the standards, or interpretations to be applied in the financial year had no or no material impact on the Consolidated Financial Statements.

2.1.2 New Accounting Standards to be applied in upcoming financial years

For the 2020 financial year, the application of the following standards, interpretations and amendments to existing standards is not yet mandatory. Coreo did not apply the corresponding announcements on a voluntary basis at an earlier date either. In each case, mandatory application relates to financial years beginning on or after the specified date:

Standard / interpretation	Title	Mandatory application
Endorsed		
Amendments to IFRS 4	Extension of the temporary exemption from the application of IFRS 9	01/01/2021
Amendments to IFRS 9/IAS 39/IFRS 7/ IFRS 4/IFRS 16	Amendments to IFRS 9, IAS 39 and IFRS 7 with regard to the effects of the IBOR reform - Phase 2	01/01/2021
EU endorsement still pending		
Amendments to IFRS 3	Reference to the frame concept	01/01/2022
Amendments to IAS 37	Onerous contracts - costs of fulfilling the contract	01/01/2022
Amendments to IAS 16	Tangible assets: Income before planned use	01/01/2022
Improvement standards 2018-2020	Improvement in IFRS 1/ IFRS 9/ IFRS 16 and IAS 41	01/01/2022
Amendments to IFRS 17	Modifications to IRFS 17	01/01/2023
Amendments IAS 1/PS 2	Amendments IAS 1 and IFRS Guidance Document 2 -> Disclosure of Accounting Policy	01/01/2023
Amendments to IAS 8	Amendments to IAS 8 -> Definition of accounting estimates	01/01/2023
Amendments to IAS 1	Classification of liabilities as current or non-current	01/01/2023

According to current estimates, the new or amended IFRS statements mentioned in the table above have no material impact on the Consolidated Financial Statements. The mentioned standards and interpretations are principally applied as of January 1 of the following financial year in case of an initial adoption during the year. The precondition is the adoption of these regulations by the EU.

3. Consolidated Entity and Consolidation Methods

3.1 Consolidated Entity

The Consolidated Financial Statements of Coreo AG include the financial statements of the parent company and the controlled companies (its subsidiaries). The Company gains control if

- it can exercise power of control over the subsidiary,
- its return depends on the performance of the participation and
- it can influence the level of returns based on of its power of control

The Company reassesses whether or not it controls an associated company if facts and circumstances indicate that one or more of the above three criteria of control have changed.

Subsidiaries are included in the Consolidated Financial Statements from the date on which the Company obtains control of the subsidiary until the date on which the Company no longer controls the subsidiary. The results of subsidiaries acquired or disposed of in the course of the year are recorded in the Consolidated Statement of Comprehensive Income and the Consolidated Results from the actual date of acquisition or up to the actual date of disposal.

All intercompany assets, liabilities, equity capital, income, expenses, and cash flows in connection with transactions between Group companies are completely eliminated within the scope of consolidation.

A joint venture is a common agreement in which the parties that have common control have rights to the net assets of the agreement. Joint control is defined as the contractually agreed, jointly exercised control of an arrangement. This is only the case when decisions on the relevant activities require the unanimous consent of the parties involved in the common management.

An associated company is a company over which the Group has significant influence. It is presumed that there is significant influence if a direct or indirect voting interest of at least 20 % in another company is held. The assumption of decisiveness can be rebutted if, despite a share of voting rights of 20 % or more, influence on the exercisable business and company policy is excluded by contractual provisions and the exercisable rights merely represent property rights.

In accordance with the equity method, shares in associated companies or joint ventures are included in the Consolidated Statement of Financial Position at acquisition cost adjusted for changes in the Group's share of profit or loss and other comprehensive income of the associated company or joint venture after the date of acquisition. Losses of an associated company or a joint venture that exceed the Group's interest in that associated company or joint venture are not recorded.

The Consolidated Entity includes 12 (previous year 11) subsidiaries in addition to the parent company. They are included in the Consolidated Financial Statements using the rules of full consolidation.

All companies included in the Consolidated Financial Statements of Coreo AG are listed in the list of shareholdings (Appendix to the Notes to the Consolidated Financial Statements).

The balance sheet dates of the subsidiaries included in the Consolidated Financial Statements correspond to the balance sheet date of the parent company. The Financial Statements were prepared in accordance with uniform accounting and valuation principles.

Company acquisitions, disposals, and start-ups

During the reporting period, the number of Group companies included in the Consolidated Financial Statements under the full consolidation method and the number of associated companies included under the equity method developed as follows:

	12/31/2019	**Additions**	**Disvestures**	**12/31/2020**
Consolidated subsidiaries	11	1	0	12
Companies valued according to the at-equity method	0	0	0	0
Total	**11**	**1**	**0**	**12**

Start-ups

In the year 2020, the following companies were newly founded:

- Coreo Wiesbaden PE UG & Co. KG

Coreo AG holds 100 % of Coreo Wiesbaden PE UG (limited liability) & Co. KG, Frankfurt am Main. The company was founded on 14 September 2020.

3.2 Consolidation methods

The Consolidated Financial Statements include all subsidiaries by means of full consolidation. Capital consolidation is carried out in accordance with the purchase method pursuant to IFRS 3. In the context of company and business acquisitions, the acquisition costs are offset against the fair value of the acquired assets and liabilities at the date of acquisition. Where there is a positive difference arising from offsetting, this is recognised as goodwill. Any negative difference is recorded as income after appropriate testing. Ancillary acquisition costs associated with the acquisition of a company are recognised as expenses in the periods in which they are incurred. Any differences arising from the sale and purchase of non-controlling shareholder are recognised in equity capital.

Any balances within the Group, transactions, income, expenses, profits, and losses of the companies included in the Consolidated Financial Statements by means of full consolidation are eliminated in full in the course of consolidation.

In accordance with IAS 28, joint ventures and associated companies are consolidated using the equity method. The initial accounting of the participation is carried out at acquisition costs. The book value approach is then updated by the proportionate changes in the equity capital of the associated company or joint venture during the subsequent consolidation.

Non-controlling shares are the portion of profit or loss and net assets that is not attributable to the shareholders of the parent company of the Group. Non-controlling shares are valued at their proportionate share of the identified net assets of the acquired company at the date of acquisition. Non-controlling shares are disclosed separately in the Consolidated Statement of Comprehensive Income and in the Consolidated Statement of Financial Position. In the Consolidated Statement of Financial Position, they are presented within equity capital, separately from the equity capital attributable to shareholders of the parent company.

All Group companies prepare their financial statements in euros, the functional currency of the Group.

4. Significant Accounting Policies

The financial statements included in the Consolidated Financial Statements were prepared in compliance with uniform accounting and valuation principles.

4.1.1 Intangible assets

In the Coreo Group, only intangible assets acquired in exchange for payment are recognised in the balance sheet. They are recognised at amortised acquisition or production costs.

Intangible assets with a specific useful life are amortised on a straight-line basis over the respective useful life. The useful life is between three and five years.

Intangible assets with an indefinite useful life are not amortised and are subject to a regular impairment test. There are no intangible assets with indefinite or indefinite useful lives.

Estimates of the period of cash inflows from the intangible assets are used to determine the expected useful lives and the amortisation periods. Furthermore, impairment tests are carried out.

4.1.2 Tangible assets

Tangible assets are stated at acquisition or production costs less accumulated scheduled depreciation and accumulated impairment costs. If it is probable that future economic benefits associated with the item of property, plant and equipment will flow to Coreo, subsequent acquisition or production costs are recognised.

The expected useful lives of the assets are used as the basis for straight-line depreciation. Movable fixed assets are amortised over three to nine years. Low-value assets are fully depreciated in the year of acquisition.

The book values of tangible assets are reviewed for impairment as soon as there are indications that the book value of an asset exceeds the achievable price.

An item of property, plant and equipment is derecognised either upon disposal or when no further economic benefit can be expected from its continued use or sale. The gain or loss resulting from the derecognition of the asset is recognised as the difference between the net disposal proceeds and the remaining book value under other operating income or other operating expenses.

At the end of each financial year, the residual values of the assets, useful lives and depreciation methods are reviewed and adjusted if required.

Please refer to the explanations under 4.1.11 with regard to the accounting and valuation of rights of use in accordance with IFRS 16.

4.1.3 Real estate held as a financial investment

The qualification of real estate held as a financial investment is based on a corresponding management decision to use these properties to generate rental income and to realise their rental growth potential over a longer term as well as the resulting increases in value themselves. These properties are not used by the Company itself or held for sale in the ordinary course of operating activities. Real estate held as a financial investment includes land with residential and commercial buildings as well as undeveloped land.

Real estate held as a financial investment is initially valued at acquisition or production costs including transaction costs. Real estate held as a financial investment is subsequently valued at fair value. Gains or losses from fair value adjustments are recognised as income or expense in the Consolidated Statement of Comprehensive Income.

The market value corresponds to the fair value. Valuations are performed in accordance with the provisions of IFRS 13 and define the price that would be received in an orderly transaction between market participants on the measurement date for the sale of an asset or paid for the transfer of a liability. This estimate excludes in particular price assumptions which are increased or decreased by ancillary agreements or special circumstances.

Jones Lang LaSalle SE, Frankfurt am Main, an accredited external independent valuer, carried out the valuation of the real estate portfolio as at the balance sheet date in accordance with internationally recognised valuation methods. In accordance with the valuation hierarchy of IFRS 13, the fair value measurement of real estate held as a financial investment is assigned to Level 3.

Real estate held as a financial investment is derecognised when it is disposed of or permanently withdrawn from use and no future economic benefits can be expected from its disposal. Gains or losses on the closure or disposal of real estate held as a financial investment are recognised in the year of closure or disposal.

Properties are transferred from the real estate held as a financial investment if there is a change in use that is documented by the beginning of owner use or the beginning of the intention to sell.

4.1.4 Impairment of assets

Assets that are subject to be depreciated are reviewed for an impairment whenever there is a corresponding indication. If the reason for the impairment loss no longer exists, a reversal of impairment losses is carried out. Assets that are not depreciated are reviewed for impairment loss at each balance sheet date.

4.1.5 Financial assets

In accordance with IFRS 9, Coreo classifies financial assets into the following categories:

- valued at amortised cost
- valued at fair value with changes in value in profit or loss (FVTPL: Fair Value through Profit and Loss)
- valued at fair value with changes in value in other comprehensive income (FVTOCI: Fair Value through Other Comprehensive Income)

The classification of financial assets depends on the business model for managing the financial assets and the contractual cash flows. In accordance with IFRS 9, derivatives embedded in contracts where the basis is a financial asset within the scope of the standard are never accounted for separately. Instead, the hybrid financial instrument as a whole is evaluated with regard to the classification. The Group determines the classification of its financial assets at initial recognition. The classification is carried out individually for each instrument. Reclassification is only permitted if the business model is changed.

Where a financial asset is held for the purpose of receiving contractual cash flows that represent solely interest and principal payments, the asset is valued at amortised cost. All remaining financial assets are valued at fair value. In principle, changes in fair value are recorded as income, although Coreo makes use of the option to recognise changes in fair value recognised directly in equity for selected equity instruments that are not held for sale.

For financial assets (equity instruments) valued at Fair Value through Other Comprehensive Income, the Group can exercise the irrevocable option of measuring each individual financial instrument at fair value recognised directly in equity at the time of acquisition. If the financial instrument is held for trading or contingent consideration recognised by an acquirer in a business combination, designation is prohibited.

A financial asset is classified as held for trading if it was primarily acquired for the purpose of selling in the near future. Alternatively, on initial recognition it is part of a portfolio of clearly identified financial instruments that are managed together by the Group and for which there is evidence of a recent actual pattern of short-term profit-taking. Finally, it is a derivative that has not been designated as a hedging instrument, would be effective as such and does not constitute a financial guarantee.

Financial assets at Fair Value through Other Comprehensive Income (in the form of equity instruments) are recognised at fair value plus transaction costs at the time of acquisition. Subsequently, gains and losses from changes in fair value are recognised in other comprehensive income. The cumulative gain or loss on disposal of the equity instrument is not reclassified to the Consolidated Statement of Comprehensive Income but is reclassified as reserves. Dividends from these equity instruments are recognised in the Consolidated Statement of Comprehensive Income pursuant to IFRS 9 unless the dividends clearly represent a repayment of part of the acquisition cost of the equity instruments. Dividends, if any, are recognised in the Finance income in the Consolidated Statement of Comprehensive Income.

All financial assets that are neither recognised at amortised cost nor at Fair Value through Other Comprehensive Income are classified as at fair value as income. Financial assets at fair value through profit or loss are recognised in the statement of financial position at fair value, with changes in fair value recognised in the Consolidated Statement of Comprehensive Income on a net basis. This category comprises derivative financial instruments and equity instruments for which the Group did not irrevocably decide to classify them as at Fair

Value through Other Comprehensive Income under other comprehensive income.

The fair values of investments and other securities on which the valuation is based result from the stock market prices quoted on the closing date or transactions that took place close to the balance sheet date. If a fair value cannot be reliably determined for unlisted investments and other securities in individual cases, they are recognised at acquisition cost as an alternative, unless the lower valuation is applied. Acquisition costs are determined at the price on the settlement date. At Coreo, this relates to minority interests in listed and non-listed companies and funds reported as financial assets.

The debt instruments held by Coreo are valued at amortised cost if the Group intends to hold the instruments and realize the specified cash flows, which may only include interest and principal components. This applies to Coreo's trade receivables, other current assets and cash and cash equivalents.

Impairments of financial assets are determined pursuant to IFRS 9 in accordance with the expected credit loss model. Under IFRS 9, the expected credit losses are based on the expected credit losses (ECL) over the term, which are based on probability-weighted assumptions. Expected credit losses are recognised in two steps. A provision for loan losses is recognised for financial instruments whose default risk has not increased significantly since initial recognition in the amount of the expected credit losses based on a default event within the next twelve months (12-month ECL). Companies are required to record risk provisions for financial instruments whose default risk has increased significantly since initial recognition in the amount of the expected credit losses over the remaining term, irrespective of when the default event occurs (total term ECL). Expected credit losses over the life of the financial instrument are expected credit losses resulting from all possible default events during the expected life of the financial instrument. 12-month credit losses are the share of expected credit losses resulting from default events that occur within twelve months (or the shorter term of the instrument) after the balance sheet date. In determining whether the default risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group considers appropriate and reliable information that is relevant and available without undue expense of time and money. This comprises both quantitative and qualitative information and analyses based on the Group's past experience and sound estimates, including forward-looking information.

The Group uses a simplified method for calculating expected credit losses on trade receivables. Consequently, the Group does not track changes in credit risk, but instead recognises a provision for credit risk based on the total maturity ECL both at initial recognition and at each subsequent balance sheet date. The Group prepared an allowance matrix based on its past experience with credit losses and adjusted for forward-looking factors specific to borrowers and the economic environment. The requirement for value adjustments is reviewed at each balance sheet date with regard to expected credit losses and adjusted if necessary. The value adjustment ratios are determined on the basis of the overdue periods of the receivables. If for trade receivables, there are objective indications (such as e.g., the probability of insolvency or significant financial difficulties of the debtor) that not all amounts due will be received in accordance with the originally agreed invoice conditions, a value adjustment account will be used for reversal of impairment loss. Receivables are closed out once they are classified as uncollectible.

When the contractual rights to cash flows from a financial asset expire, the financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognised.

4.1.6 Real estate inventories

Inventories comprise land and buildings held for sale. Land and buildings held for sale are sold in the ordinary course of business. This may exceed a period of twelve months. The assessment and qualification as stock is carried out in the context of the purchase decision and implemented accordingly in the balance sheet at the time of acquisition.

Additions are valued at acquisition or production costs. At the balance sheet date, they are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.1.7 Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position include cash on hand and bank balances with an original term of up to three months.

4.1.8 Assets held for sale

The classification as assets held for sale is made when the assets are available for sale in their present condition on current terms and the sale is highly probable. A sale is regarded as highly probable if the plan for it has been decided and the search for a buyer and the implementation of the plan have been actively initiated, the asset is being actively offered at a reasonable price and the sale is expected to take place within one year from the date of classification.

Coreo recognises real estate held as a financial investment and related financial liabilities as assets held for sale if the above criteria are fulfilled at the balance sheet date. Properties held for sale are valued at fair value. Gains or losses from the valuation of properties held for sale are reported in the Consolidated Statement of Comprehensive Income under the item result from the valuation of investment properties.

4.1.9 Other provisions

Provisions are recognised when the Group has a current obligation (legal or constructive) as a result of an event in the past, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the provision. The valuation of provisions is based on the best possible estimate of the extent of the obligation.

The expense for the creation of a provision is recognised in the Consolidated Statement of Comprehensive Income after deduction of the reimbursement.

If the interest effect from discounting is substantial, provisions are discounted at a pre-tax interest which reflects the specific risks for the liability. In the case of discounting, the increase in provisions due to the passage of time is recognised in financial expenses.

4.1.10 Financial liabilities

Upon initial recognition, financial liabilities are classified in accordance with IFRS 9 as follows:

- Financial liabilities valued at amortised cost
- Financial liabilities at fair value through profit or loss.

Financial liabilities are valued at fair value less directly attributable transaction costs upon initial recognition. Financial liabilities are valued at amortised cost using the effective interest method after initial recognition. This does not apply to financial liabilities that were allocated to the category of financial liabilities at fair value through profit or loss upon initial recognition. Non-current non-interest-bearing financial liabilities are carried at their present value.

A financial liability is derecognised when the underlying obligation has been discharged, cancelled, or expired. If an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective book values is recorded as income.

The Group's financial liabilities comprise liabilities to banks, corporate bonds, trade payables and other liabilities. They are initially valued at fair value less directly attributable transaction costs. They are subsequently valued without exception at amortised cost using the effective interest method.

4.1.11 Leasing

At the start of a contract, the Group assesses whether a contract constitutes or contains a leasing relationship. That is the case when the contract gives the Group the right to control the use of an identified asset for a specified period of time in return for a fee. The Group applies the definition of a lease under IFRS 16 to assess whether a contract conveys the right to control an identified asset.

The Group as lessor

The definition of leases as an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time also includes rental agreements being concluded for a determined basic period. Leases are classified as finance leasing when all of the general risks and opportunities associated with the ownership are transferred to the lessee as part of the leasing conditions. All other leases are classified as operating leases.

All leases are classified as operating leases.

The rent contracts that Coreo has entered into with its tenants are classified as operating leases. Consequently, the Group is the lessor in a large number of operating leases (tenancies) with a variety of different structures over real estate held as a financial investment, from which it generates a significant portion of its revenue and income.

Rental income from operating leases is recognised on a straight-line basis over the term of the leases. Initial direct costs incurred in negotiating and agreeing a rental/ leasing relationship are added to the book value of the leased object and distributed on a straight-line basis over the term of the leasing relationship.

The Group as lessee

Leases in the sense of IFRS 16 are recognised as leasing liabilities in the amount of the present value of the future lease payments discounted at the marginal interest rate appropriate to the term, because the Group cannot determine in a reliable manner the implicit interest rates of the leases. Rights of use to the leased assets (right-of-use assets) are recognised on the assets side of the balance sheet in the amount of the lease liability plus any advance payments or directly attributable initial costs.

The leasing liabilities are extrapolated on the basis of financial mathematics. They are increased by the periodic interest expenses and decreased by the amount of the lease payments made.

The rights of use are generally recognised at amortised cost, considering depreciations and write-downs. Rights of use of assets that meet the definition of real estate held as a financial investment (IAS 40) are valued at fair value pursuant to the accounting and valuation rules of IAS 40.

Changes in the lease term or the amount of lease payments result in a new calculation of the present value and therefore in an adjustment of the lease liability and the right of use.
Periods from unilaterally granted extension or termination options are assessed on a case-by-case basis and only considered if their utilisation is sufficiently probable - for example due to economic incentives.

There is a balance sheet option for short-term leases (residual term up to 12 months) or leases of assets of low value. Coreo exercises the option not to recognise such leases in the statement of financial position and to recognise the lease payments as expense on a straight-line basis over the term of the lease.

4.1.12 Taxes

Actual income tax for each

The actual tax refund claims and tax liabilities for current and prior periods are measured at the amount at which a refund from the tax authority or a payment to the tax authority can be expected. The calculation of the amount is based on the tax rates and tax laws applicable on the balance sheet date.

Tax refund claims and tax liabilities are offset against each other if the Group has an enforceable right to offset actual tax refund claims against actual tax liabilities and these relate to taxes of the same taxable entity and are levied by the same tax authority.

Deferred taxes

The creation of deferred taxes is carried out using the liability method on temporary differences existing on the balance sheet date between the valuation of an asset or a liability in the balance sheet and the tax balance sheet value.

Deferred tax assets are entered for all temporary differences liable for deductions, tax losses carried forward not used yet, and tax credits not used yet in the measure, in which it is probable that the income to be taxed will be available against which the temporary differences liable for deductions, tax losses carried forward not used yet, and tax credits can be used.

The book value of the deferred tax assets is assessed at every balance sheet date and will be reduced to that extent to which it is no longer likely that a sufficient taxable income will be available, for which the deferred tax credit can be used at least in parts. Unrecognised deferred tax assets are reviewed at the end of each balance sheet date and recognised to the extent that it has become probable that there will be future taxable profit against which the deferred tax credit can be utilised.

Deferred tax assets and liabilities are calculated on the basis of tax rates whose validity for the period in which an asset is realised, or a liability is settled is expected. This is based on the tax rates (and tax laws) that apply on the balance sheet date or are announced by law.

Deferred taxes relating to items recognised in other comprehensive income or directly in equity capital are recognised in Other comprehensive income or directly in equity capital and not in the Consolidated Statement of Comprehensive Income.

Deferred tax refund claims and liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities are related to income taxes levied by the same tax authority.

4.1.13 Recognition of income and expenses

When the control of Coreo is transferred to the customer, revenues from goods or services are recognised at the amount to which the Group expects to be entitled at the point in time or period after the performance obligation has been fulfilled. Revenues are recognised net of discounts, customer bonuses and rebates granted. The Group generates revenues from contracts with customers, above all from the sale of properties and the invoicing of operating costs. With regard to revenues from operating costs, the Group acts as the primary responsible party towards the tenant in relation to promised services and bears the inventory risk (headmaster).

Rental revenues comprise income from leasing existing real estate and properties held for sale and are recognised on a straight-line basis over the term of the lease pursuant to the rental contract.

Revenues from operating costs are recognised over the period of performance, which is substantially the same as the date of recognition of expenses.

Revenues from the sale of real estate are recognised when the closing is carried out (transfer of possession, benefits, and burdens of the property).

Expenses are recognised as soon as they are economically incurred.

Interests are recognised as expenses or income on an accrual basis using the effective interest method.

4.1.14 Currency conversion

Transactions in foreign currencies are converted using the relevant foreign currency exchange rates at the time of the transaction. The monetary assets and liabilities are valued at the closing date in subsequent periods and the resulting translation differences are recorded as income. Non-monetary items are valued at historical acquisition or production costs in foreign currency and converted at the exchange rate on the date of the transaction.

4.1.15 Share-based remunerations

Share-based commitments are compensated by equity instruments (share options). They are recognised at the time of granting at the fair value of the equity instruments that have vested by that time. The fair value is recognised as expense over the vesting period and offset directly against the capital reserve. The fair value is determined by applying generally accepted option pricing models.

If the issue of the options and the conditions on which they are based result in an arithmetical dilution for the existing shareholders, the dilutive effect of the outstanding share options is considered as an additional dilution in the calculation of earnings per share.

4.1.16 Result per share

Earnings per share are calculated pursuant to IAS 33. Earnings per share are calculated as follows: Consolidated Results attributable to Coreo AG shareholders divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share are calculated as follows: consolidated net income divided by the sum of the weighted average number of ordinary shares outstanding, adjusted for all dilutive effects of potential ordinary shares. There is a dilution of earnings per share when the average number of shares is increased by adding the issue of potential ordinary shares from option rights.

No dilutive effect had to be considered either in the current reporting period or in the comparable period of the previous year.

In the financial year 2020, earnings per share are not diluted, as the value of the shares to be granted does not exceed the value of the consideration (exercise price of the option).

4.1.17 Significant accounting judgements, estimates and assumptions

When preparing the Consolidated Financial Statements, management makes judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and contingent assets and liabilities during the reporting period. The most recent reliable information available is used as the basis for assumptions and estimates. There may be differences between the income, expenses, assets, and liabilities as well as contingent assets and liabilities reported on the basis of estimates and the amounts that can be realised in the future. The assumptions underlying the estimates are regularly reviewed. If there are any changes, these are considered as income as soon as they become known.

Assumptions and estimates were mainly made for the following circumstances:

- Valuation of real estate held as a financial investment

- Determination of the recoverable amount for assessing the necessity and amount of impairment losses, in particular on properties reported under „Real estate inventories“ and on equity investments

- Recognition and valuation of financial assets

- Recognition and valuation of provisions

- Valuation of risky receivables

- Realisability of deferred tax assets

The assumptions made in the valuation of the real estate portfolios may subsequently prove to be partially or fully incorrect or there may be unexpected problems or unidentified risks in connection with real estate portfolios. Such developments, which are also possible at short notice, could worsen the earnings situation, reduce the value of the acquired assets, and significantly reduce the revenues generated in the form of current rents. The recoverability of real estate assets is determined primarily by the development of the real estate market and the general economic situation, in addition to property-specific factors. There is a risk that in the event of a negative development of the real estate market or the general economic situation, the valuation methods applied by the Group may have to be adjusted.

The respective corporate tax planning is of central importance for assessing the recoverability of deferred tax assets. These plans are prepared on the basis of various estimates, e.g., with regard to the future development of income and expenses. Deferred tax assets are recognised for all deductible temporary differences and unused tax loss carryforwards to the extent that it is probable that future taxable profit will be available against which the unused tax loss carryforwards can be utilised.

5. Notes to the Consolidated Statement of Financial Position - Assets

5.1 Non-current assets

5.1.1 Intangible assets

Intangible assets break down as follows:

in TEUR	2020	2019
Acquisition costs		
As of 01.01.	**35**	**35**
Additions	0	0
Disvestures	0	0
As of 31.12.	**35**	**35**
Depreciation		
As of 01.01.	**-29**	**-24**
Additions	-2	-5
Disvestures	0	0
As of 31.12.	**-31**	**-29**
Book values 31.12.	**4**	**6**

Intangible assets mainly relate to capitalised expenses for the creation of the homepage, expenses for the acquisition of the „Coreo" brand name and expenses for the acquisition of the „Domus" software.

The acquired „Domus" software will be used to manage the newly acquired properties.

As in the previous year, no impairment on intangible assets was recognised in the current financial year. There are currently no intangible assets with indefinite useful lives.

The useful life of intangible assets is between 3 and 10 years.

Research and development expenses were not incurred and were therefore neither recognised nor capitalised as expenses.

Internally generated intangible assets were not capitalised.

5.1.2 Tangible assets

The tangible assets break down as follows:

in TEUR	2020	2019
Acquisition costs		
As of 01.01.	**138**	**93**
Additions	30	45
Disvestures	0	0
As of 31.12.	**168**	**138**
Depreciation		
As of 01.01.	**-96**	**-87**
Additions	-24	-9
Disvestures	**0**	0
As of 31.12.	**-120**	**-96**
Book values 31.12.	**48**	**42**

The tangible assets are office and business equipment depreciated over a period of three to 25 years at the most.

The additions also comprise the rights of use resulting from the application of IFRS 16 in the amount of 26 TEUR (previous year: 34 TEUR).

This relates to two leasing contracts for two vehicles. The leasing contracts were newly concluded in 2019 and 2020 for a period of three years. The Group makes use of the exemption in IFRS 16 for short-term leases (remaining term 12 months) and for low-value leases (underlying asset of minor value). Neither a lease liability nor a right of use is recognised for these leases. Instead, the lease instalments are recognised as expenses on a straight-line basis over the term of the lease.

Furthermore, this relates to a short-term rental agreement for office premises, for which the exception for short-term leases was applied. The current sublease agreement for office space has a remaining term of 6 months. The resulting financial obligation amounts to TEUR 23.

No impairment losses on tangible assets were recognised in the current financial year.

5.1.3 Real estate held as a financial investment

Real estate held as a financial investment is recognised at fair value. The fair values developed as follows in the financial year:

in TEUR	2020	2019
As of 01.01.	**38,502**	**40,017**
Additions	15,156	2,381
Disvestures	-246	-1,075
Reclassification to assets held for sale	0	-5,881
Adjustment of the fair value	847	3,060
As of 31.12.	**54,259**	**38,502**

The additions relate to:
Coreo Wubi Residential UG & Co. KG was founded on 26 September 2019 for the purchase of a residential portfolio in Wuppertal and Bielefeld. The notarised sales contract was signed on 31 October 2019. The closing, however, took place in the current business year.

Rental income from real estate held as a financial investment amounted to TEUR 2,003 in the financial year (previous year TEUR 1,502). TEUR 165 as rental income is not included in the amount presented above due to the disclosure of „Real estate" under „Assets held for sale". Revenues from operating costs of TEUR 809 (previous year TEUR 940) was also generated in the financial year.

The operating expenses in the financial year related to these properties amounted to TEUR 1,685 (previous year: TEUR 1,818. That amount comprises expenses for maintenance and repairs as well as operating costs. In the amount shown above, direct operating expenses of TEUR 305 (previous year TEUR 725) are not included due to the reporting of properties under „Assets held for sale". TEUR 346 (previous year: TEUR 512) of the operating expenses related to these properties amounting to TEUR 1,685 (previous year: TEUR 1,818) relate to expenses for vacant properties with which no rental income was generated. Principally, the vacancy results from planned conversion and modernisation measures. In combination with vacant properties, direct operating expenses of TEUR 1 (previous year TEUR 144) are not included in the above amount due to the reporting of properties under „Assets held for sale".

In its function as lessor, Coreo concluded long-term rent contracts for commercial real estate. The following maturities for rental revenues result from these leases:

in TEUR	Remaining term up to 1 year	Remaining term 1 year to 5 years	Remaining term longer than 5 years	Total
12/31/2020				
Hydra-portfolio	346	1,936	4,718	7,000
Bruchsal	339	1,101	0	1.440
Total	**685**	**3,037**	**4,718**	**8,440**
12/31/2019				
Hydra portfolio	55	221	267	543
Bruchsal	339	1,101	0	1,440
Total	**394**	**1,322**	**267**	**1,983**

There are no restrictions on the saleability of real estate held as a financial investment within the Group and no contractual obligations to purchase, construct or develop real estate held as a financial investment. In addition, there are no contractual obligations for repairs, maintenance, or improvements.

The real estate held as a financial investment is partially encumbered with collateral for the loans.

In the case of one property in the Hydra portfolio is a right of first refusal secured in the land register in favour of the state capital of Kiel. The City of Kiel is, however, not currently exercising this right of first refusal.

In the case of properties from the Göttingen portfolio which are for sale and were therefore reclassified in the statement of financial position, the municipality could exercise its statutory right of first refusal under § 24 German Federal Building Code (BauGB) in the event of a sale. For this purpose, the municipality would have to enter into the negotiated sales contract.

The valuation of the properties was carried out on the balance sheet date by the external expert Jones Lang LaSalle SE (JLL) pursuant to the guidelines of the British professional association „Royal Institution of Chartered Surveyors" (RICS). The Discounted Cash Flow (DCF) method was used, as in previous years. The DCF method calculates the present value of future cash surpluses for the respective property on the valuation date. The cash surpluses from the respective property are determined in a detailed planning phase of usually ten years and discounted with a discount rate. For the end of the ten-year detailed planning phase, a residual value is forecast. The stabilised payment surpluses of the last planning year are capitalised with an interest rate for this purpose (capitalisation interest rate). The remaining value is also discounted to the valuation date in a second step using the discount rate. For the determination of the discount rate, different parameters were used: The discount rate is determined from market transactions based on the Standard Growth DCF Model from JLL. These estimates were based, among other things, on information from current market data, inflation forecasts and official documents as well as information from the expert committee. Consequently, the risk premium varies from property to property. The contractually fixed remunerations for the valuation reports prior to the preparation of the appraisals are generally independent of the valuation result.

In the following overview, the main input factors for the valuation of the properties are shown:

	Range 2020	Range 2019
Rent (EUR/sqm	1.48 - 17.60	1.48 – 17.60
Vacancy rate in %	0 - 100	0 - 100
Discount rate in %	4.5 – 8.5	4.75 – 7.25
Capitalisation rate in %	2.25 – 6.5	2.5 – 7.0

In the case of a change in the main input factors discount and capitalisation rate (increase in discount and capitalisation rate by 0.25 %), sensitivities of the fair values result in a total of TEUR -3,540 or -6.5 % (previous year: TEUR -7.0 %).

On the assumption that all variables remain the same, a positive change in each of the parameters by the same percentage would have similar effects on the value, only in the opposite direction. Potential interdependencies between the individual parameters are of secondary importance or cannot be determined due to their complexity.

5.1.4 Financial assets

The long-term financial assets relate to the following items:

in TEUR	12/31/2020	12/31/2019
Securities	13,635	11,952
Total	**13,635**	**11,952**

The long-term financial assets developed as follows:

in TEUR	2020	2019
As of 01.01.	**11,952**	**8,120**
Additions	162	5,810
Disvestures	0	-845
Positive changes in market value	1,521	10
Negative changes in market value	0	-1,143
As of 31.12.	**13,635**	**11,952**

Associated companies (At-Equity)

As of 31 December 2020, Coreo does not hold any investments in associated companies.

Securities

Other securities or financial assets in the form of equity instruments are valued either at fair value with changes in value in other comprehensive income (FVTOCI) or at fair value with changes in value in profit or loss (FVTPL).

Coreo holds the following shares and securities:

in TEUR	seat	12/31/ 2020	12/31/ 2019	Category
MagForce AG	Berlin, Germany	7,223	5,802	FVTOCI
NanoDimension LP	L.P., Cayman Islands	400	300	FVTOCI
Nanosys, Inc.	Milpitas, USA	0	0	FVTOCI
Lumiphore, Inc.	Berkeley, USA	0	0	FVTOCI
Publity St. Martin Tower GmbH	Frankfurt a.M., Germany	5,731	5,731	FVTPL
Other securities		281	119	FVTPL
Total		**13,635**	**11,952**	

The value of the shares in MagForce AG was increased by TEUR 1,421 to the fair value on the balance sheet date by TEUR 7,223. The fair value thus corresponds to the stock market price on the balance sheet date. The change in value of the MagForce shares amounting to TEUR 1,421 was recognised directly in Other comprehensive income.

NanoDimension LP is a participation in a fund. The investment in NanoDimension LP was increased in value by TEUR 100 to the fair value on the balance sheet date by TEUR 400.

This value essentially corresponds to the current market value. The change in value of the investment in the amount of TEUR 100 was recognised directly in Other comprehensive income.

5.2 Current assets

5.2.1 Real estate inventories

Inventories comprise assets held for sale in the ordinary course of business.

Coreo Solo UG & Co. KG sold an additional property in the current financial year from the „Hydra-portfolio" acquired in 2018. The sales contract for the sale was signed in 2019. The closing, however, was only completed in the current year.

On 25 November 2020, a sales contract for the sale of the last property in the Hydra-portfolio, which is held for sale and therefore reported under real estate inventories, was concluded. However, the closing will not pass to the buyer until the following year.

The properties resold during 2020 had a book value of TEUR 322. The properties sold generated proceeds of TEUR 746. The result from the sale of real estate inventories amounted to TEUR 424.

In a notarised sales contract dated 31 October 2019, Coreo AG acquired two new real estate portfolios in Lünen, and Gelsenkirchen intended for sale, which are therefore reported under portfolio properties. The closing, however, took place in the financial year.

In accordance with purchase contracts dated 21 September 2020 and 16 December 2020, advance payments in the total amount of TEUR 3,266 were also made for two properties in Wiesbaden that are intended for a new construction in the future. However, the closing will not pass to the buyer until the following financial year.

5.2.2 Trade receivables and other assets

Trade receivables and other assets are as follows:

in TEUR	12/31/2020	12/31/2019
Trade receivables	591	417
Tax refund claims	187	78
Other assets	1,494	621
Total	**2,272**	**1,116**

Trade receivables and other assets are valued at amortised cost. No value adjustment was necessary.

The trade receivables are mainly receivables from rentals.

Receivables from rentals are non-interest bearing and are generally overdue. Adjustments are made based on the age structure and depending on whether there are active or former tenants. Adjustments were not required. Therefore, a presentation on the default risk and the expected credit losses for receivables is not necessary.

5.2.3 Financial assets

Current financial assets of TEUR 1,017 (previous year TEUR 2,979) comprise a loan to Publity St. Martin Tower GmbH. The decrease is the result of the sale of the investment fund held for trading.

5.2.4 Tax refund claims

Under short-term tax refund claims in the amount of TEUR 187 (previous year TEUR 78), receivables from tax overpayments and tax refund claims are essentially recognised in the balance sheet in the financial year.

5.2.5 Cash and cash equivalents

The item "Cash and cash equivalents" comprises cash on hand and bank credit balances.

5.2.6 Assets held for sale

Properties held for sale amount to a total of TEUR 902 (previous year: TEUR 5,881).

Specific sales activities were initiated for these properties, which should lead to a prompt sale in the financial year 2021. These are properties from the Göttingen portfolio.

The disposal in 2020 is based on the sales contract for the properties concluded in the previous year in the amount of TEUR 4,900. The closing was only completed in the current year.

6. Notes to the Consolidated Statement of Financial Position - Liabilities

6.1 Equity capital

Please refer to the statement of changes in equity (Appendix 4) for the development of equity.

6.1.1 Subscribed capital

As of 31 December 2020, the share capital of Coreo AG is divided into 17,540,460 shares which are all made out to the bearer.

The Board of Managing Directors is authorised by resolution of the General Meeting of 12 June 2019 to increase the share capital until 12 June 2024 once or several times by up to TEUR 7,973 with contributions in cash or in kind with the consent of the Supervisory Board.

The share capital was increased by TEUR 1,595 in the past financial year on the basis of this authorisation.

The authorised capital in accordance with the resolution of the General Meeting of 15 July 2019 (Authorised Capital 2019/I) amounts to TEUR 6,378 following the partial utilisation.

6.1.2 Reserves

The capital reserve includes the amount of the proceeds from the issuance of shares which exceeds the nominal value (premium).

The premium paid from the capital increase in the amount of TEUR 319 was reported under capital reserves.

6.1.3 Surplus reserve

The reserves include transferred profits from previous financial years.

6.1.4 Result carried forward

The result carried forward includes the accumulated Consolidated Results as well as profits and losses that cannot be reclassified and thus may no longer be considered as income in subsequent reporting periods.

6.1.5 Other comprehensive income

Other comprehensive income includes changes in the value of financial assets in the form of equity instruments valued at Fair Value through Other Comprehensive Income in Other comprehensive income and all adjustments to deferred taxes made in connection with the valuation of these assets. Principally, the other result of TEUR 1,499 relates to the changes in value of the participations in MagForce AG and NanoDimension LP.

6.1.6 Non-controlling interests

Non-controlling shares comprise the shareholdings of third parties in the Group companies. There were shares of non-controlling shareholders in the amount of TEUR 137 as of 31 December 2020 (previous year: TEUR 151).

6.2 Non-current liabilities

6.2.1 Other provisions

The long-term provision in the amount of TEUR 6 (previous year: TEUR 6) was formed for the archiving of files and was not discounted due to the minor effect.

6.2.2 Financial liabilities

In particular, Coreo borrowed from banks and issued a corporate bond to finance real estate and corporate transactions and real estate purchases.

The financial liabilities are composed as follows:

in TEUR	Remaining term up to 1 year	Remaining term 1 year to 5 years	Remaining term longer than 5 years	Total
12/31/2020				
Amounts due to banks	18,975	3,855	12,749	35,579
Corporate bond	0	0	0	0
Other loan liabilities	0	16,000	0	16,000
Leasing liabilities	21	20	0	41
Total	**18,996**	**19,855**	**12,749**	**51,620**
12/31/2019				
Amounts due to banks	6,478	12,522	1,331	20,331
Corporate bond	625	13,000	0	13,625
Leasing liabilities	13	21	0	34
Total	**7,116**	**25,543**	**1,331**	**33,990**

Liabilities to banks are almost completely secured. Real estate liens are mainly granted as collateral. These securities can only be realised by the banks after a material breach of the financing agreement (e.g., breach of the financial covenants).

At the end of January 2018, a corporate bond was issued. The bond was completely paid back on 23 December 2020.

The pledged share deposit of Coreo AG was released in full.

A loan in the amount of EUR 23 million was taken out with the loan agreement of 7 December 2020 to finance further growth. By 31 December 2020, an amount of EUR 16 million was called.

The following shares were pledged to secure the loan:

- Coreo Göttingen AM UG (limited liability)
- Coreo Han AM UG (limited liability)
- Coreo Wubi Residential UG (limited liability) & Co. KG
- Coreo Han UG (limited liability) & Co. KG
- Dritte Coreo Immobilien VVG mbH
- Coreo Göttingen Residential UG (limited liability) & Co. KG

Furthermore, share assets with a book value of TEUR 7,223 as of 31 December 2020 were pledged.

The leasing liabilities refer only to two vehicle leasing contracts.

The main short-, medium- and long-term bank liabilities of the group are shown in the following table:

in TEUR	12/31/2020			12/31/2019		
	Book value	Remaining term in years	Interest rate in %	Book value	Remaining term in years	Interest rate in %
Loan	1,693	2	1.39	1,789	3	1.39
Loan	274	2	1.73	287	3	1.73
Loan	2,423	20	1.8	1,988	1	4.20
Loan	1,881	16	1.35	2,012	17	1.95
Loan	11,117	1	2.25	10,000	2	2,25
Loan	2,691	1	variabel*	4,255	1	variabel*
Loan	1,818	26	1.75	0	0	0.00
Loan	855	26	1.75	0	0	0.00
Loan	4,455	10	1.75	0	0	0.00
Loan	5	1	1.75	0	0	0.00
Loan	1,465	2	1.95	0	0	0.00
Loan	3,919	1	1.95	0	0	0.00
Loan	700	1	1.95	0	0	0.00

* 3-month EURIBOR + 1.8 %, minimum 1.8 %

6.2.3 Deferred taxes

The deferred taxes break down as follows:

in TEUR	12/31/2020	12/31/2019
Deferred tax assets		
Real estate	229	90
Financial assets	4	26
Total	**233**	**116**
Deferred tax liabilities		
Real estate	1,166	1,816
Total	**1,166**	**1,816**

The change in deferred tax assets breaks down as follows:

in TEUR	2020	2019
As of 01.01.	**116**	**84**
Recognised in profit or loss	140	6
Without being recognised in profit or loss	-23	26
As of 31.12.	**233**	**116**

The change in deferred tax liabilities breaks down as follows:

in TEUR	2020	2019
As of 01.01.	**1,816**	**742**
Recognised in profit or loss	-650	1,074
Without being recognised in profit or loss	0	0
As of 31.12.	**1,166**	**1,816**

The deferred tax assets and liabilities result from the valuation of the properties as well as the financial assets. According to current legislation, sales of shares to stock corporations are tax-free in accordance with § 8b KStG (German Corporation Tax Act). Only 5 % are considered as non-deductible operating expenses and are subject to corporation and trade tax. Minor temporary differences arise from the valuation of financial assets due to the 95 % tax exemption of any capital gains.

Anticipated impacts of the so-called extended property reduction on domestic trade tax are considered in the valuation of deferred taxes.

The decreased deferred tax liabilities in the financial year 2020 mainly result from the disposal of the properties earmarked for pre-disposal.

The corporate income tax loss carryforwards amounted to EUR 16.4 million (previous year: EUR 14.8 million) and the trade tax loss carryforwards to EUR 16.3 million (previous year: EUR 14.8 million) as at the balance sheet date. The tax loss carryforwards can be carried forward for an unlimited period of time. Due to the unforeseeable usability of the tax loss carryforwards, no deferred tax assets were recognised.

6.3 Short-term liabilities

6.3.1 Other provisions

The short-term other provisions are composed as follows:

in TEUR	01/01/ 2020	Consumption	Dissolution	Contribution	12/31/ 2020
Provisions for staff	48	-48	0	31	31
Supervisory Board's remuneration	14	-14	0	14	14
Annual financial statement and audit	154	-154	0	179	179
General Meeting	28	-28	0	28	28
Pending invoices	154	-116	-25	125	138
Total	**398**	**-360**	**-25**	**377**	**390**

6.3.2 Liabilities

The short-term liabilities are composed as follows:

in TEUR	12/31/2020	21/31/2019
Amounts due to banks	18,976	6,478
Corporate bond	0	625
Leasing liabilities	21	13
Trade payables	1,017	393
Other current liabilities	477	984
Tax liabilities	504	591
Total	**20,995**	**9,084**

Short-term debts have a remaining term of less than twelve months. There are no significant differences between the book value and the fair value of the liabilities due to their short term.

Liabilities to banks are almost completely secured. Real estate liens are mainly granted as collateral. These securities can only be realised by the banks after a material breach of the financing agreement (e.g., breach of the financial covenants). Please also refer to the comments under 6.2.2.

Other liabilities mainly include prepaid expenses and rent deposits.

6.3.3 Tax liabilities

Tax liabilities include obligations from income taxes, sales taxes, and other types of taxes. The tax liabilities of TEUR 504 (previous year: TEUR 591) mainly relate to gains from the sale of real estate.

7. Notes to the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income is prepared using the total cost method.

7.1 Revenues from letting and other revenues

Rental income and other income are made up as follows:

in TEUR	2020	2019
Rental income	2,438	1,977
Operating costs	1,077	942
Revenues from letting	**3,515**	**2,919**
Other revenues	168	4
Total	**3,683**	**2,923**

Revenues from letting (rental income and operating costs) is classified as income for a specific period. Please refer to the information provided in section 5.1.3 for further details.

7.2 Result from the sale of properties

The sale of properties considers the sales revenues, selling costs and book value disposals of real estate held as a financial investment and land and buildings held for sale.

The result from the sale of properties is made up as follows:

in TEUR	2020	2019
Revenues from the sale of properties	6,092	2,983
Book value of the properties sold incl. sales costs	-5,604	-1,549
Total	**488**	**1,434**

The revenues were generated by the sale of one property from the Hydra portfolio and by sales from the Mannheim and Göttingen portfolios.

The revenues from the sale of real estate are qualified as time-related revenues.

7.3 Result from the valuation of investment properties

The result from the valuation of real estate held as a financial investment breaks down as follows:

in TEUR	2020	2019
Changes in value from fair value measurement of properties	847	3,060
Total	**847**	**3,060**

Die Wertänderungen setzen sich wie folgt zusammen:

in TEUR	2020	2019
Change in value Hydra-Portfolio	519	429
Change in value portfolio Bad Köstritz	52	239
Change in value portfolio Mannheim	1,526	793
Change in value portfolio Bruchsal	-40	870
Change in value portfolio Göttingen	-153	729
Change in value portfolio Wubi	-1,057	0
Total	**847**	**3,060**

7.4 Other operating revenues

Other operating revenues mainly relates to the following items

in TEUR	2020	2019
Income from the release of provisions	25	10
Others	32	37
Total	**57**	**47**

7.5 Cost of materials

The cost of materials in the amount of TEUR 2,290 (previous year TEUR 2,592) includes expenses for operating costs, expenses for maintenance and modernisation as well as other expenses for purchased services. Please refer to the information provided in section 5.1.3 for further details.

7.6 Personnel costs

The personnel costs are structured as follows:

in TEUR	2020	2019
Wages and salaries	-927	-722
Social security contributions	-123	-85
Total	-1,050	-807

Personnel expenses include remunerations for the Board of Managing Directors and for employees. This increase is partly due to the hiring of new employees.

The employees of the company are insured under a company pension scheme as well as under a statutory pension scheme. Current contribution payments are recorded as expenses at the time of payment. There are no other pension commitments.

11 employees were employed in the Group as of the balance sheet date (previous year: 9). The average number of employees in the Group during the financial year was 11 (previous year 9).

7.7 Depreciations and impairments

The amortisation relates to intangible assets of TEUR -2 (previous year TEUR -5), tangible assets including the amortisation of the newly recognised rights of use from leasing contracts of TEUR -24 (previous year TEUR -9) as well as depreciation on real estate inventories of TEUR -673.

7.8 Other operating expenses

The following overview shows the composition of the main other operating expenses.

in TEUR	2020	2019
External services and external work	0	-131
Room costs	-69	-66
Insurance	-48	-32
Vehicle costs	-22	-30
Travelling expenses	-15	-35
Office costs	-55	-50
Further education costs	-7	-3
Repairs, maintenance, and repair work	-13	-9
Legal and consulting costs	-471	-379
Costs for year-end close and auditing	-306	-282
Bank charge costs	-182	-58
Prior-period expenses	-23	-9
Supervisory Board's remuneration	-41	-44
Others	-474	-419
Total	**-1,726**	**-1,547**

7.9 Finance income

The finance income for the financial year refers to interest income in the amount of TEUR 165 (previous year TEUR 17).

7.10 Financial expenses

Financial expenses for the financial year amounted to TEUR -2,316 (previous year: TEUR -2,181). This mainly relates to interest on the corporate bond and bank loan interest from the financing of the properties.

7.11 Income taxes

The taxes on income and earnings are composed as follows:

in TEUR	2020	2019
Actual income tax for each	-413	-154
Deferred taxes	790	-1.069
Total	**377**	**-1,223**

In 2020, current tax expenses amounted to TEUR -413 (previous year: TEUR -154). The actual tax expense results from the sale of properties.

The deferred tax incomce amounts to TEUR 790 (previous year: TEUR -1,069). The decreased deferred tax liabilities in the financial year 2020 mainly result from the disposal of the properties earmarked for pre-disposal.

A detailed list can be found under section 6.2.3.

For the financial year 2020, the income tax rate amounts to 31.93 % (previous year 31.93 %). This is calculated as 15 % corporate income tax, 5.5 % solidarity surcharge and 15 % trade tax. The amount of trade tax depends on the municipal assessment rates. Companies in the legal form of partnerships are subject exclusively to trade tax. The result reduced by trade tax is allocated to the shareholder for corporate income tax purposes.

The reconciliation between the reported income tax expense and the expected income tax expense of the Group on the basis of the income tax rate is illustrated below:

in TEUR	2020	2019
Consolidated Results before taxes	-2,814	361
Tax rate in %	31.93	31.93
Expected income tax expense	**899**	**-115**
Permanent impacts from non-deductible expenses and tax-free income	-275	-99
Use of non-capitalised losses	492	42
Non-capitalisation of tax losses	-1,182	-1,170
Effects from trade tax exemption	417	506
Income tax effects relating to other periods	-	-354
Others	26	-33
Actual tax result	**377**	**-1,223**
Effective tax rate in %	**13**	**339**

The effect of the trade tax exemption results in particular from the so-called „extended reduction" of trade income. Those companies that generate their income exclusively from the management of their own real estate have the option of reducing their trade income by this amount, so that in these cases only the corporation tax rate plus solidarity surcharge is effectively applied.

8. Notes to the Group Cash Flow Statement

The Cash Flow Statement was prepared using the indirect method. The Cash Flow Statement is shown in detail in the cash flow statement with regard to their amounts. A distinction was made between operating, investing, and financing activities.

The reason for the negative result for the period is mainly that there were delays in the sales activities due to the SARS-Cov-2 pandemic. The profits from the real estate sales were also comparatively low, as the property sale was contractually agreed in the previous year, but the actual economic transfer of the property did only take place in 2020. The property was consequently recognised in the balance sheet in the previous year at the sales price and the capital gain was therefore recognised.

The year-on-year decrease of approximately EUR 9 million in negative cash flow from operating activities was mainly due to the disbursement for real estate inventories.

The increase of approximately EUR 6 million in negative cash flow from investing activities compared to the previous year is mainly due to payments for investments in investment properties and assets held for sale.

The positive cash flow from financing activities is mainly attributable to the raising of loans and the capital increase carried out in 2020.

The restrictions on disposal relate on the one hand to the revenue account from the sale of MagForce shares with a portfolio of TEUR 7,223 as of 31 December 2020 (of which TEUR 7,223 are restricted) and on the other hand to incoming payments from rent deposits amounting to TEUR 223 (previous year: TEUR 250). A reconciliation of financial liabilities to cash flow from financing activities in the financial year 2020 is presented below:

in TEUR	12/31/2019	cash transaction
Long-term financial liabilities	26,874	5,749
Short-term financial liabilities	7,116	12,155

	non-cash transaction			
	Changes in the Consolidated Entity	Exchange differences	Other	Reclassification
Long-term financial liabilities	0	0	0	0
Short-term financial liabilities	0	0	-275	0

	12/31/2020
Long-term financial liabilities	32,623
Short-term financial liabilities	18,996

9. Other information

9.1 Notes on financial risk management

In its ordinary operating activities, the Coreo Group is exposed to various financial risks. They include, above all, price and interest rate risks, liquidity risk and default risk. For the control of these risks, Coreo uses a uniform risk management system throughout the Group. The aim is to achieve a method of operation based on measures and thus constant risk minimisation. There is a detailed presentation of the general risk management system in the opportunities and risks report of the Group management report.

9.1.1 Price and interest rate risk

Coreo currently still holds investments from its time as an investor operating in the nanotechnology sector. Coreo has no influence on the financial or earnings situation of its participations and on their possible share price, and thus on the valuation of the companies, and therefore cannot have a significant influence on the value and thus the selling price of the equity investments. Price risks are minimised through active portfolio management.

Interest rate risks relate to directly existing loans for which no fixed interest rate agreements have been concluded. They also exist in case of necessary loan extensions and financing of (future) real estate purchases. Due to the agreement of mostly fixed interest rates and active liquidity management, interest rate risks are avoided or minimised.

9.1.2 Liquidity risk

Liquidity risk is defined as the risk that a company has difficulties meeting its payment obligations arising from its financial instruments. The Group continuously monitors the risk of a liquidity bottleneck by means of liquidity planning. This liquidity planning considers the maturities of the financial liabilities and expected cash flows from operating activities. The liquidity flow is continuously monitored and managed. Liquidity reserves are maintained to ensure the solvency of the Group at all times.

Coreo's Group companies are in part financed to a significant extent by borrowed capital. The financing is partly exposed to a refinancing risk due to its high volume. Coreo maintains regular contact with various market participants to limit this risk, continuously monitors all available financing options on the capital and banking markets and uses them in a targeted manner. Existing financing is also subjected to an early review prior to the respective final maturity date in order to ensure refinanceability. Coreo Group's debt ratio was 65.36 % as of 31 December 2020 (previous year: 57.4 %).

9.1.3 Default risk

Coreo is subject to a default risk as a result of the possible non-fulfilment of a contractual party. Transactions are only concluded with creditworthy third parties in order to minimise risk. The Group obtains collateral where appropriate. There is no considerable concentration of default risk for Coreo, either with a single contractual partner or with a group of contractual partners with similar characteristics. The maximum default risk is equal to the book values of the financial assets recognised in the balance sheet.

9.1.4 Further notes on financial instruments

Valuation of financial instruments

Cash and cash equivalents, trade receivables and other receivables regularly have short residual terms. Therefore, their book values approximate fair value as of the balance sheet date.

The fair value of investments and other securities (financial assets) valued at Fair Value through Other Comprehensive Income in the form of equity instruments is determined either on the basis of quoted market prices for identical assets or liabilities in active markets (level 1 of the valuation hierarchy level under IFRS 13) or on the basis of parameters for which either directly or indirectly derived quoted prices are available in an active market (level 2 of the measurement hierarchy level under IFRS 13).

Trade payables and other liabilities mainly have short remaining terms. Therefore, the carrying amounts approximate fair values. The fair values of interest-bearing loans are determined as the present value of the payments associated with the liabilities based on market interest rates. The carrying amounts approximate fair values.

The market value was thus determined on the basis of parameters for which either directly or indirectly derived listed prices are available on an active market (level 2 of the valuation hierarchy in accordance with IFRS 13). The levels of the fair value hierarchy in accordance with IFRS 7 in conjunction with IFRS 13 are described below:

- Level 1: quoted market prices for identical assets or liabilities in active markets,

- Level 2: information other than quoted market prices that is observable directly (e.g., prices) or indirectly (e.g., derived from prices), and

- Level 3: Information for assets and liabilities that are not based on observable market data.

The carrying amounts of financial instruments by valuation category and the fair value hierarchy levels are as follows:

31 December 2020

in TEUR	Fair value hierarchy	Fair value (FVTPL)	Fair value (FVOCI without recycling)	Amortised cost (AC)	Valuation acc. to IFRS 16	Balance sheet value
Long-term assets						
Financial assets	1	-	7,623	-	-	7,623
Other securities	2	6,012	-	-	-	6,012
Current assets						
Trade receivables	2	-	-	591	-	591
Other assets	2	-	-	1,494	-	1,494
Financial assets	2	-	-	1,017	-	1,017
Tax refund claims	2	-	-	187	-	187
Means of payment	1	-	-	3,276	-	3,276
Total financial assets		**6,012**	**7,623**	**6,565**	**-**	**20,200**
Non-current liabilities						
Amounts due to banks	2	-	-	16,603	-	16,603
Other loan liabilities	2	-	-	16,000	-	16,000
Leasing liabilities	2	-	-	-	20	20
Short-term liabilities						
Amounts due to banks	2	-	-	18,975	-	18,975
borrowing, loan	2	-	-	-	-	0
Leasing liabilities	2	-	-	-	21	21
Trade payables	2	-	-	1,017	-	1,017
Other current liabilities	2	-	-	477	-	477
Tax liabilities	2	-	-	504	-	504
Total financial liabilities		**-**	**-**	**53,576**	**41**	**53,617**

31 December 2019

in TEUR	Fair value hierarchy	Fair value (FVTPL)	Fair value (FVOCI without recycling)	Amortised cost (AC)	Valuation acc. to IFRS 16	Balance sheet value
Long-term assets						
Financial assets	1	-	5,921	-	-	5,921
Other securities	2	6,031	-	-	-	6,031
Current assets						
Trade receivables	2	-	-	417	-	417
Other assets	2	-	-	1,587	-	1,587
Financial assets	1	2,013	-	-	-	2,013
Tax refund claims	2	-	-	78	-	78
Means of payment	1	-	-	5,195	-	5,195
Total financial assets		**8,044**	**5,921**	**7,277**	**-**	**21,242**
Non-current liabilities						
Amounts due to banks	2	-	-	13,853	-	13,853
Other loan liabilities	2	-	-	13,000	-	13,000
Leasing liabilities	2	-	-	-	21	21
Short-term liabilities						
Amounts due to banks	2	-	-	6,478	-	6,478
borrowing, loan	2	-	-	625	-	625
Leasing liabilities	2	-	-	-	13	13
Trade payables	2	-	-	393	-	393
Other current liabilities	2	-	-	985	-	985
Tax liabilities	2	-	-	591	-	591
Total financial liabilities		**-**	**-**	**35,925**	**34**	**35,959**

In the following overview, the contractual, undiscounted disbursements of the financial liabilities are shown:

31 December 2020

in TEUR	2021	2022 to 2025	after 2025
Amounts due to banks	18,952	3.854	12,749
Other loan	24	16,000	0
Leasing liabilities	21	20	0
Trade payables	1,017	0	0
Other liabilities (excluding tax liabilities)	477	0	0
Total	**20,491**	**19,874**	**12,749**

31 December 2019

in TEUR	2020	2021 to 2024	after 2024
Amounts due to banks	6,478	12,522	1,331
Corporate bond	625	13,000	0
Leasing liabilities	13	21	0
Trade payables	393	0	0
Other liabilities (excluding tax liabilities)	985	0	0
Total	**8,494**	**25,543**	**1,331**

Gains and losses from financial assets and liabilities are as follows:

31 December 2020

in TEUR	From interests	From dividends	From subsequent valuation			From disposals	From other components of profit or loss	Net result
			At fair value	Value adjustment	Reversal of impairment losses			
Financial assets and financial liabilities valued at amortised cost (AC)	-2,151	-	-	-	-	-	-	-2,151
At fair value through profit or loss (FVTPL)	-	-	26	-	-	-	-	26
Fair Value through Other Comprehensive Income (FVOCI without recycling)	-	-	1,521	-	-	-	-	1,521
Total	**-2,151**	**0**	**1,547**	**0**	**0**	**0**	**0**	**-604**

31 December 2019

in TEUR	From interests	From dividends	From subsequent valuation			From disposals	From other components of profit or loss	Net result
			At fair value	Value adjustment	Reversal of impairment losses			
Financial assets and financial liabilities valued at amortised cost (AC)	-2,164	-	-	-	-	-	-	-2,164
At fair value through profit or loss (FVTPL)	-	-	23	-	-	-	-	23
Fair Value through Other Comprehensive Income (FVOCI without recycling)	-	-	-1,144	-	-	-	-	-1,144
Total	**-2,164**	**0**	**-1,121**	**0**	**0**	**0**	**0**	**-3,285**

9.2 Notes on capital management

Coreo strives to support its operating activities through targeted capital management activities and to ensure a sustained positive development of the Group. Coreo manages and adapts its capital structure to changing framework conditions in order to cope with financial risks. These can be, for example, capital increases or taking out loans. The Group controls its capital structure with the help of the equity ratio. A capital increase was carried out and further bank loans were taken out during the financial year. The bond was also redeemed prematurely by taking out a new loan in the amount of EUR 16 million. The Group's equity ratio as of 31 December 2020 was 34.6 % (previous year 42.6 %).

9.3 Segment reporting

IFRS 8 requires a „management approach" presenting information regarding individual segments on the same basis used for internal reporting to the Board of Managing Directors. Coreo is managed as a single-segment entity. As a result, a reportable segment has been identified pursuant to IFRS 8, which comprises the Group's operating activities. The reporting for this reportable segment corresponds to the internal reporting to the chief operating decision-maker. The chief operating decision-maker has the responsibility for decisions regarding the allocation of resources to the operating segments and for reviewing their performance. The chief operating decision-maker is the Board of Managing Directors.

9.4 Contingent liabilities and other financial commitments

Contingent liabilities exist for matters for which Coreo AG, and its subsidiaries provided guarantees and letters of comfort in favour of third parties. The terms are limited to an agreed time.

There were guarantees of TEUR 7,251 (previous year: TEUR 4,000) and letters of comfort of TEUR 11,600 (previous year: TEUR 11,600) as of 31 December 2020.

At the balance sheet date, there were no legal disputes.
There are no other significant financial obligations, as in the previous year.

As of the balance sheet date, there were no further contingent liabilities or financial obligations to third parties.

9.5 Auditor's fee

The audit fee for the financial year amounts to TEUR 75 (previous year: TEUR 69).

9.6 Significant events after the balance sheet date

An additional EUR 7 million of the new investment loan was drawn in 2021.

We are not aware of any other significant events after the balance sheet date.

9.7 Share-based remunerations

Share options

With the resolution of the General Meeting on 31 May 2016, the Board of Managing Directors was authorised, with the approval of the Supervisory Board, to issue subscription rights to shares in the company on one or more occasions up to 30 May 2021, entitling the holder to subscribe for up to 485,000 no-par value bearer shares in the company.

295,000 share options (of a possible 485,000) were currently issued at a subscription price of EUR 2.00. The sole director holds 250,000 share options in the company. If certain performance targets are reached, the subscription rights from these options can be exercised. If the stock market price of the shares of the Company increases for example by a certain percentage during the period from the date of issue until the expiry of two years after the issue date (the **„Reference period I“**) (the **„Performance target I“**). In the following table, the share of exercisable options upon achievement of the respective Performance target I is shown:

Increase in Reference period I	Proportion of exercisable options
50 %	50 %
60 %	60 %
80 %	80 %
100 %	100 %

The subscription rights under the options may also be exercised if the stock market price of the Company's shares increases by a certain percentage during the period from the date of issue until the expiry of three years after the issue date (the **„Reference period II“**) (the **„Performance target II“**). In the following table, the percentage of exercisable options upon achievement of the respective Performance target II is shown:

Increase in Reference period II	Proportion of exercisable options
75 %	50 %
100 %	60 %
125 %	80 %
150 %	100 %

If both a Performance target I and a Performance target II are achieved, further subscription rights may be exercised in addition to the number of exercisable subscription rights for Performance target I, by which the number of exercisable subscription rights for Performance target II may exceed the number of exercisable subscription rights for Performance target I.

As the average stock market price in 2020 was significantly below the exercise price of the share options, these were not shown in the balance sheet.

9.8 Related party disclosures

Companies and persons that have the ability to control the Coreo Group or exercise significant influence over its financial and operating policies are considered as related companies and persons. The existing control relationships were considered when determining the significant influence that related persons or related companies of the Coreo Group have on the financial and business policy.

Related parties of the Group include the members of the Board of Managing Directors and Supervisory Board and the executive bodies of subsidiaries, in each case including their close family members, as well as those companies over which members of the Board of Managing Directors or Supervisory Board of the company or their close family members can exercise significant influence or in which they hold a significant proportion of voting rights. In addition, related companies include those companies with which the company forms an association or in which it holds an equity interest that enables it to exert a significant influence on the business policy of the associated company as well as on the main shareholders of the company including its affiliated companies.

At the time of the capital increase in June 2020, the majority shareholder Apeiron Investment Group Ltd, Malta, held 49 % of the company. At the same time, the other major shareholders, BF Holding GmbH, Kulmbach, and its wholly owned subsidiary, GfBk Gesellschaft für Börsenkommunikation mbH, together held 20 % of Coreo AG. The sole subscriber to the most recent capital increase, alex schütz familienstiftung, Vaduz, Liechtenstein, held 9 % of Coreo shares. The Company is not aware of any changes that have occurred since then.

Service and loan contracts exist within the Group. The performances between the companies are eliminated within the scope of the consolidation.

In the 2020 financial year, there were no transactions with related parties.

9.9 Corporate bodies

Members of the parent company's Board of Managing Directors

The members of the Board of Managing Directors are:

- Mr Marin N. Marinov, Diplom-Ingenieur (graduate engineer), Hofheim

The Board of Managing Directors received total remuneration of TEUR 306 in the year under review (previous year: TEUR 243). The total remuneration consists of a fixed remuneration of TEUR 222 (previous year: TEUR 215) and a variable remuneration of TEUR 84 (previous year: TEUR 28). The remunerations are payments due in the short term.

Members of the Supervisory Board of the parent company

The members of the Supervisory Board are:

- Mr Stefan Schütze, lawyer (LL.M. in Mergers and Acquisitions), Frankfurt am Main, (chairman),

- Mr Axel-Günter Benkner, Diplom-Ökonom (graduate economist) and Diplom-Kaufmann (business graduate), Nidderau (vice Chairman),

- Mr Dr. Friedrich Schmitz, Kaufmann, Munich of Bavaria

In the year under review, remuneration of the Supervisory Board of TEUR 41 (previous year: TEUR 44) was recognised as an expense for the members of the Supervisory Board. The members of the Supervisory Board receive fixed remuneration only.

The Board of Managing Directors prepared these financial statements on 16 April 2021 and approved them for submission to the Supervisory Board. The Supervisory Board has the task of examining the Consolidated Financial Statements and declaring whether it approves them.

Frankfurt am Main, 16 April 2021

The Board of Managing Directors

Marin

Marin N. Marinov

Annex to the Group notes

Shareholdings as of 31 December 2020

Company and headquarters	Share in capital in %	Equity capital in TEUR	Result in TEUR	Year
Erste Coreo Immobilien VVG mbH, Frankfurt a M., Germany	100.0	-393	114	2020
Zweite Coreo Immobilien VVG mbH, Frankfurt a M., Germany	100.0	2,663	1,308	2020
Dritte Coreo Immobilien VVG mbH, Frankfurt a M., Germany	100.0	1,448	140	2020
Vierte Coreo Immobilien VVG mbH, Frankfurt a M., Germany	100.0	17	-2	2020
Coreo Göttingen AM UG, Frankfurt a M., Germany	100.0	0	0	2020
Coreo Solo AM UG, Frankfurt a M., Germany	100.0	1	0	2020
Coreo Han AM UG, Frankfurt a M., Germany	100.0	3	1	2020
Coreo Solo UG & Co. KG, Frankfurt a M., Germany	100.0	347	346	2020
Coreo Han UG & Co. KG, Frankfurt a M., Germany	100.0	-2,111	-1,365	2020
Coreo Göttingen Residential UG & Co. KG, Frankfurt a M., Germany	94.0	2,285	-225	2020
Coreo Wubi Residential UG & Co. KG, Frankfurt a M., Germany	100.0	-1,071	-1,059	2020
Coreo Wiesbaden PE UG & Co. KG, Frankfurt a M., Germany	100.0	-36	-37	2020

Group Management Report for the financial year 2020

1. Principles of the Group

1.1 Overview

Coreo AG (hereinafter also referred to as „Coreo", „the Coreo Group", „the Coreo Group", „the Company", „the Corporation" or „we") is a public limited company under German law incorporated on December 12, 2003 and with its registered headquarters in Bayreuth, Germany. The General Meeting held on January 24, 2005 resolved to relocate the Company's registered office to Frankfurt am Main. Until the change of the corporate purpose by resolution of the General Meeting on 31 May 2016, the Company operated as a nanotechnology investment Company under the Company name „Nanostart". In the meantime, the former portfolio of nanotechnology has been divested except for two valuable investments.

Since that time, the main activity of the Company has been to build up a high-yield commercial and residential real estate portfolio throughout Germany. The focus of the investment is on existing real estate with sustainable development potential. The risk/return profile of these acquisitions lies between that of the project developments on the one hand and that of rented existing real estate on the other. Coreo Group's positioning will increasingly shift from that of project developer to that of portfolio manager, as the real estate portfolio continues to grow. Coreo generates significant increases in the value of its real estate portfolio through property-specific measures (development, renovation, modernisation, repositioning, etc.) in addition to ongoing rental income. Portfolio components for which long-term rental prospects cannot be developed or which do not meet the Company's own needs (such as location and size) will be sold as quickly as possible. The profits thus generated constitute an additional source of income for the Group. Together with the funds released in the course of the sale, these are used for the further expansion of the real estate portfolio. As at 31/12/2020, the portfolio consists of properties at 27 locations with total lettable commercial premises of around 75,104 m^2, of which 39,458 m^2 is residential and 35,646 m^2 is commercial. The commercial premises are divided into office and commercial buildings, wholesale, and logistics. In addition, at the closing date, a 10.1 % stake was held in a single property company with a lettable area of 26,000 m^2. Undeveloped land with a total area of 37,859 m^2 rounds off the portfolio.

1.2 Strategy

The shares of Coreo AG are traded on the open market of the Frankfurt Stock Exchange. Therefore, the objective of the Company is a sustainable and steady increase of the Company value in the interest of our shareholders by means of a multi-layered value-creating growth strategy. This objective is to be achieved by building a high-yield residential and commercial real estate portfolio with a volume of 400-500 million euros over the next 4-5 years. The starting point is a restrictive purchasing and investment policy. Only those properties or portfolios that, within their use class, show above-average value development potential (so-called value add real estate) from the Company's point of view are included in the shortlist. Decisions to invest continue to presuppose a manageable expense, both technically and in terms of time, and thus a good opportunity-risk profile. The Company makes use of a partner network that has grown over many years and operates locally and regionally throughout Germany when identifying suitable properties. Thus, Coreo AG has direct access to local market expertise and local services. Apart from metropolitan regions and economically strong conurbations, above all, locations in medium-sized centres are preferred. Depending on the specific plans for the properties developed in advance of the acquisitions, the properties acquired contribute to the Group's three revenue streams.

Trading income

During portfolio transactions, individual properties are acquired on a regular basis and to varying extent which, for a number of reasons, do not meet the strategic requirements of the Company for long-term properties (existing real estate). The related properties are identified prior to acquisition and transferred to the Parent Company's current assets with the aim of selling them as soon as possible, generating adequate income contributions and using existing loss carry-forwards.

Portfolio development

A careful, property-specific development and/or repositioning of the acquired properties is a prerequisite for a sustained increase in rental income while at the same time reducing rental risks. The result of these measures is a substantial increase in property values and thus in NAV (Net Asset Value).

Long-term rental income

In this context, the required portfolio growth will be largely fed by properties that will be transferred to the long-term portfolio after completing development and/or repositioning measures. In some cases, further opportunities offered by the market can be used. Recurring liquidity surpluses from the rental business (funds from operations, FFO) are used for corporate financing and additional growth of the Group. For the rental result, tenant accounting is of fundamental importance. The Company therefore consciously relies on its own staff for this purpose. Furthermore, through regular and direct contact with our tenants, we are able to recognise any failures or changing expectations at an early stage and to react quickly and flexibly with adequate measures.

1.3 Group structure

Within the Group, Coreo AG operates as a management holding company that has no own real estate assets - excepted those planned for resale. Coreo AG performs a variety of central tasks for the Group's existing subsidiaries, such as acquisitions of properties, rental accounting, asset management and structuring and intermediation of financing. Property management, however, is outsourced to local service providers. The properties portfolios acquired directly (asset deal) are taken over by the subsidiaries in which the Company holds 100% of the capital. In case of acquisition of existing real estate companies, Coreo generally acquires the majority of the shares. The financing of the real estate portfolio is carried out by project companies using bank loans. The required equity capital is provided by the Parent Company in the form of shareholder loans. In addition, Coreo holds a 10.1% stake in Publity St. Martin Tower GmbH, a property company that owns the Frankfurt office „St. Martin Tower".

1.4 Control system

The business volume related to the acquired property volume does not yet require any segmentation. The Group's operating activities are managed using specific financial and non-financial performance indicators and parameters. By means of regularly reviewing the target figures during the financial year, any deviations from the corporate targets will be detected. The assumptions made are then reviewed and, if required, modified and target-oriented countermeasures initiated.

Three sources of income form the basis of Coreo's value-creating growth strategy: current rental income, sales profits, and write-ups. The profit contribution from the sale of non-strategic portfolio components is planned on the basis of the sales volume and the resulting trading margin. The period of stay of the individual properties in the portfolio is also considered as a non-financial indicator. Since the part of an acquired portfolio to be divested is not one of the primary purchase parameters, planning sales results according to volume is subject to a greater degree of uncertainty than the existing market risk. As a result, the probability of possible deviations from and adjustments to the plan increases.

In managing the existing real estate to be developed, compliance with the budgeted costs and expected timing are the central operational control parameters during the implementation of the respective measures. At the same time, results and planning are constantly compared with each other with the aim of achieving the calculated value increases after project completion.

The rental business is first and foremost managed on the basis of the volume of the received rental income. Another focus is the non-financial ratio of vacancy rates, the target/actual comparison, and the weighted average lease term (WALT) for commercial properties. This value and the FFO will increase in importance in parallel with the expected increase in the portfolio. In addition to the speed and scope of the expansion of the real estate portfolio, the Group's financing is a decisive factor for its further development.

Bank loans received by subsidiaries reflect their specific characteristics in terms of structure and conditions. At Group level, indicators such as LTV (loan to value) or the volume-weighted interest rate are continuously determined and included in the assessment of the Group' s development.

2. Economic report

2.1 Overall economic situation

In 2020, the economic development was characterised globally, as well as in the euro area and in Germany, by the course of the COVID 19 pandemic. Combined with the restrictions implemented in Germany from mid-March 2020, in particular the first lockdown, there was a massive slump in the economy. Not only manufacturing companies were affected, but also the service sector and the arts and cultural sector. At the beginning of the year, the German economy continued its 10-year growth, but in the second quarter of 2020, the gross domestic product (GDP) experienced a historic slump. The economic performance fell by 11.3 % compared to the second quarter of 2019. There was a revival of economic activity from May onwards. This was supported by the fiscal policy support measures accompanied by an expansive monetary policy, the incipient economic upswing especially in China and Asia, a significant increase in foreign trade activities as well as an increase in private consumption. After the GDP grew significantly in the third quarter by 8.5 % compared to the previous quarter, adjusted for price, seasonal and calendar effects, the second lockdown decided in November again led to a significant decline in growth in the final quarter. The GDP value in the final quarter of 2020 was 2.9 % below that of the previous year, with an increase of only 0.1 % compared to the previous quarter. The real GDP contracted by 5.0 % year-on-year on an annual basis in 2020, despite the stabilising increase in government consumption expenditure of 3.4 %. Exports, which fell by 9.3 %, also had a negative impact. On the whole, however, the slump was somewhat smaller than during the financial crisis in 2009. At that time, the economic performance had declined by 5.7 %.

The impact on the individual economic sectors varied significantly. The main construction industry was able to grow far above average in 2020, as it did in the previous year. The housing sector was the driving force behind this development. While at the end of the year new orders in commercial construction were 10.1 % below the previous year's level, they rose by 5.2 % in the housing sector in the same period. Both figures, however, showed a clear recovery at the end of the year compared to the lockdown-related declines in May. There were corresponding year-on-year increases in turnover and the number of employees of 4.9 % and 1.5 % respectively.

The unemployment rate rose at the national level for the first time since 2013. In Germany, an average of just under 2.7 million people were unemployed during the year and thus around - 480,000 more than in the previous year. The seasonal increase in the number of unemployed in December, however, was lower than usual, which seems to indicate a stabilisation at this level. At the end of the year, the unemployment rate was 5.9 %, half a percentage point below the 6.4 % recorded for August. In December 2019, the unemployment rate was still at 4.9 %.

A dampening effect was also felt from gross capital investment, which shrank by 3.5 % in price-adjusted terms. This was the strongest contraction since the financial and economic crisis of 2008/2009. Construction investments, on the other hand, developed positively with a plus of 1.5 % compared to the previous year.

Tax revenues at the central government, the federal states and local authorities fell in parallel to the decline in GDP. For the first time since 2011, a government deficit had to be financed together with the measures to support the economy and the aid packages to cushion the associated effects. The debt ratio in relation to the GDP rose accordingly from 59.6 % in 2019 to 71.2 % and was thus above the Maastricht criterion of 60 %.

2.2 Real estate market

At the beginning of the year, the ten-year upswing on the German real estate investment market continued but came to an end in the spring of 2020 as a result of the COVID 19 pandemic. The reasons for this, in addition to the economic slump, included the restricted mobility of the various market players and the accessibility of buildings, as well as the general uncertainty about future developments. The transaction volume aggregated over the different asset classes fell by 14 % to EUR 78.6 billion. A breakdown of the individual components illustrates how differently the individual segments were affected by the effects of the crisis. For example, purchases of 50 or residential units increased to EUR 19.7 billion or by 11.7 % compared to the previous year. The special effect of the EUR 6 billion merger of Adler Real Estate with ADO Properties must be considered, however. The changed risk assessment in commercial real estate was reflected in the increasing investor interest in core and core plus properties. The commercial investment market was still able to hold its own comparatively well, while there was a considerable decline in demand on the rental markets.
There was support in the market from the continued historically low interest rates, even though there was a narrowing of the spread between the yield of open-ended real estate funds and government bonds for the first time since 2013. The corresponding yield advantage over government bonds was still 2.9 % after 3.5 % in the previous year and thus remains particularly interesting for the asset-liability management of long-term investors such as insurance companies and pension funds.

Residential real estate market

The German residential real estate market defied the pandemic with the second-highest investment volume to date. The rolling 12-month value in December 2020, however, was EUR 4.3 billion below the annual high of EUR 24 billion achieved in July. Various factors contributed to the good result in addition to the good sales at the beginning of the year. On the one hand, the German housing market, which is considered particularly stable in international comparison due to the extensive social security systems, should be mentioned here. The share attributable to international investors rose accordingly from 13 % to 60 %. Furthermore, there was a noticeable increase in interest among investors who are otherwise active in other asset classes due to the crisis. The volume of completions continued to fall short of demand and thus stood in the way of an even stronger increase in the volume of transactions. According to an estimate by the GdW (German

Housing and Property Companies Association), the demand for new construction is around 320,000 flats per year. In 2019, the shortfall amounted to around 8 % with 293,000 completed residential units. Model calculations by the analysis firm empirica, however, forecast a slight supply surplus as early as 2021, assuming production volumes remain constant. In 2020, residential building permits rose by another 2.2 % to a total of 368,400, the second-highest figure since the turn of the millennium, making it seem realistic that the number of completions will at least remain constant. The continuing increase in the construction backlog (flats approved but not yet completed) since 2008, which reached its highest level since 1998 with 740,400 flats in 2019, also supports this assumption. Furthermore, a number of the project developers previously focused on commercial construction could devote a (larger) share of planning resources to the housing sector. In combination with the trend among domestic housing companies to increasingly rely on forward deals and takeovers of project developers, the fully utilised production capacities do not allow us to expect a short-term slump in the market.

The regional markets developed extremely heterogeneously. In the period 2010-2019, the 67 independent cities gained 1.7 million inhabitants, while vacancies in rural regions are on the rise again, especially in the eastern German federal states. A reversal of the trend in internal migration seems to be emerging recently. The extent to which this will prove to be permanent or merely a temporary change in housing demand priorities in the wake of the Corona crisis remains to be seen. The influx of first-year students to the university cities, however, is likely to have been noticeably slowed down due to the largely online mode of teaching, and thus to have had a relieving effect on the housing markets. According to provisional calculations by the Federal Statistical Office, net external migration is also likely to have fallen for the fifth year in a row. When the restrictive measures are removed, however, an increase in immigration from abroad is expected and based on this, a consolidation of the tense market situation in the metropolises and conurbations.

The historically low interest rates and the housing shortage were the two factors driving prices on the real estate markets in 2020. According to the price index of the German property research institute empirica, however, as in previous years, the increase in purchase prices for owner-occupied flats was significantly higher than the nationwide rental prices, at 12.2 % for existing flats and 9.2 % for new buildings, at 4.0 % and 3.9 % respectively. A year-on-year increase of 1.2 % was recorded by the experts at F+B for existing rents nationwide and an unchanged level for new rents. The increase in purchase prices, which was again disproportionately high compared to rents, is probably due to the lack of investment alternatives in a historically low interest rate environment on the one hand and the scarce supply of rents in the influx areas on the other. Purchase prices rose in 94 % of all districts according to the „Postbank Housing Atlas 2021“. Price increases in the affordable cities of 100,000 or more as well as in the surrounding areas of the metropolises were particularly pronounced. The Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation) warns of excessive property prices in major German cities following the massive price increases of recent years. The Bundesbank (German Central Bank) sees signs that the striking price exaggerations would have increased even more during the pandemic. For 324 of 401 districts, the empirica bubble index also indicates a moderate to high risk of bubble for the 4th quarter, for eleven of twelve major cities and for the top seven - with the exception of Cologne - even a rather high risk of bubble.

The development of the framework conditions for the housing market in North Rhine-Westphalia (NRW) and the sale of a larger part of Göttingen’s housing stock are of particular importance for Coreo following the acquisition of a residential portfolio in this federal state. In 2020, there was no market environment that differed insignificantly from the nationwide residential real estate market. In North Rhine-Westphalia, as in the Federal Republic, there was a slight population decline of 0.1 % in the first half of the year (data for the year as a whole were not yet available at the time of reporting). The overall rent level in North Rhine-Westphalia is less regionally differentiated than within the Federal Republic. Rents in Cologne, the most expensive location, are 130 % higher than in Höxter, the cheapest district. Throughout Germany, the average net rent per square metre rose by 1.2 % last year, which is also much less dynamic than purchase prices. The average purchase price per square metre for flats in the 4th quarter was 2,013 euros, 12.5 % higher than in the same period of the previous year.

Commercial real estate market

The transaction volume in the commercial real estate market, in contrast to residential real estate, fell by 15 % to 58.2 billion euros. At the same time, the individual segments of the commercial real estate market were affected significantly differently by the effects of the Corona crisis. There was a significant decline of eleven percentage points but purchases of office properties dominated the market with a share of 45 %, followed by retail properties (18 %) and logistics properties (12 %). The top seven markets continued to account for more than half of the transaction volume, EUR 31.4 billion or 54 %, with Berlin and Frankfurt together accounting for EUR 15.3 billion. Only turnover in logistics properties increased within the overall commercial real estate market. There was a year-on-year increase of 28 % or 1.9 billion euros to 8.7 billion euros. E-commerce companies benefiting from the closures and restrictions in the retail sector accounted for about one seventh of the take-up. A further demand of 4 million square metres is expected for them in the next three years. Prime returns in the top 7 locations, meanwhile, fell by a further 30-40 basis points year-on-year.

The office real estate markets proved to be largely resilient to the crisis despite the surge in home office activity. JLL does not see any oversupply in the top 7 locations, not least due to the high pre-letting rates, even though office completions reached a 10-year high in 2019 and demand fell by more than 30 % at the same time. The Institut der deutschen Wirtschaft (Cologne Institute for Economic Research) also does not expect the office market to collapse in the foreseeable future. The results of a survey of 1,200 companies conducted in the fourth quarter showed that two-thirds of the companies do not plan to increase the home office quota after the end of the pandemic. While only 6.4 % of the interviewed companies want to reduce their office space in the next 12 months, 17 % said they were planning to rebuild.

The hotel and restaurant industry was one of the most affected by the measures to contain the pandemic. Overnight stays fell by 40 % to 300 million. With a decline of 57 %, city hotels were particularly affected and here again mainly in locations with a strong dependence on international guests, trade fairs and major events. Dr. Lübke & Kelber nevertheless do not see any falling prices for hotel properties so far. Touristic regions will reach the pre-crisis level first, followed by smaller cities. A significantly longer lean period is expected for A-cities and congress and airport hotels. Capital-strong partners on the operator side, however, should have the opportunity to profit from the consolidation trend.

Peak rents in the retail sector, which is equally affected by closures and restrictions, fell by 2.1 % nationwide in 2020, with a simultaneous 25 % reduction in take-up. Jones Lang LaSalle expects a further decline of 4.2 % for the current year 2021, with an even stronger decline of 5.1 % forecast for cities with more than 500,000 inhabitants. It is not yet possible to conclusively assess how the crisis will affect the demand for space and the vacancy rate for retail space in the long term. The warnings, however, such as those of the German Trade Association, suggest that a noticeably higher insolvency rate can be expected. Fashion retailers are particularly affected. There was a significantly increased number of bankruptcies among the large retailers in 2020. Consumer behaviour is likely to change all the more sustainably the longer the closures and restrictions are maintained, further reinforcing the trend towards online shopping.

3. Business development

For the Coreo Group, the financial year was also marked by the Corona pandemic. Alongside a decline in supply, the measures implemented to limit the spread of the virus, such as restricted access in the context of due diligence processes, should be mentioned here. Simultaneously, the later than planned to raise of new investment funds was decisive for the course of business. Following the postponement of the planned issuance of a corporate bond with the collapse of the capital markets in March 2020, the issue was cancelled in September due to a lower-than-expected subscription result. Coreo did not have access to the financial resources needed for the projected portfolio growth until alternative financing was concluded at the end of December 2020.

Therefore, for the first time, the acquisition volume could not be increased again compared to the previous year. Following acquisitions with a volume of EUR 33.7 million last year, property purchases in the 2020 financial year amounted to EUR 3.3 million. This involves two adjoining sites under development in the Hessian state capital Wiesbaden with a total area of a good 17,000 m^2. Regarding the logistics property co-acquired in Haßloch, the existing right of first refusal was unexpectedly exercised.

Mainly due to the closing of the residential portfolio acquired in the state of North Rhine-Westphalia in 2019, which did not take place until spring 2020, the Group's real estate portfolio nevertheless increased, compared with the previous year, from EUR 45.1 million to EUR 64.1 million. 7 residential units from the sub-portfolio earmarked for resale were sold in 2020, realising the calculated margins. There were delays in the creation of the prerequisites for privatisation at the Gelsenkirchen site due to the pandemic. The rental income from the flats in Bielefeld and Wuppertal, which were taken over into the long-term portfolio, was in line with the expectations at the time of purchase.

The investments made in the portfolio in Bad Köstritz in previous years were reflected in a noticeable increase in rental income. Additional measures were taken in the past financial year to secure the positive development.

The construction measures for the sustainable upgrading of the portfolio in Göttingen also continued to progress. As before, the strategic development goal is the creation of a residential portfolio consisting of four apartment buildings. The planned sale of the small-scale properties in the Göttingen area fell short of expectations, partly due to the difficulties in selling as a result of the crisis. The closing of the administration-intensive sub-portfolio sold in 2019 led to a significantly disproportionate reduction in the administrative expenses associated with the Göttingen portfolio.

Three additional Hydra properties were sold at a profit with the inner-city properties in Darmstadt and Hanau as well as the part-ownership unit in Bielefeld. The property in a central location in Gießen was fully let. The completion of the hotel in Kiel, which is let to B&B, as well as the flats in the Berger Straße property in Frankfurt is now imminent and will therefore contribute to an increase in the current rental income of the existing Hydra real estate. The sales and letting plans for the Hydra portfolio were thus fulfilled in 2020.

For the most part, the rental income for the commercial buildings in Bruchsal and Mannheim remained unaffected by the Corona crisis and developed according to plan. The rental income of the property company „St. Martin Tower", in which Coreo AG holds a 10.1% stake, was also stable.

The plans for the year 2020, which was marked by the Corona crisis, could not be fulfilled overall. While the rental income from the existing portfolio developed as planned, the clearly reduced acquisition volume had a direct impact on the rental income from new properties as well as the valuation and sales results.

3.1 Earnings situation

The three sources of income (rental, sales, and valuation result) of the value-creating growth strategy pursued by the company also contributed to the overall result in 2020.

There was a scheduled increase in gross rental income of TEUR 596 or over 20 % to TEUR 3,515 compared to the previous year's figure of TEUR 2,919. A positive factor here was the residential portfolio acquired from LEG in the first half of the year. In Bad Köstritz and in the Hydra portfolio, there was also a noticeable increase in rental income. As a result, the countervailing effects resulting from the partial sales in Mannheim and Göttingen as well as the planned increase in vacancies in Göttingen in the run-up to the upcoming construction measures were more than compensated for. Furthermore, commercial premises let but not yet handed over to the respective tenant, such as in Kiel and Gießen, will only contribute to current income in the future.

Revenues from the sale of real estate more than doubled compared to the previous year, rising from TEUR 2,982 to TEUR 6,092. The sales margin achieved in the process is, however, significantly undersubscribed, as the sale of the Göttingen sub-portfolio for EUR 5.0 million did not affect revenue until after the closing in 2020. The income attributable to the transaction, however, was included in the valuation result in 2019. On average, excluding this special effect, the sales were almost 90 % above their book values.

The valuation result declined sharply. In 2020, after a plus of TEUR 3,060, it amounted to only TEUR 847, reflecting the acquisition volume, which was significantly lower than planned. There was also a negative impact on the result from the valuation of the residential portfolio in North Rhine-Westphalia taken over from LEG. The units in Bielefeld and Wuppertal which were taken over into the long-term portfolio were included in the statement of financial position at approximately their net purchase prices. The negative contribution to the valuation result of TEUR 1,057 is accordingly largely explained by the incidental acquisition costs attributable to these properties.

Together with the only slight year-on-year increase in personnel, material, and other expenses (TEUR 120), the year-on-year decline in income of TEUR 2,388 explains the majority of the year-on-year decline in EBIT of TEUR 3,192 to TEUR -690. The increased depreciation and impairments of TEUR 683 also had a negative impact on the result. The majority of this (TEUR 672) was attributable to the residential portfolios in Lünen and Gelsenkirchen. Notwithstanding the successful sale of 8 of the total of 112 residential units, the portfolio was thus only accounted for approximately at the net purchase prices. The hidden reserves thus increased compared to the sales plan.

There was an increase of TEUR 135 in interest expenses as a result of the increased portfolio volume, which was, however, clearly disproportionately low. The late receipt of the purchase price for the Göttingen sub-portfolio was one of the factors contributing to the increase in finance income by TEUR 148 to TEUR 165. The financial result was altogether only slightly changed compared to the previous year (TEUR -2,145) at TEUR -2,125.

The decline in the result for the period was less than that of the operating result (EBIT) due to the improved tax result of TEUR 1,600. This amounted to TEUR -2,437 after TEUR -862 in the previous year. Compared to the previous year, earnings per share fell from EUR -0.05 to EUR -0.14 despite the capital increase.

The other result, on the other hand, developed very positively. There was an increase of TEUR 2,616 to TEUR 1,499 (previous year TEUR -1,117) due to the rise in the MagForce share price. Compared to the previous year, the overall result thus improved by TEUR 1,042 from TEUR -1,980 to TEUR -938.

3.2 Financial situation

The expansion of the real estate portfolio in the past financial year was reflected in the cash flow from operating and investing activities. The (remaining) purchase prices paid for the acquisitions in Gelsenkirchen, Lünen and Wiesbaden totalling TEUR 9,201 were decisive for the deterioration of the operating cash flow from TEUR -5,251 by TEUR 8,551 to TEUR -13,802.

With regard to cash flow from investing activities, the increase in payments of TEUR 12,302 to TEUR 15,156 compared to the previous year was offset by a decrease in payments for investments in other assets of TEUR 6,547. The Group' s need for financial resources resulting from investing activities rose by a total of TEUR 5,604 to TEUR 7,934.

Most of the cash outflows resulting from the operating business and investing activities were financed by the increase in loan liabilities by TEUR 17,904 as well as the gross issue proceeds of a cash capital increase carried out in June 2020 with the exclusion of subscription rights. Cash and cash equivalents fell at the same time by TEUR 1,919 to TEUR 3,276 compared to the previous year.

The financial position of the Coreo Group improved significantly overall in the past financial year. The company can still draw EUR 7 million from the loan concluded in December 2020, which bears interest at 6.75 % p.a., for the further expansion of the real estate portfolio. Coreo is also to receive additional funds via a capital increase with a volume of at least EUR 5 million. Through the early redemption of the option bond with a coupon of 10 % at the end of the year, there will be a corresponding relief in interest expenses in the current year. Additional increases in rental income can also be expected in 2021. Considering this background, the Board of Managing Directors assumes that it will be able to meet all of the Group's payment obligations on time in 2021 as well.

3.3 Asset situation

The increase in the total of the statement of financial position by TEUR 18,066 to TEUR 84,563 was mainly due to the continued expansion of the real estate portfolio.

Here, the additions in the form of the flats in Bielefeld, Gelsenkirchen, Lünen and Wuppertal and the sites under development in Wiesbaden were offset by the disposal of the Göttingen sub-portfolio, the part of the property in Mannheim and the Hydra property in Viersen. The total real estate portfolio increased by TEUR 18,986 from TEUR 45,093 to TEUR 64,079. While the portfolio of properties held as financial investments increased by TEUR 15,757 to TEUR 54,259, primarily due to the acquisition of the 160 flats in Bielefeld and Wuppertal, and thus accounts for around 85 % of the value of the real estate assets, the item of properties held for sale fell from TEUR 5,881 to TEUR 902 with the disposal of the Göttingen flats. The purchase of the sites under development in Wiesbaden and the closing of the flats in Lünen and Gelsenkirchen resulted in an increase of TEUR 8,209 in real estate inventories.

The increase in non-current financial assets by TEUR 1,683, which is largely due to the increase in value of the investment held in MagForce AG, had the effect of lengthening the balance sheet. In the course of the portfolio expansion, the need for financial resources led to the sale of shares in a money market fund as well as the decrease in cash and cash equivalents in the combined amount of TEUR 3,881.

Both equity capital and current and non-current liabilities on the liabilities side grew in line with the portfolio expansion. Due to a capital increase carried out in June and the positive other result, it was possible to more than compensate for the negative result carried forward, which was increased by TEUR 2,423, so that the Group equity capital could be expanded by TEUR 976 to TEUR 29,295 compared to the previous year. The first tranche of 16 million euros of the financing concluded in December 2020, which was disbursed on the closing date, was offset by the early redemption of the outstanding convertible bond with a volume of EUR 15 million in the case of long-term liabilities. The loans for the properties in Bruchsal and Mannheim were also extended on a long-term basis. Non-current financial liabilities rose by a total of TEUR 5,749 to TEUR 32,623 compared to the previous year. In connection with decreasing residual loan terms, an increased credit volume to finance the growing real estate portfolio led to an increase in current financial liabilities of TEUR 11,880 to TEUR 18,996 as of the closing date.

The equity ratio in the Group fell from 42.6 % to 34.6 % due to the disproportionate increase in financial liabilities. In this connection, it must be considered that a capital increase with a volume of at least EUR 5 million is to be carried out in connection with the concluded financing of EUR 23 million. All other things being equal, this would lead to a re-increase in the equity ratio to 38.3 %.

4. Opportunity and risk report

Risk management

Coreo AG is not required to prepare Consolidated Financial Statements and a Group Management Report in accordance with Section 290 of the German Commercial Code (HGB) in accordance with the size requirements of Section 293 of the German Commercial Code (HGB). These consolidated financial statements were prepared on a voluntary basis in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, in order to provide our shareholders with additional information within the framework of our communication and transparency policy that would facilitate the assessment and evaluation of the economic development of the Coreo Group. The Board of Managing Directors is responsible for the preparation of this report. The latter is also responsible for the implementation and functioning of an internal control and risk management system.

The objective of the risk management system is to sustainably increase the value of the Company by avoiding or minimising known risks. In this context, both losses incurred and additional expenses as well as lost profits are considered to be risks, regardless of whether this is due to internal or external causes. Various measures and processes serve to guarantee the maximum achievement of objectives. In this context, the basis is the awareness of all employees regarding emerging risks and deviations from plans as well as an appropriate information and reporting system. Employees who have the necessary technical qualifications perform relevant tasks and functions. In addition, measures going beyond normal day-to-day business are only taken after consultation between the relevant business divisions and, if required, with the involvement of the Board of Managing Directors. To monitor and control all measures relating to the real estate portfolio, regular internal meetings are held with the participation of the Board of Managing Directors, Sales and Asset Management. Additionally, transactions specified in the rules of procedure of the Board of Managing Directors require the approval of the Supervisory Board. In addition to macroeconomic developments, developments specific to the industry and financial markets as well as other developments relevant to the Group are monitored in order to identify those potential risks that are inevitably associated with entrepreneurial activity as early as possible and, if required, take appropriate countermeasures.

4.1 Industry-specific risks

a) Macroeconomic development:
The Coreo Group invests in both commercial and residential properties. The development of demand and prices on the German real estate market depends on various factors that cannot be influenced by Coreo, such as macroeconomic developments. Due to the Corona crisis, the economic situation deteriorated considerably after years of upswing and could have a negative impact on demand for commercial premises due to companies' reluctance to make investments. Considering that only a portion of the commercial real estate held by the Group is let on a long-term basis, this could have a direct negative impact on the pending (subsequent) rentals. Furthermore, there could be tenant defaults or adjustments to the agreed rent in the case of properties let on a long-term basis. A declining number of employees or the real income of private households could be a burden on the housing market. Consequently, the Group might be faced with rising vacancy rates and stagnating or even falling rental prices and/or increased rental defaults at the same time. A forecast of the economic development in 2021 and especially beyond with a sufficiently high probability of occurrence is not possible at this point in time in view of the not yet foreseeable end of the Corona crisis and its long-term effects on the economic development. A clear increase in GDP for 2021 can, however, currently be assumed due to the aid and support measures implemented as well as the ECB's unchanged expansive money market policy.

b) Location risks:
Within the Federal Republic of Germany, the general economic conditions can differ considerably. For this reason, detailed analyses of the respective local market are carried out before each property purchase, with special consideration given to the development of jobs, household figures, purchasing power and infrastructure. We consider the location risk for the residential real estate we hold to be low due to the average size of the apartments, tenant structure and rental level. On the basis of the success in rentals and the assumption that the Corona crisis will be overcome in the near future and the restrictions will no longer apply, we make the same risk assessment for the commercial real estate held by the company, as these are either located in economically strong regions and/or have central inner-city locations. As the restrictions on public life linked to the crisis continue, the risk of insolvency for the self-employed, traders and businesses will increase. However, the later economic activities can regain pre-crisis levels, the greater the general risk of a structural, permanent adjustment in the economy is likely to become. Parts of the city retail trading, for example, could be partially squeezed

out of the market by online providers, which would lead to a decline in demand for space. Currently, the Board of Managing Directors assesses the risk in this respect as medium-high.

c) Valuation risks:
The market values of the properties held in the Group, which are determined annually by an external, independent assessor, are - besides the current rental income - largely dependent on input data derived from reliable data sources. These include, for example, the discount rate, the rents achievable on a sustainable basis at the respective locations and typical vacancy rates on the market, as well as the associated ground values. In addition, subjective assessments, and expectations such as inflation rate trends and number of inhabitants as well as individual assessments of the technical condition of the building are included in the calculation. Furthermore, changes in equity and bond yields have an impact on property prices and the liquidity of the real estate market. In view of the measures announced by the European Central Bank, we do not estimate the risk of a significant impairment of our real estate holdings due to the increase in interest rates to be high. If the expected market yields of other asset classes, such as shares, were to increase significantly, this could, however, lead to corresponding adjustments in the general level of real estate prices and thus in the value of the portfolios held by Coreo. Valuation risks are considered to be only medium high compared to the previous year, as the capital markets calmed down in the course of 2020 and were subsequently able to recover significantly, while at the same time the real estate markets presented themselves as very resilient.

d) Regulatory and political risks:
Regulatory risks arise, on the one hand, from a possible tightening of existing regulations and the introduction of additional regulations and the additional costs and expenses that may result (e.g., in construction, environmental and labour law, energy efficiency) and, on the other hand, from limited opportunities. Similarly, corresponding regulatory intervention in the residential real estate market may lead to delays in opportunities for rent increases (e.g., rent brakes, rent control, environmental protection, reduction in the allocation of modernisation costs), the omission of planned rent increases, lower rental income and, consequently, the absence of planned revaluations or reduction in the value of the property. In addition, developments in the formation of political opinion, such as the ongoing discussion on the expropriation of large residential portfolios, as in Berlin, may have a negative impact on business development, e.g., by financial market participants adjusting risk premiums at an early stage or by investors withdrawing completely from market segments and/or individual locations/regions. The risk in this regard is still considered low, as the Group has a geographically well diversified portfolio, with low rents in terms of absolute square meters, and only one smaller building is located in one of the main cities particularly affected by housing shortages.
The draft bill to amend the German Real Estate Transfer Tax Act (GrEStG) presented by the German Federal Government is expected to become law on 1 July 2021 after a first attempt in 2019. Consequently, share deals avoiding real estate transfer tax would be made not inconsiderably more difficult. The Board of Managing Directors considers the resulting risk to be low, as this form of transaction is usually only used for transactions that are at least large in volume.

4.2 Economic performance risks

a) Purchase and sale risks:
The Coreo Group's business model envisages the continuous expansion of its existing real estate portfolio. focussing its acquisition strategy on real estate with a potential for development and increase in value (value add). Assumptions made regarding the attractiveness of the respective location, the readability of the property in terms of rent and marketing period, the potential for rent increases or the time needed to obtain official permits and/or the necessary construction measures may prove to be wrong and subsequently lead to deviations in rental income and revaluation plans. It is also possible that valuation-relevant information on building substance, contaminated sites, etc. may only be obtained after signing a sales contract. Comprehensive and structured inventories and analyses, if necessary, involving external partners, are carried out to take account of these risks. Furthermore, attempts are made to enforce corresponding guarantees or security deposits within certain upper and lower limits in the purchase contracts. Within the frame of the value-creating growth strategy, individual properties in an acquired portfolio for which either no long-term rental concept can be developed, or which do not fit into the core portfolio are offered for sale. Failure to achieve planned sales prices on the market or to achieve them within the estimated period results in negative effects on the Group's earnings and liquidity position. An additional risk is the reversal of con-

cluded purchase contracts, which is reduced by the selection of integrated, financially strong buyers. On the whole, we classify the buying and selling risks as low.

b) Development risks:
The business model of the Coreo Group, which focuses on value-added properties, is inseparably linked to development risks, which, however, are lower in comparison with new construction projects due to the lower degree of complexity. On the expenses side, these risks comprise exceeding the planned costs or occurring unforeseeable additional construction measures. Delays in the implementation of the planned measures can be caused by delays in case of planned building permits, late agreements with the affected tenants, but also by a shortage of craftsmen and result in delayed rental income, long-term rental reductions and, in some cases, contractual penalties. The risk is generally classified as medium since Coreo cannot directly control all development risks, but as increasing in principle if the measures to spread the corona virus continue for a longer period of time. The Board of Managing Directors considers the risk arising from this to be low, as handover dates have only been agreed with tenants for the property in Kiel and parts of the commercial premises in Gießen.

c) Rental and (rental) default risks:
The main risk at present is that of reletting, as the majority of the commercial properties in the portfolio have been let. Although these are located either centrally or in economically strong regions, problems with (re-) letting cannot be ruled out in principle (see also location risks). Due to the significant reduction in vacancies, the current (re-) letting risk is considered to be low. However, the macroeconomic effects of the Crown crisis cannot be seriously assessed conclusively. Therefore, it cannot be ruled out that (subsequent) letting difficulties may also arise for commercial premises in central, inner-city locations and/or in economically strong locations, for example in the event of tenant insolvencies or premature termination of contracts. Risks with follow-up lettings are, however, considered calculable. The planned portfolio expansion may lead to the acquisition of commercial value-add properties/ portfolios with a high vacancy rate and a corresponding letting risk. When determining the purchase price, the resulting economic risks are considered. There is, however, the possibility that these may be underestimated despite detailed and cautious planning. The Board of Managing Directors considers the risk in this regard to be low.

Scheduled vacancies may occur within the residential portfolio due to property-specific, in some cases extensive modernisation measures to improve the rentability of the units. The Company's own employees constantly monitor the occupancy rate. Targeted measures are taken to reduce existing vacancies if required and to counteract an increase in vacancies in advance.

There are default risks within the Group with regard to rental income and real estate sales. The first is counteracted by stringent selection of tenants with recourse to credit checks in the run-up to the conclusion of tenancy contracts as well as direct tenant management during the term of the contract. Since the tenant structure of our residential portfolio has a higher-than-average percentage of households not directly affected by the crisis (pensioners and transfer recipients), and average rents per square metre are comparatively low, it has a favourable risk profile. Our commercial properties were subject to isolated deferrals of a non-significant amount during the year, which were repaid by the end of 2020. To summarise, the risk of sustainably increased rent defaults is therefore assessed to be low.
Rental default risks relating to the 2020 financial year have been written down in the Consolidated Financial Statements.

For risk management reasons, sales are also made to sufficiently financially strong contractual partners only after an in-depth review. The purchase price for the property in Bielefeld sold in 2020 has not yet been documented. There were delays in the execution of contracts for the properties in Darmstadt and Hanau, which were also sold in the year under review, due to the exercise of a right of first refusal. There are no discernible default risks in this regard, however.

d) Cluster risks:
Cluster risks may arise both regarding the geographical distribution of the properties and the tenant structure. Due to the distribution of the current real estate portfolio over six federal German states and 18 locations, there is currently no significant concentration of real estate assets in one single location. The cluster risk is being progressively reduced with the commencement of further leases, as not all leased commercial properties have yet been handed over to the respecti-

ve tenants. Due to the creditworthiness of the tenants and the remaining term of the rent contracts concluded, this risk is considered to be low.

4.3 Economic performance risks

a) Financial and capital market risks:
The Coreo Group relies on additional equity and borrowed capital to finance its planned growth. In difficult market phases in particular, it may not be possible, or only possible to a limited extent, for low-capitalised companies to raise further equity capital on the stock markets. As the Group needs additional borrowed capital, an equity capital that is not growing or only insufficiently growing and a tightening of lending conditions and/or a decrease in willingness to lend would have a negative impact on the Group's investment opportunities. Distortions on the financial and capital markets may at the same time lead to rising yields and thus make the issuance of corporate bonds and/or the utilisation of loans only possible at economically unjustifiable costs. The Board of Managing Directors currently assumes that it will be able to carry out a capital increase in the current financial year and thus increase the Group's borrowing possibilities. The acquisition volume would be limited by the currently available financial resources if the planned capital increase could not be carried out. The risk of not achieving the target volume of the portfolio within the planning period or not achieving the planned portfolio volume in the medium term is classified as high in this case. Should it not be possible to comply with the stipulations of existing loan agreements, the result could be a required premature repayment and, if required, the liquidation of properties serving as security. This generally causes noticeable economic disadvantages for the guarantor. At the end of 2020, there were no early repayment obligations within the Group.

b) Interest rate risks:
Interest rate risks relate to directly existing loans for which no fixed interest rate agreements have been concluded. They also exist in case of necessary loan extensions and financing of (future) real estate purchases. For the year 2021, in view of the measures introduced by the central banks in the wake of the Corona crisis and the announcements to continue bond purchases within the framework of the Pandemic Emergency Purchase Programme (PEPP) beyond the end of 2021, we cannot expect a serious increase in the general interest rates and therefore classify the interest rate risk as low.

c) Liquidity risks:
Liquidity reserves are maintained to ensure the solvency of the Group at all times. Acquisition of real estate does not represent a liquidity risk for the Coreo Group, as they are only carried out if financing has been agreed in advance. Should development measures in the portfolio exceed the period of the corresponding loan, Coreo may be obliged to obtain follow-up financing. At present there are no indications of such a situation. The financing of the Bruchsal and Mannheim property companies, which expired in 2020, was extended with better conditions. At present, it remains open whether and to what extent the economic effects of the Corona pandemic will lead to rent losses. The liquidity risks are therefore assessed as medium in the previous year.

d) Foreign currency and financial instrument risks:
As neither foreign currency loans were taken out nor financing instruments acquired, no such risks exist.

4.4 Other risks

a) HR risks:
Coreo relies on recruiting additional employees with different qualification profiles in order to achieve its medium-term goals. The loss of top performers could result at the same time in additional staff requirements which could not be covered within the requested period. The Company counteracts this risk by creating an attractive working environment and using existing networks within the sector. In addition, the effects of the Corona crisis will also be felt in the labour market and will lead to an expansion of labour supply. On the whole, the personnel risk is therefore considered to be low.

b) IT risks:
The hardware and software solutions used by Coreo are continuously checked, maintained, and are subjected to the necessary updates and further developments. For this purpose, the Company also relies on external service providers. There are defined rules that give employees access to the systems and data required for their area of responsibility. The Company's data inventory is secured by regular backups, which help to keep any downtimes that might affect business processes as short as possible. Moreover, Coreo's revenues do not depend on the availability of an online front-end.

c) Risks with cooperation partners:
Various activities within the Group are outsourced to professional service providers and cooperation partners without resulting in critical dependencies. Therefore, the corresponding risk is considered to be low.

To achieve the planned growth, it is necessary to take specific risks for the company. Therefore, real estate acquisitions are only made if the associated risk/return profile meets the Company's requirements. The Group has liquid funds available for further acquisitions at the time of the preparation of the management report. If the medium-term growth target is to be achieved, it will be necessary to increase both the basis of equity and borrowed capital. The availability of real estate offers that match the Coreo Group's investment profile is at the same time a prerequisite for achieving the company's goals.

The management assumes a higher overall level of uncertainty for the 2021 financial year for reasons of prudence in view of the Corona crisis, which has still not been overcome. Altogether, the Board of Managing Directors does not see any increased risks for 2021 that could pose a threat to the continued existence of the Group.

4.5 Opportunities of the future business development

Industry-specific opportunities:

The Coreo Group invests in both commercial and residential properties. Within the Federal Republic of Germany there are no geographical restrictions. We positioned ourselves in a less competitive market environment than A cities and metropolitan regions by focusing on attractive medium-sized centres and properties in the value-added segment worth EUR 3-20 million. Coreo gains early knowledge of attractive properties for sale through its existing network of employees and its growing popularity. Developing the portfolio of properties that have been purchased opens up special opportunities and potential. It should be possible to achieve both an increase in the average square metre rental price and a reduction of the vacancy rate through targeted investments in the residential portfolio. There is also broad demand for apartments in the simple to medium market segment, which should further increase with rising rents for new contracts and a possible decline in disposable incomes due to the crisis. The Board of Managing Directors therefore assumes that further rental contracts will be concluded and that the vacancy rate for properties not undergoing renovation will decrease. Both the start of the rent contracts in Kiel and Gießen and the first full-year rental income received by Coreo from the LEG portfolio will also contribute to an increase in rental income. In addition to releasing tied-up capital, a sale of the residential units in Gelsenkirchen and Lünen acquired by Coreo AG in line with internal planning would strengthen internal financing power. It should also be possible to make acquisitions with a volume of up to 25 million euros with the financial resources currently available. The potential for acquisitions would be increased accordingly by any inflows from the increase in equity capital and/or further loans. The economic effects of the pandemic could at the same time lead to an increase in the supply of (commercial) real estate.

Opportunities in the financing sector:

The real estate held by the Group companies is financed by taking out bank loans, with financing structures and credit periods tailored to the property in question. If real estate can be rented out on a long-term basis after the development measures have been completed, it is possible to reduce the required equity share and/or the interest rate at an unchanged interest rate level and to profit from the historically low interest rate level by extending credit periods. Coreo AG provides the equity capital required to finance the subsidiaries by means of shareholder loans. The option bond issued for this purpose and with a coupon of 10 % was repaid early at the end of the financial year. To refinance this, the necessary amount of EUR 15 million was raised by taking out a loan with an interest rate of 6.75 % p.a. and a term of 5 years in the amount of EUR 23 million. The lender has declared her interest and willingness to support the intended expansion of the real estate portfolio on the financing side. Assuming unchanged interest rates, the successful acquisition of further properties should lead to a reduction in the interest rate payable for corporate financing through the associated increase in current rental income.

Opportunities on the capital market:

Coreo AG has, by resolution of the General Meeting, created both authorised and conditional capital and thus the prerequisites for raising capital through the issue of securities. Considering that the authorised capital was reduced accordingly with the implementation of the capital increase in June 2020, the Board of Managing Directors intends to propose to the General Meeting to adjust the authorised capital as well as the conditional capital to the increased equity capital.

For 2021, the company assumes that it will be able to significantly increase the acquisition volume compared to the previous year. Another increase in rental income can also be expected. The amount of revenues from real estate sales depends not only on the planned sales but also on the composition of the acquired properties.

5. Forecast report

Half of those surveyed in Germany expected the economic situation to deteriorate further in the coming 12 months, compared to 16 % who expected it to improve, according to a survey published in October 2020. A forecast by the European Commission dating from February 2021, on the other hand, predicts 3.2 % growth in 2021 and 3.1 % in 2022, after a slump of around 5 % in 2020. This means that the pre-crisis level would not be reached until 2022 at the earliest. The economic experts' expectations of 3.7 % in autumn 2020 were still 0.6 % higher than the estimate updated in March. The increase is likely to be 1 % below this figure in the event of an extension of the lockdown by a further quarter. Deutsche Bank, meanwhile, has lowered its GDP estimates for the first quarter from -0.5 % to -2 % (both quarter-on-quarter). This is due to the longer than initially expected lockdown, winter-related losses in construction output and temporary production disruptions in the automotive industry caused by supply problems for chips. The bank expects GDP to rise by 4 % for the year as a whole due to an expected significant recovery in the summer half-year, which should be driven by strong global demand, extremely expansive monetary and fiscal policy and, not least, pent-up consumer demand from German households.
It is pointed out, however, that it is hardly possible to make forecasts in the economic environment affected by the Corona crisis.

A basic prerequisite for the further growth of the Coreo Group is the availability of a sufficient supply of real estate that meets the parameters of the investment strategy. Sufficient financial resources must be available at the same time in order to be able to take advantage of opportunities as they arise and to meet the equity capital requirements of the financing banks.

Prices continued to rise in the past year, in some cases significantly, in contrast to the distortions on the real estate market that were still considered possible a year ago. The development of the individual segments, however, reflects the different impact of the pandemic on the real estate industry. Commercial real estate prices rose by an average of only 0.6 %, while residential real estate rose disproportionately by 7.5 % across Germany, with new contract rents increasing by 2.8 %. There was a decline of 1.7 % for retail properties over the year. In the meantime, however, the upward trend in office property prices that has lasted for years seems to have come to a halt. This is because, looking at the development since the beginning of the pandemic (April to December 2020), office property prices fell by 0.3 %. In particular, the situation of the economic sectors affected by the repeated restrictions to contain the spread of the various virus mutations is becoming increasingly visible. From February to March 2021 alone, the so-called collection rate for the properties of the DWS shopping centre real estate fund fell from 68 % to 62 %. This value is significantly lower again for individual shopping centres. There is also still a significant decline in the turnover of hotel properties. So-called fire sales have remained the exception so far, even though occupancy rates have fallen sharply in the wake of the lockdown and the operators' assets are increasingly under attack as a result. Measures enacted in combination with the initiated amendment of the German Federal Infection Protection Act stipulate extended home office activities and could therefore be suitable for permanently shifting the demand for office properties. In view of the still unpredictable long-term effects of the Corona crisis for the further development of real estate markets, the Board of Managing Directors does not currently have a sufficiently reliable database to make a sufficiently probable forecast of economic developments in the global and real estate economy in 2021.
In the course of 2021, however, an expansion and/or extension of the pandemic-related measures in the particularly affected real estate segments could lead to an increase in supply, especially in the value-add segment favoured by Coreo. Due to the more cost-effective refinancing of the option bond, the spectrum of investment opportunities could be expanded. Coreo is also in advanced purchase negotiations for several properties. A purchase volume of up to EUR 25 million can be financed with the funds currently available. This would increase accordingly with the implementation of the planned capital increase. Coreo's financing partner has also expressed its interest and willingness to provide the company with additional funds beyond the loan of EUR 23 million granted in December 2020. The Board of Managing Directors expects an additional inflow of funds from further (partial) sales in Mannheim, the properties put up for sale in the vicinity of Göttingen and the privatisation of the residential units in Gelsenkirchen and Lünen. The measures initiated to reduce the vacancy rate within the residential portfolio and the letting of residential units currently still undergoing conversion are expected to contribute to an increase in current rental income, in addition to rent contracts starting in the course of the year. The Board of Managing Directors simultaneously assumes that this will be reflected in a significantly higher valuation result, assuming an otherwise unchanged market environment.
The consistent management of running costs will continue unchanged on the expense side. Depending on the

acquisition volume, the staff team will be expanded.

Compared to the previous year, the management expects a significant increase in the acquisition volume and a moderate increase in rental income as well as sales revenues and the contribution to earnings from property valuation for 2021, while uncertainty about future developments remains unchanged.

Frankfurt am Main, 16 April 2021

The Board of Managing Directors

Marin N. Marinov

Independent auditor‘s opinion

Audit opinion

We examined the Consolidated Financial Statements of Coreo AG, Frankfurt am Main, Germany - consisting of the Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and Group Note including the presentation of balance sheet and evaluation methods for the fiscal year 1 January 2020 to 31 December, 2020. Additionally, we audited the Group Management Report of Coreo AG, Frankfurt am Main, for the fiscal year from January 1, 2020 to 31 December, 2020.

Including accounting in the audit in accordance with Sect. 1 sentence 1 of the HGB [German Commercial Code] as well as the audit of the Group Management Report in accordance with Sect. 2 sentence 1 of the HGB, provides an additional statutory requirement that extends beyond those of international audit standards (ISA).

Our audit, which was conducted in accordance with Sect. 317 HGB, led to no objections.

In our opinion, on the basis of the knowledge obtained in the audit,

- The accompanying Consolidated Financial Statements comply, in all material respects, with the IFRS as adopted by the EU, the additional requirements of German commercial law for corporations pursuant to Section 315 e (1) of the German Commercial Code (HGB) and full IFRS, and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1, 2020 to December 31, 2020.

- The accompanying Group Management Report as a whole provides an appropriate view of the Group’s position. In all material respects, this Group Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Sect. 322 para. 3 sent. 1 HGB, we declare that our audit has led to no objections to the proper nature of the consolidated annual financial statements and the Group Management Report.

Basis for the audit opinion

We have conducted our audit of the consolidated annual financial statements and the Group Management Report in accordance with Sect. 317 HGB in compliance with international audit standards (ISA). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the Consolidated Financial Statements and on the Group Management Report.

Other information

The legal representatives of the parent company are responsible for other information. The other information includes:

- the remaining parts of the annual report, except for the audited Consolidated Financial Statements and Group Management Report as well as our opinion.

We have the responsibility in our audit to read the other information and therefore to acknowledge whether the other information

- has significant discrepancies with the Consolidated Financial Statements, Group Management Report or the knowledge that we gained during the audit or

- otherwise appear to be significantly incorrect.

Responsibility of the legal representatives and Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The legal representatives are responsible for the preparation of the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of German law pursuant to § 315 e Section 3 HGB (German Commercial Code) in all material respects, and for the presentation of a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they determined to be necessary to enable the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They further have the responsibility to disclose matters relating to business continuation, where relevant. In addition, they are responsible to account for continuing operations on the basis of accounting principles, unless contrary to factual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the Group Management Report, which as a whole provides an appropriate view of the Group's position and is consistent with the Group Financial Statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Moreover, the legal representatives are responsible for the precautions and measures (systems) that they deemed necessary to allow the preparation of a Group Management Report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the Group Management Report.

The Supervisory Board is responsible for monitoring the Group's accounting processes in preparing the Consolidated Financial Statements and the Group Management Report.

Responsibility of the auditor to audit the Consolidated Financial Statements and the Group Management Report

It is our goal to attain sufficient assurance as to whether the Consolidated Financial Statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the Group Management Report as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the Consolidated Financial Statements and the findings of our audit, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an audit opinion that includes our opinions on the Consolidated Financial Statements and the Group Management Report.

Sufficient security is a high level of assurance, but no guarantee that an audit which is conducted in compliance with Sect. 317 HGB in compliance with international standards (ISA) will always reveal a material misstatement. Misrepresentations may also result from breaches or inaccuracies, and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of the addresses taken on the basis of these Consolidated Financial Statements and the Group Management Report.

As a part of our audit in compliance with ISA, we exercise due discretion and maintain a critical attitude.

In addition,

- We identify and assess the risks of significant - intentional or unintentional - misstatements in the Consolidated Financial Statements and the Group Management Report, plan and conduct audit activities as a reaction to these risks, and require audit evidence which is sufficient and suitable to serve as a basis for our audit opinion. The risk that material misstatements are not discovered is, if there are breaches, higher than with inaccuracies, as breaches may include fraudulent interactions, counterfeiting, intentionally incomplete statements, misrepresentations or overriding internal controls.

- We gain an understanding of the internal control systems related to the audit of the Consolidated Financial Statements and the precautions and measures relevant for the audit of the Group Management Report in order to design audit procedures which are appropriate under the circumstances, but not with the goal of giving an opinion of the effectiveness of those systems within the Company.

- We assess the appropriateness of the accounting policies applied by the legal representatives of the Company, and the reasonableness of the estimates and related disclosures made by them.

- We draw conclusions about the appropriateness of the accounting policies applied by the legal representatives for continuing operations as well as, on the basis of audit evidence obtained, whether there is material uncertainty related to events or circumstances that could raise significant concerns about the Group's ability to continue as a going concern. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances could, however, lead to the Group no longer being able to continue as a going concern.

- We assess the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group as required by IFRS, as adopted by the EU, and the additional requirements of German law pursuant to § 315 e Abs. 3 HGB.

- We assess the consistency of the Group Management Report with the Group Financial Statements, its legal compliance and the presentation of the Group's position as provided by the Group Management Report.

- We perform audit activities on the future-oriented statements made by the legal representatives in the Group Management Report. Based on adequate and proper audit evidence, we particularly verify the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriate derivation of the future-oriented statements from these assumptions. An independent opinion on the future-oriented statements and the underlying assumptions is not given. There is a significant unavoidable risk that there will be material differences between future events and the future-oriented statements.

We discuss with the managers, among other things, the planned scope and schedule for the audit, as well as significant audit findings, including any deficiencies in the internal control systems that we identify in the course of our audit.

Hofheim am Taunus, 19 April 2021

VOTUM AG
Auditing Company
Tax Consulting Company

Leoff	Lehnert
Auditor	Auditor

Annual financial statement (HGB) of Coreo AG

as of 12/31/2020

Balance sheet as of 12/31/2020 (HGB)
assets

in EUR	12/31/2020	12/31/2019
A. Fixed assets		
I. Intangible assets		
Concessions, industrial and similar rights and assets, and licenses to such rights and assets	4,149.00	5,804.00
II. Tangible assets		
1. Property, plant and equipment	6,092.00	7,362.00
2. Advance payments and assets under construction	0.00	193,307.19
	6,092.00	**200,669.19**
III. Financial assets		
1. Shares in affiliated companies	950,000.00	949,000.00
2. Loans to affiliated companies	1,270,750.00	1,230,500.00
3. Investments	13,402,188.59	13,524,746.15
	15,622,938.59	**15,704,246.15**
B. Current assets		
I. Stocks		
Finished products and goods	5,457,926.79	0.00
II. Receivables and other assets		
1. Accounts payable trade	110,923.13	0.00
2. Amounts due from affiliated companies	24,587,705.88	19,246,680.31
3. Other assets	1,309,899.97	1,216,014.89
	26,008,528.98	**20,462,695.20**
III. Securities		
Other Investments	0.00	2,000,000.00
IV. Cash and bank balances	2,259,685.08	2,632,299.03
C. Deferred income	901,654.32	30,848.88
	50,260,974.76	**41,036,562.45**

Balance sheet as of 12/31/2020 (HGB)
liabilities

in EUR	12/31/2020	12/31/2019
A. Equity		
I. Subscribed capital - thereof conditional capital: EUR 6,724,940.00 (EUR 6,724,940.00)	17,540,460.00	15,945,880.00
II. Capital reserves - thereof adjusted during the financial year EUR 318,916.00 (EUR 0.00)	24,096,524.86	23,777,608.86
III. Retained earnings	12,544,585.38	12,544,585.38
IV. Loss carried forward	-25,278,054.09	-23,881,822.26
V. Net loss	13,954.96	-1,396,231.83
B. Accurals		
I. Tax liabilities	1,157.37	0.00
II. Other provisions	240,515.92	259,020.00
	241,673.29	**259,020.00**
C. Liabilities		
I. Bonds	0.00	13,625,000.00
II. Liabilities due to banks	4,619,077.57	0.00
III. Trade payables	92,662.27	108,618.61
IV. Liabilities to affiliated companies	240,253.38	58.90
V. Other current liabilities	16,147,909.33	33,396.79
	21,099,902.55	**13,767,074.30**
- thereof for taxes: EUR 95,710.64 (EUR 31,672.52)		
- thereof for social security: EUR 1,795.33 (EUR 1,724.27)		
D. Deferred income	1,927.81	20,448.00
	50,260,974.76	**41,036,562.45**

Income statement (HGB)
01/01/2020 to 12/31/2020

in EUR	2020	2019
1. Sales revenues	1,369,254.98	367,981.00
2. Other operating income	123,099.77	32,740.99
3. Cost of materials	-263,164.62	0.00
4. Personal costs		
a) Wages and salaries	-926,965.37	-722,491.24
b) Social charges and costs for pension and other benefits of which for pensions - thereof for pensions: -2,640.00 (EUR -2,640.00)	-123,038.89	-84,914.80
	-1,050,004.26	**-807,406.04**
5. Depreciation		
a) of intangible assets and property, plant and equipment	-7,183.85	-9,390.13
b) on current assets in as far as such exceed the usual depreciations in the corporation	-672,727.40	0.00
	-679,911.25	**-9,390.13**
6. Other operating costs	-1,080,520.72	-916,379.91
7. Income from shareholdings - thereof from affiliated companies EUR 345,628.98 (EUR 214,778.29)	1,847,378.87	214,778.29
8. Other expenses and similar earnings - thereof from affiliated companies EUR 1,541,041.62 (EUR 1,338,270.68)	1,668,391.76	1,352,518.13
9. Amortization of financial assets and securities held as current assets - thereof unplanned depreciation: EUR -285,067.56 (EUR -85,020.00)	-285,067.56	-85,020.00
10. Interests and similar expenses	-1,629,841.05	-1,545,109.16
11. Taxes on income and profit	-5,087.96	1.00
12. Result after taxes	**14,527.96**	**-1,395,285.83**
13. Other taxes	-573.00	-946.00
14. Net loss	**13,954.96**	**-1,396,231.83**
15. Loss carried forward	-25,278,054.09	-23,881,822.26
16. Balance sheet loss	**-25,264,099.13**	**-25,278,054.09**

Appendix of the annual financial statement as of 12/31/2020 (HGB)

General

Coreo AG has its headquarters in Frankfurt am Main. The company is registered in the commercial register of the district court Frankfurt am Main under HR B 74535.

The present annual financial statement was created in accordance with par. 242 et seq. and 264 et seq. HGB (German Commercial Code) as well as the applicable provisions of the AktG (German Companies Act).

The company is a small-sized capital company in terms of § 267, clause 1 HGB (German Commercial Code). The financial reliefs for a small-sized capital company was partly claimed.

For the profit and loss statement, the total cost method was created according to § 275 para. 2 HGB. The indication of individual balance sheet items was adjusted to the requirements of the company according to par. 265 section 6 HGB.

Accounting and valuation methods

The intangible transfers assets acquired against payment are accounted at acquisition costs and are reduced by scheduled straight-line depreciation over their expected useful lives of 3 to 5 years.

Tangible assets are shown at acquisition cost and, if depreciable, reduced by scheduled straight-line depreciation over their useful lives of 3 to 5 years.

Low-value property items with a value of 800.00 euro are fully depreciated in the year of acquisition.

The financial assets are valued at cost or at fair value if lower. Extraordinary depreciations are only carried out for financial assets because a lasting reduction in value is to be expected. Write-ups are made if the reason for previous write-downs no longer applies.

Receivables and other assets are normally recognised at the lower of nominal value or fair value at the balance sheet date.

Cash and accounts with credit institutions are shown at their fair value.

The other provisions are rated in a settlement amount which is necessary in accordance with prudent business principles according to par. 253 section 1, sentence 2 HGB and take into account all recognisable risks and uncertain obligations. In so far as it is necessary, future cost increases are taken into account. In case of provisions with a remaining time to maturity of more than one year, a discounting according to par. 253 section 2 HGB is carried out.

Liabilities are shown on the liabilities side at their settlement value.

Receivables and liabilities denominated in foreign currencies are recognised with the corresponding average spot exchange rate at the time of the transaction. Foreign-currency denominated assets and liabilities with a remaining time to maturity of one year or less, are recognised according to par. 256a sentence 2 HGB without consideration of the acquisition cost and realization principle at the average spot exchange rate at the reporting date. In case of a remaining time to maturity of more than one year, the average spot exchange rate at the reporting date according to par. 256a sentence 1 HGB is only applied if that rate for assets is low-er and for liabilities higher than the corresponding current rate at the date of the business transaction.

Disclosures and explanations with regard to items of the balance sheet

Fixed assets

Development of the fixed assets is shown in the fixed assets movement schedule.

Disclosures of shareholdings:

Disclosures of shareholdings	Capital share	Equity	Result	Year
Erste Coreo Immobilien VVG mbH, Frankfurt a. M., Germany	100 %	-25 TEUR	7 TEUR	2020
Zweite Coreo Immobilien VVG mbH, Frankfurt a. M., Germany	100 %	566 TEUR	72 TEUR	2020
Dritte Coreo Immobilien VVG mbH, Frankfurt a. M., Germany	100 %	259 TEUR	97 TEUR	2020
Vierte Coreo Immobilien VVG mbH, Frankfurt a. M., Germany	100 %	17 TEUR	-2 TEUR	2020
Coreo Göttingen AM UG, Frankfurt a. M., Germany	100 %	0 TEUR	0 TEUR	2020
Coreo Solo AM UG, Frankfurt a. M., Germany	100 %	1 TEUR	0 TEUR	2020
Coreo Han AM UG, Frankfurt a. M., Germany	100 %	3 TEUR	1 TEUR	2020
Coreo Solo UG & Co. KG, Frankfurt a. M., Germany	100 %	1 TEUR	346 TEUR	2020
Coreo Han UG & Co. KG, Frankfurt a. M., Germany	100 %	-4,747 TEUR	-1,991 TEUR	2020
Coreo Göttingen Residential UG & Co. KG, Frankfurt a.M., Germany	94 %	9 TEUR	1,921 TEUR	2020
Coreo Wubi Residential UG & Co. KG, Frankfurt a. M., Germany	100 %	-221 TEUR	-210 TEUR	2020
Coreo Wiesbaden PE UG & Co. KG,* Frankfurt a. M., Germany	100 %	-36 TEUR	-37 TEUR	2020

* The company was founded in fiscal year 2020.

Assets analysis (HGB)

in EUR	Cost of acquisition/manufacture					Depreciation					Carrying value	
	01/01/2020	Additions	Reclassification	Divestures	12/31/2020	01/01/2020	Additions	Attributions	Divestures	12/31/2020	12/31/2020	12/31/2019
I, Intangible assets												
1, Acquired concessions, commercial property rights and similar rights and values as well as licences at such rights and values	**34,569**	**0**	**0**	**0**	**34,569**	**28,765**	**1,655**	**0**	**0**	**30,420**	**4,149**	**5,804**
II, Tangible assets												
1, Factory and office equipment	98,223	4,259	0	0	102,482	90,861	5,529	0	0	96,390	6,092	7,362
2, Advanve payments made	193,307	0	193,307	0	0	0	0	0	0	0	0	193,307
	291,530	**4,259**	**193,307**	**0**	**102,482**	**90,861**	**5,529**	**0**	**0**	**96,390**	**6,092**	**200,669**
III, Financial assets												
1, Shares in related companies	949,000	1,000	0	0	950,000	0	0	0	0	0	950,000	949,000
2, Loans to companies with which a shareholding relationship exists	1,230,500	40,250	0	0	1,270,750	0	0	0	0	0	1,270,750	1,230,500
3, Investments held as fixed assets	15,180,770	62,500	0	0	15,243,270	1,656,024	285,068	100,010	0	1,841,082	13,402,189	13,524,746
	17,360,270	**103,750**	**0**	**0**	**17,464,020**	**1,656,024**	**285,068**	**100,010**	**0**	**1,841,082**	**15,622,939**	**15,704,246**
	17,686,370	**108,009**	**193,307**	**0**	**17,601,071**	**1,775,650**	**292,251**	**100,010**	**0**	**1,967,891**	**15,633,180**	**15,910,719**

Receivables and other assets

All receivables and other assets have a residual term of up to one year.

Stockholder equity

As of 31 December 2020, the share capital of Coreo AG is divided into 17,540,460 shares which are all made out to the bearer.

The Board of Managing Directors is authorised by resolution of the General Meeting of 12 June 2019 to increase the share capital until 12 June 2024 once or several times by up to EUR 7,972,940.00 with contributions in cash or in kind with the consent of the Supervisory Board.

In the past financial year the share capital was increased by EUR 1,594,580.00 on the basis of this authorisation.

The premium paid from the capital increase in the amount of TEUR 319,000 was reported under capital reserves.

The authorised capital in accordance with the resolution of the General Meeting of 15/07/2019 (Authorised Capital 2019/I) amounts to EUR 6,378,360.00 following a partial utilisation.

The capital reserves amounting to TEUR 24,097 are reported in the balance sheet in accordance with § 272 Para. 2 No. 1 of the German Commercial Code (HGB).

Provisions

The other provisions principally concern provisions for outstanding holidays and personnel costs, costs for annual financial statements and legal advice and costs for the Annual General Meeting.

Liabilities

in TEUR	Total	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term over 5 years
12/31/2020				
Bond	0	0	0	0
Liabilities due to banks	4,619	4,619	0	0
Trade payables and other liabilities	93	93	0	0
Liabilities to affiliated companies	240	240	0	0
Other liabilities	16,148	148	16,000	0
	21,100	**5,100**	**16,000**	**0**
12/31/2019				
Bond	13,625	625	13,000	0
Liabilities due to banks	0	0	0	0
Trade payables and other liabilities	109	109	0	0
Liabilities to affiliated companies	0	0	0	0
Other liabilities	33	33	0	0
	13,767	**767**	**13,000**	**0**

Liabilities to banks in the amount of TEUR 4,619 are secured by land charge creations.

A bond was issued at the end of January 2018. The bond was fully repaid on December 23, 2020. Coreo´s pledged stock portfolio was fully released.

Another loan in the amount of EUR 23 million was taken out with the loan agreement of 7 December 2020 to finance further growth. By 31 December 2020, an amount of EUR 16 million was called.

To secure the loan, the following shares were pledged:

- Coreo Göttingen AM UG (limited liability)
- Coreo Han AM UG (limited liability)
- Coreo Wubi Residential UG (limited liability) & Co. KG
- Coreo Han UG (limited liability) & Co. KG
- Dritte Coreo Immobilien VVG mbH

- Coreo Göttingen Residential UG (limited liability) & Co. KG

Furthermore, share assets with a book value of TEUR 7,209 as at 31 December 2020 were pledged.

Disclosures and explanations with regard to items of the profit and loss statement

Other operating revenues

Other operating income mainly comprises other non-cash compensation and payments for in-demnification.

Other operating charges

Other operating expenses primarily relate to external services, occupancy costs, legal and consulting fees, additional costs of monetary transactions, and costs for the annual financial statements.

Other information

Contingent liabilities

A default guarantee for Dritte Coreo Immobilien VVG mbH exists vis-à-vis Volksbank Neckartal eG to secure the loan liability in the amount of TEUR 1,881 from the financing of the acquisition of real estate. Coreo AG can only be called upon from this if it is certain that the call on Dritte Coreo Immobilien VVG mbH, and possibly also the realisation of all its securities, does not promise success.

Coreo AG issued a letter of comfort for Coreo Han UG (limited liability) & Co. KG to Volksbank Rhein-Lahn-Limburg eG to secure the loan liability of TEUR 11,117 from the financing of the property acquisition. In the letter of comfort, Coreo AG undertakes vis-à-vis Volksbank Rhein-Lahn-Limburg eG to enable its subsidiary, Coreo Han UG (limited liability) & Co. KG, to meet its obligations under the loan at all times.

On 23/24 April 2020, Coreo AG issued a directly enforceable guarantee in the amount of TEUR 870 to Volksbank Greven eG in favour of Coreo Wubi Residential UG (limited liability) & Co. KG to secure two loan liabilitys of TEUR 2,720 from the financing of the residential properties Wuppertal and Bielefeld.

On 27 April 2020, Coreo AG issued an directly enforceable guarantee in the amount of TEUR 750 to Volksbank Greven eG in favour of Zweite Coreo Immobilien VVG mbH (to secure a loan liability of TEUR 2,423 from the financing of the property).

On 20 October 2020, Coreo AG issued a directly enforceable guarantee in the amount of TEUR 1,900 to Volksbank Neckertal eG in favour of Coreo Wiesbaden PE UG (limited liability) & Co. KG to secure a loan liability (called at 31 December 2020) of TEUR 1,465 from the financing of a plot of land.

As of the balance sheet date, there were no further contingent liabilities towards third parties.

Average number of employees during the financial year

The average number of employees in the company during the financial year was 11.

Bodies of the company

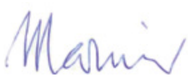
Members of the Board of Directors were in the business year the following person:

- Mr Marin N. Marinov, Diplom-Ingenieur (Graduate Engineer), Hofheim.

In the business year 2020, the following persons were member of the Supervisory Board:

- Mr Stefan Schütze, lawyer (LL.M. in Mergers and Acquisitions), Frankfurt am Main, (Chairman),
- Mr Axel-Günter Benkner, Diplom-Ökonom (graduate economist) and Diplom-Kaufmann (business graduate), Nidderau (Vice Chairman),
- Dr. Friedrich Schmitz, businessman, Munich.

Frankfurt am Main, 23 March 2021



Marin N. Marinov
The Chairman

Independent auditor‘s opinion

Audit opinion

We have examined the annual financial statements of Coreo AG, Frankfurt am Main, Germany - consisting of the balance sheet to 31 December 2020 and the Profit and Loss Statement for the fiscal year 1 January 2020 to 31 December 2020 as well as the notes, including the presentation of balance sheet and evaluation methods.

Including accounting in the audit in accordance with Sect. 1 sentence 1 of the HGB [Commercial Code] provides an additional statutory requirement that extends beyond those of international audit standards (ISA).

Our audit, which was conducted in accordance with Sect. 317 HGB, led to no objections.

In our judgement, based on the knowledge gained during the audit, the attached annual financial statements meets all material respects complies with German commercial law which applies to corporations, giving a true and fair representation of the Company, in compliance with generally accepted accounting principles for the asset and financial position of the Company at 31 December 2020, as well as the results of its operations for the fiscal year of 1 January 2020 to 31 December 2020.

In accordance with Sect. 322 para. 3 sent. 1 HGB, we declare that our audit has led to no objections to the proper nature of the annual financial statements.

Basis for the audit opinion

We have conducted our audit of the annual financial statements in accordance with Sect. 317 HGB in compliance with international audit standards (ISA). Our responsibility under these regulations and principles is described in more detail in the section “Auditor’s responsibility for auditing annual financial statements” of our opinion. We are independent of the Company in compliance with German commercial and professional regulations, and have fulfilled our other German professional obligations in compliance with these requirements. We believe that the audit evidence that we have obtained is sufficient and suitable to serve as a basis for our opinion of the financial statements.

Other information

The legal representatives are responsible for other information. The other information includes:

- the remaining parts of the annual report, except for the audited annual financial statement as well as our opinion.

We have the responsibility in our audit to read the other information and therefore to acknowledge whether the other information

- has significant discrepancies with the annual financial statement or the knowledge that we gained during the audit or

- otherwise appear to be significantly incorrect.

Responsibility of the legal representatives and Supervisory Board for the annual financial statement

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the valid German commercial regulations for capital companies in all material respects, and that the annual financial statements are in accordance with German generally accepted accounting principles, and give a true and fair view of the assets, financial position and earnings situation of the Company. Furthermore, the legal representatives are responsible for internal controls which comply with the German principles of proper accounting in order to enable the presentation of annual financial statements, which are free of significant - intentional or unintentional - false presentations.

In preparing these financial statements, the legal representatives are responsible to assess the Company’s ability to continue as a going concern. They further have the responsibility to disclose matters relating to business continuation, where relevant. In addition, they are responsible to account for continuing operations on the basis of accounting principles, unless contrary to factual or legal circumstances.

The Supervisory Board is responsible for monitoring the Company's accounting processes in preparing the annual financial statements.

Responsibility of the auditor to audit the annual financial statements

Our goal is to obtain reasonable assurance that the financial statements are, as a whole, free of material misstatement, intentional or unintentional, and to issue an audit opinion that includes our opinion of the financial statements.

Sufficient security is a high level of assurance, but no guarantee that an audit which is conducted in compliance with Sect. 317 HGB in compliance with international standards (ISA) will always reveal a material misstatement. Misrepresentations may also result from breaches or inaccuracies, and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of the addresses taken on the basis of these financial statements.

As a part of our audit in compliance with ISA, we exercise due discretion and maintain a critical attitude.

Additionally

- we identify and assess the risks of significant - intentional or unintentional - misstatements in the annual financial reports, plan and conduct audit activities as a reaction to these risks, and require audit evidence which is sufficient and suitable to serve as a basis for our audit opinion. The risk that material misstatements are not discovered is, if there are breaches, higher than with inaccuracies, as breaches may include fraudulent interactions, counterfeiting, intentionally incomplete statements, misrepresentations or overriding internal controls.

- We gain an understanding of the internal control systems related to the audit of annual financial statements in order to design audit procedures which are appropriate under the circumstances, but not with the goal of giving an opinion of the effectiveness of those systems within the Company.

- We assess the appropriateness of the accounting policies applied by the legal representatives of the Company, and the reasonableness of the estimates and related disclosures made by them.

- We draw conclusions about the appropriateness of the accounting policies applied by the legal representatives for continuing operations as well as, on the basis of audit evidence obtained, whether there is material uncertainty related to events or circumstances that could raise significant concerns about the Company's ability to continue as a going concern. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances could, however, lead to the Company no longer being able to continue as a going concern.

- We assess the overall presentation, the structure and content of the annual financial statement, including the disclosures, as well as whether the annual financial statements represent the underlying transactions and events in such a way that the annual financial statements provide a true and fair view of the assets, finances and liabilities in accordance with German generally accepted accounting principles, and the earnings situation of the Company.

We discuss with the managers, among other things, the planned scope and schedule for the audit, as well as significant audit findings, including any deficiencies in the internal control systems that we identify in the course of our audit.

Hofheim am Taunus, 24 March 2021

VOTUM AG
Auditing Company
Tax Consulting Company

Leoff	Lehnert
Auditor	Auditor

coreo® real estate

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