



Half-year report 2020



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Interim financial statement (IFRS) of Coreo AG
as of 06/30/2020

Interim financial statement (IFRS)

Consolidated balance sheet as of 06/30/2020 (IFRS)

Assets

in TEUR	06/30/2020	12/31/2019	Notes
Intangible assets	4	6	3.1.1
Tangible assets	35	42	3.1.2
Investments in properties	51,345	38,502	3.1.3
Financial assets	10,713	11,952	3.1.4
Deferred tax assets	136	116	3.1.5
Non-current assets	62,234	50,618	
Inventories	6,294	709	3.2.1
Trade receivables	537	417	3.2.2
Financial assets	966	2,979	3.2.3
Other assets	569	621	3.2.2
Tax receivables	203	78	3.1.5
Cash and bank balances	5,333	5,195	3.2.4
Assets held for sale	922	5,881	3.2.5
Current assets	14,825	15,880	
Total assets	77,058	66,497	

Interim financial statement (IFRS)

Consolidated balance sheet as of 06/30/2020 (IFRS)

Liabilities

in TEUR	06/30/2020	12/31/2019	Notes
Subscribed capital	17,540	15,946	4.1.1
Capital reserves	24,097	23,778	4.1.2
Revenue reserves	12,545	12,545	4.1.3
Retained income/loss	-23,113	-22,362	
Other result	-3,023	-1,737	4.1.4
Equity attributable to shareholders of Coreo AG	28,045	28,169	
Non-controlling interests	165	151	
Equity	28,210	28,319	
Other provisions	6	6	4.2.1
Financial liabilities	37,661	26,874	4.2.2
Other liabilities	0	0	4.2.2
Deferred tax liabilities	866	1,816	3.1.5
Non-current liabilities	38,533	28,696	
Other provisions	315	398	4.3.1
Financial liabilities	8,293	7,116	4.3.2
Trade payables	387	393	4.3.2
Other liabilities	577	985	4.3.2
Tax liabilities	743	591	4.3.2
Current liabilities	10,315	9,482	
Total equity and liabilities	77,058	66,497	

Interim financial statement (IFRS)

Consolidated statement of comprehensive income (IFRS) 01/01/2020 bis 06/30/2020

in TEUR	01/01/– 06/30/2020	01/01/– 06/30/2019	Notes
Rent revenues	1,546	1,638	5.1
Revenues from the sales of properties	5,773	918	
Book value from the sold properties	-5,281	-473	
Result from the sale of investment properties	492	445	5.2
Result from the valuation of investment properties	0	0	5.3
Other revenues	2	8	5.1
Other operating revenues	19	33	5.4
Cost of materials	-875	-1,169	5.5
Personnel costs	-492	-368	5.6
Depreciation and impairments	-11	-16	5.7
Other operating costs	-780	-877	5.8
Earnings before interest and tax (EBIT)	-100	-307	
Financial income	105	2	5.9
Financial expenses	-1,119	-1,022	5.10
Other financial result	19	0	
Earnings before tax (EBT)	-1,095	-1,327	
Taxes on income and profit	358	-324	5.11
Period result	-737	-1,652	
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	-1,305	794	
Income taxes on items that have not been reclassified	19	0	
Other earnings after taxes	-1,286	794	4.1.4
Total result	-2,023	-858	
The result for the period is attributable to			
Shareholders of Coreo AG	-751	-1,636	
Non-controlling shareholders	14	-16	
The total result is attributable to			
Shareholders of Coreo AG	-2,037	-842	
Non-controlling shareholders	14	-16	
Shares outstanding (undiluted and diluted)	17,540,460	15,945,880	4.1.1
Earnings per share (undiluted and diluted) in EUR	-0.04	-0.10	

Interim financial statement (IFRS)

Consolidated cash flow statement (IFRS)

01/01/2020 bis 06/30/2020

in TEUR	01/01/– 06/30/2020	01/01/– 06/30/2019
Period result	-737	-1,652
Result from the valuation of investment properties and change in value of properties held for sale	0	0
Result from the sale of properties	-492	-445
Depreciation	11	16
Other non-cash expenses and income	85	-34
Increase/reduction of provisions	-84	92
Increase/reduction of receivables and other current assets	1,819	3,251
Increase/reduction of liabilities and other dept	-261	-668
Financial income	-105	-2
Financial costs	1,119	1,022
Income taxes	-358	324
Interest received	69	2
Interest payed	-873	-887
Tax payments	-447	0
Cash flow from operating activities	-253	1,020
Payments received from real estate sales	5,177	883
Payments for investment properties and properties held for sale	-18,741	-333
Payments for investments in intangible assets and property, plant and equipment	0	-15
Cash inflow from disposal of other assets	0	522
Payments for investments in other assets	-52	0
Cash flow from investment activities	-13,616	1,057
Proceeds from capital increases	1,913	0
Cash inflow from new loans	16,008	224
Payments from repayment of loans	-5,914	-281
Costs inflows from bonds	2,000	0
Cash flow from financing activities	14,007	-57
Change in cash and cash equivalents	138	2,020
Cash at the beginning of the period	5,195	14,033
Cash at the end of the period	5,333	16,053

Interim financial statement (IFRS)

Consolidated statement of changes in equity (IFRS)

01/01/2020 to 06/30/2020

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	-	-	-	-1,636	-	-1,636	-16	-1,652
Changes in value, without effect of financial assets measured at fair value through profit or loss in the form of equity instruments	-	-	-	-	832	832	-	832
Disposal of financial assets measured at fair value through other comprehensive income in the form of equity instruments	-	-	-	38	-38	-	-	-
Status as of 06/30/2019 according to IFRS	15,946	23,778	12,545	-23,173	174	29,270	152	29,422
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	-	-	-	-751	-	-751	14	-737
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 after tax	-	-	-	-	-1,286	-1,286	-	-1,286
Disposal of financial assets measured at fair value through other comprehensive income in the form of equity instruments after tax	-	-	-	-	-	-	-	-
Status as of 06/30/2020 according to IFRS	17,540	24,097	12,545	-23,113	-3,023	28,045	165	28,210
Notes	4.1.1	4.1.2	4.1.3		4.1.4			

Interim financial statement (IFRS)

Notes to the interim financial statements (IFRS)

01/01/2020 to 06/30/2020

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 HRB 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 properties, the construction of buildings on such properties, their surrender of use, the development, improvement and encumbrance of such buildings and properties, 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. Accounting policies

2.1 Basis of the Consolidated Interim Financial Statements

The unaudited condensed consolidated interim financial statements as of 30 June 2020 were prepared pursuant to the International Financial Reporting Standards (IFRS), as applicable in the EU for interim financial statements in accordance with IAS 34.

All compulsory statements of the International Accounting Standards Board (IASB), which had been adopted by the EU as part of the endorsement process, i.e. published in the Official Journal of the EU, by the reporting date, were applied to the interim reporting.

Pursuant to IAS 34, a condensed scope of reporting was selected for the presentation of the Consolidated Interim Financial Statements of Coreo AG as of 30 June 2020, compared with the Consolidated Financial Statements as of 31 December 2019.

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

The Consolidated Interim Financial Statements comprise the balance sheet, the statement of comprehensive income (comprising the profit and loss account and other comprehensive income), the statement of changes in equity, the cash flow statement, and the notes.

The balance sheet disclosure 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. The profit and loss account is prepared using the total cost method.

These Consolidated Interim Financial Statements are presented in euro, the functional currency of the company. Unless otherwise stated, all financial information presented in euro has been rounded to the nearest thousand. We would like to point out that differences may occur in the use of rounded amounts and percentages due to commercial rounding.

2.2 Principals of consolidation

The group of consolidated companies includes in addition to the parent company 11 (previous year: 10): 11 Subsidiaries. They are included in the Consolidated Interim Financial Statements using the rules of full consolidation.

The balance sheet dates of the subsidiaries included in the Consolidated Interim 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.

Compared to 12/31/2019, there were no significant changes in the consolidated group as of 06/30/2020.

Interim financial statement (IFRS)

2.3 Significant accounting policies

The accounting and valuation methods as well as the notes and disclosures are generally based on the same accounting and valuation principles as those underlying the Consolidated Financial Statements for the financial year 2019. In the period under review, there were no seasonal or economic influences affecting the Coreo Group's business activities.

Up to now, the Corona pandemic has not had any material impact on the Coreo Group's business activities.

The new IFRS Standards and Interpretations to be applied from 1 January 2020 did not have any material impact on the Consolidated Interim Financial Statements.

In applying the accounting and valuation methods presented, the Management has to make judgements, estimates and assumptions with regard to the assets and liabilities contained in the Consolidated Interim Financial Statements, if they are not readily apparent from other sources. Estimates and the underlying assumptions to those estimates are derived, where available, from past experience and after taking all relevant factors into consideration. True values may deviate from the estimates and assumptions.

The assumptions underlying the estimates are regularly reviewed. Changes in estimates, if the change only affects one period, are only considered in that period. If the changes affect the current and subsequent reporting periods, they are considered accordingly in the current period and in the subsequent periods.

The assumptions and estimates considered were mainly made for the following circumstances:

- Valuation of investment property
- Determination of the recoverable amount for assessing the necessity and amount of impairment losses, in particular on properties reported under „Inventories“ and on equity investments
- Recognition and measurement of provisions
- Valuation of risky receivables
- Realizability 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 or occur 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 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.

3. Selected notes to the balance sheet - assets

3.1 Long-term assets

3.1.1 Intangible assets

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 non-scheduled impairments of value on intangible assets were 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.

3.1.2 Property, plant, and equipment

The fixed assets are office and business equipment depreciated over a period of 3 to 25 years at the most.

Furthermore, rights of use resulting from the application of IFRS 16 are also reported. This relates to a leasing agreement for a vehicle. The leasing agreement was newly concluded in 2019 for a period of three years.

Interim financial statement (IFRS)

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 lease liabilities nor rights of use are recognised for these leases. Instead, the lease instalments are recognised as expenses on a straight-line basis over the term of the lease.

This relates to a short-term rental agreement for office premises, for which the exception for short-term leasing relationships was applied. The current sublease agreement for office space has a remaining term of 12 months.

No non-scheduled impairments of value on fixed assets were recognised in the current financial year.

3.1.3 Investment property

Coreo WUBI Residential UG & Co. KG was founded on 09/26/2019 for the purchase of a new residential portfolio in Wuppertal and Bielefeld. The notarised purchase contract was signed on 31 October 2019. The closing took place on 1 May 2020.

As of 30 June 2020, Coreo did not have any valuation reports prepared, as the management assumes that there have been no material changes in fair value in the last half year. Therefore, the properties are stated at the value determined as of 12/31/2019 plus additions and disposals.

Properties held as financial investments developed as follows:

in TEUR	06/30/2020	12/31/2019
As of 01/01/	38,502	40,017
Additions	12,843	2,381
Additions from company mergers	0	0
Disvestures	0	-1,075
Reclassification to assets held for sale	0	-5,881
positive change in market value	0	3,060
negative change in market value	0	0
Total	51,345	38,502

The net rental income from investment properties and properties destined for sale is structured as follows:

in TEUR	06/30/2020	06/30/2019
Hydra-Hold-Portfolio	68	53
Portfolio Göttingen	340	590
Portfolio Bad Köstritz	155	139
Portfolio Bruchsal	169	169
Portfolio WUBI	119	0
Portfolio Mannheim	98	128
Total	949	1.079

The expenses from the management of the above-mentioned leased properties break down as follows:

in TEUR	06/30/2020	06/30/2019
Maintenance costs	158	439
Operating costs	717	540
Total	875	979

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

Only in the case of one property in the Hydra portfolio is a purchase option secured in the land register in favour of the state capital of Kiel. The City of Kiel is, however, not currently exercising these purchase options.

In the case of properties from the Göttingen portfolio which are for sale and were therefore reclassified in the balance sheet, the municipality could exercise its statutory purchase option 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 purchase contract.

3.1.4 Financial assets

Financial assets relate to the following items:

in TEUR	06/30/2020	12/31/2019
Investments and other securities	10,713	11,952
Total	10,713	11,952

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Financial assets developed as follows:

Cost of acquisition/manufacture in TEUR	06/30/2020	12/31/2019
As of 01/01/	11,952	8,120
Additions from purchases	66	5,810
Disvestures	0	-845
positive change in market value	0	10
negative change in market value	-1,305	-1,143
Total	10,713	11,952

Other investments

Other securities or financial assets in the form of equity instruments are measured 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	06/30/2020	12/31/2019	Company head office
Nanosys Inc.	0	0	Milpitas, USA
NanoDimension LP	300	300	L.P., Cayman islands
MagForce AG	4,497	5,802	Berlin, Germany
Lumiphore Inc.	0	0	Berkeley, USA
Publity St. Martin Tower GmbH	5,731	5,731	Frankfurt a. M., Germany
Other investments	185	119	
Total	10,713	11,952	

The value of the shares in MagForce AG was reduced by TEUR 1,305 to the fair value on the balance sheet date by TEUR 4,497. The fair value thus corresponds to the market price on the balance sheet date. The change in value of the MagForce shares amounting to EUR -1,305 thousand was recognised directly in other comprehensive income. In the financial year 2020, there were no disposals from sales of MagForce shares.

NanoDimension LP is a participation in a fund. In the current financial year, no write-down was necessary. The reported balance sheet value mainly corresponds to the fair value.

3.1.5 Taxes

At present, there are temporary differences between the tax balance sheet and the IFRS balance sheet with regard to the valuation of investments as well as the properties.

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.

The 95% tax-free nature of any capital gains means that there are only minor temporary differences, which are immaterial for the calculation of deferred taxes. Anticipated impacts of the so-called extended property reduction on domestic trade tax are considered in the valuation of deferred taxes.

The tax rate is calculated as follows:

Tax rate in %	06/30/2020	12/31/2019
Corporate income tax	15.0	15.0
Solidarity tax	5.5	5.5
occupational taxes	16.1	16.1
Total	31.93	31.93

The following table shows the development of deferred tax liabilities:

in TEUR	06/30/2020	12/31/2019
01/01/	1,816	742
Change (with effect on income/loss)	-950	1,074
Total	866	1,816

The reduction in deferred tax liabilities in the financial year 2020 is principally due to the sale of investment property.

The following table shows the development of deferred tax assets:

Interim financial statement (IFRS)

in TEUR	06/30/2020	12/31/2019
01/01/	116	84
Change (without effect on income/loss)	19	26
Change (with effect on income/loss)	1	6
Total	136	116

The change in deferred tax assets is primarily due to the devaluation of securities.

3.2 Current assets

3.2.1 Portfolio properties

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

Coreo Solo UG & Co. KG already signed a contract in the financial year 2019 for the sale of an additional property from the Hydra portfolio which was acquired in 2018. The closing, however, was only completed in the current financial year.

The sold property had a carrying amount of TEUR 322. The sold property generated proceeds of TEUR 746. The result from the sale of portfolio properties amounted to TEUR 424. As a result, a total of 5 of the 6 projects developed by Coreo Solo UG & Co. KG were profitably sold.

In a notarised purchase contract dated 31 October 2019, Coreo AG acquired two new properties intended for sale, which are therefore reported under portfolio properties. The closing took place on 1 March 2020. The value of the acquired properties amounts to TEUR 6,100. Property inventories amounted to TEUR 6,294 as of 30 June 2020 (previous year: 709 TEUR).

3.2.2 Receivables and other current assets

Receivables and other current assets are composed as follows:

in TEUR	06/30/2020	12/31/2019
Receivables from goods and services	537	417
Tax receivables	203	78
Other	569	621
Total	1,309	1,116

Receivables and current assets were measured 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.

3.2.3 Other financial assets

The other financial assets of TEUR 966 (previous year: TEUR 2,979) include a loan to Pubilty St. Martin Tower GmbH in the amount of TEUR 966. The shares in the investment fund acquired in the previous year were profitably sold in the current financial year.

3.2.4 Cash and cash equivalents

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

3.2.5 Properties held for sale

The value of properties held for sale amounts in total to TEUR 922 (previous year: 5,881 TEUR).

The disposals of properties held for sale in the amount of TEUR 4,959 result from purchase contracts already signed in the previous year.

For the remaining properties, concrete sales activities were already initiated that should lead to a sale in the near future.

4. Notes to the balance sheet – liabilities

4.1 Equity

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

4.1.1 Subscribed capital

As of 30 June 2020, the share capital of Coreo AG is divided into 17,540,460 shares which are all made out to the bearer.

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The increase of the share capital by EUR 1,594,580.00 was carried out using the authorisation provided by amendment of the Articles of Association on 13 June 2019. By resolution of the Supervisory Board of 06/03/2020, the Articles of Association in Article 4 (Amount and Classification of Share Capital) was amended.

The authorised capital in accordance with the resolution of the General Meeting of 06/13/2019 (Authorised Capital 2019/I) amounts to EUR 6,378,360.00 following a partial utilisation.

4.1.2 Capital reserve

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

4.1.3 Retained earnings

Retained earnings result from retained profits from previous financial years.

4.1.4 Other comprehensive income

Other comprehensive income includes changes in the value of financial assets in the form of equity instruments measured at fair value through equity in other comprehensive income and all adjustments to deferred taxes made in connection with the measurement of these assets. Principally, the other result of EUR -1,286 thousand relates to the changes in value of the participations in MagForce AG.

4.2 Long-term liabilities

4.2.1 Provisions

The long-term provision of TEUR 6 was formed for the archiving of files and discounted at the same interest rate as in the commercial balance sheet due to the minor effect.

4.2.2 Debt

The financial liabilities are structured as follows:

in TEUR	Total	Remaining term up to 1 year	Remaining term between 1 and 5 years	Remaining term more than 5 years
06/30/2020				
Bond	15,625	625	15,000	0
Credit institutions	30,301	7,655	12,135	10,511
Accounts payable trade	387	387	0	0
Leasing liabilities	28	13	15	0
Other liabilities	577	577	0	0
	46,918	9,257	27,150	10,511
12/31/2019				
Bond	13,625	625	13,000	0
Credit institutions	20,331	6,478	12,522	1,331
Accounts payable trade	393	393	0	0
Leasing liabilities	34	13	21	0
Other liabilities	985	985	0	0
	35,368	8,494	25,543	1,331

To finance Coreo AG's further growth, a bond was issued at the end of January 2018. The bond with a volume of 20,000 TEUR has a coupon of 10% p.a. and is divided into partial amounts of 100 TEUR, each of which is attached to 3,120 warrants at an exercise price of EUR 2.50 per option/share. The warrants can be traded and exercised separately from the bond. The option bond was completely placed with investors of Serengeti Asset Management LP, an investment company registered with the United States Securities and Exchange Commission (SEC). The bond is valued at TEUR 15,000 at the balance sheet date after partial repayment of EUR 5 million and payment of the last instalment by the investor in the amount of TEUR 2,000.

Although the bond is listed on a stock exchange, it is not traded. The bond has a term until 31 January 2022. Warrants have not yet been exercised. The short-term interest accrued up to 06/30/2020 and not yet paid amounts to TEUR 625 and is shown under item 4.3.2.

Interim financial statement (IFRS)

4.3. Short-term liabilities**4.3.1 Provisions**

Short-term provisions are composed as follows:

in TEUR	01/01/ 2020	Consumption	Dissolution	Contribution	06/30/ 2020
Provision for staff	48	48	0	28	28
Supervisory Board's re-muneration	14	14	0	22	22
Annual financial statement and audit	154	142	0	143	155
Annual General Meeting	28	28	0	14	14
Pending invoices	154	87	1	30	96
Total	398	319	1	237	315

4.3.2 Liabilities

Short-term liabilities have a remaining term of less than twelve months. Valuation is based on the nominal amount.

The short-term liabilities are composed as follows:

in TEUR	06/30/2020	12/31/2019
Amounts due to banks	7,655	6,478
Liabilities from bonds	625	625
Leasing liabilities	13	13
Trade payables	387	393
Liabilities for taxes	743	591
Other	577	984
Total	10,000	9,084

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). Current tax liabilities of TEUR 743 result primarily from the sale of properties.

4.3.3 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 carrying amounts approximate fair value as of the balance sheet date.

The fair value of investments and other securities (financial assets) measured at fair value through profit or loss 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 measurement 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 measurement category and the fair value hierarchy levels are as follows:

Interim financial statement (IFRS)

30 June 2020

Long-term assets

in TEUR	Fair value hierarchy	Fair value (FVtPL)	Fair value (FVOCI - without recycling)	Amortised cost (AC)	Balance sheet disclosure
Financial assets	1	185	4,497	-	4,682
Other assets	2	5,731	300	-	6,031
Total		5,916	4,797	-	10,713

Short-term assets

in TEUR	Fair value hierarchy	Fair value (FVtPL)	Fair value (FVOCI - without recycling)	Amortised cost (AC)	Balance sheet disclosure
Receivables from goods and services	2	-	-	537	537
Other assets	2	-	-	569	569
Financial assets	2	-	-	966	966
Tax receivables	2	-	-	203	203
Cash and cash equivalents	1	-	-	5,333	5,333
Total		-	-	7,608	7,608

Long-term debts

in TEUR	Fair value hierarchy	Fair value (FVtPL)	Fair value (FVOCI - without recycling)	Amortised cost (AC)	Value measurement acc. to IFRS 16	Balance sheet disclosure
Leasing liabilities	2	-	-	-	15	15
Amounts due to banks	2	-	-	22,646	-	22,646
Liabilities from corporate bonds	2	-	-	15,000	-	15,000
Total		-	-	37,646	15	37,661

Short-term debts

in TEUR	Fair value hierarchy	Fair value (FVtPL)	Fair value (FVOCI - without recycling)	Amortised cost (AC)	Value measurement acc. to IFRS 16	Balance sheet disclosure
Financial liabilities	2	-	-	8,280	13	8,293
Trade payables	2	-	-	387	-	387
Other current liabilities	2	-	-	577	-	577
Tax liabilities	2	-	-	743	-	743
Total		-	-	9,987	-	10,000

Interim financial statement (IFRS)

31 December 2019

Long-term assets

in TEUR	Fair value hierarchy	Fair value (FVtPL)	Fair value (FVOCI - without recycling)	Amortised cost (AC)	Balance sheet disclosure
Financial assets	1	-	5,921	-	5,921
Other assets	2	5,731	300	-	6,031
Total		5,731	6,221	-	11,952

Short-term assets

in TEUR	Fair value hierarchy	Fair value	Amortised cost	Balance sheet disclosure
Receivables from goods and services	2	-	417	417
Other assets	2	-	1,587	1,587
Other investments	1	2,013	-	2,013
Tax receivables	2	-	78	78
Cash and cash equivalents	1	-	5,195	5,195
Total		2,013	7,277	9,290

Long-term debts

in TEUR	Fair value hierarchy	Fair value	Amortised cost	Value measurement acc. to IFRS 16	Balance sheet disclosure
Leasing liabilities	2	-	-	21	21
Liabilities from corporate bond	2	-	13,000	-	13,000
Amounts due to banks	2	-	13,853	-	13,853
Total		-	26,853	21	26,874

Short-term debts

in TEUR	Fair value hierarchy	Fair value (FVtPL)	Fair value (FVOCI - without recycling)	Amortised cost (AC)	Value measurement acc. to IFRS 16	Balance sheet disclosure
Financial liabilities	2	-	-	7,103	13	7,116
Trade payables	2	-	-	393	-	393
Other current liabilities	2	-	-	984	-	984
Tax liabilities	2	-	-	591	-	591
Total		-	-	9,071	13	9,084

Interim financial statement (IFRS)

5. Notes to the statement of comprehensive income

5.1 Income from rental and other income

The sales revenues are structured as follows:

in TEUR	06/30/2020	06/30/2019
Rental income	1,060	1,079
Ancillary costs	486	559
Revenues from rental	1,546	1,638
Other revenues	2	8
Total	1,548	1,646

5.2 Result from the sale of properties

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

in TEUR	06/30/2020	06/30/2019
Revenues from the sale of properties	5,773	918
Carrying amount of the properties sold incl. sales costs	-5,281	-473
Total	492	445

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

5.3 Result from the valuation of investment properties

in TEUR	06/30/2020	06/30/2019
Change in value Fair value measurement property IAS 40	0	0
Total	0	0

As of 30 June 2020, Coreo did not have any valuation reports prepared, as the management assumes that there have been no material changes in fair value in the last half year. Therefore, the properties are stated at the value determined as of 31 December 2019 plus additions and disposals.

5.4 Other operating revenues

Other operating revenues mainly relates to the following items :

in TEUR	06/30/2020	06/30/2019
Income sales financial assets	0	0
Revenues from release of provisions	1	0
Others	18	33
Total	19	33

5.5 Cost of materials

The cost of materials of TEUR -875 (previous year: TEUR -1,169) includes expenses for operating costs, maintenance and modernisation costs and other expenses for third-party services.

5.6 Personnel costs

The personnel costs are structured as follows:

in TEUR	06/30/2020	06/30/2019
Wages and salaries	-430	-329
Social security contributions	-62	-39
Total	-492	-368

Personnel expenses include compensation for the Board 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 expenditure at the time of payment. There are no other pension commitments.

5.7 Depreciation

Depreciation relates to intangible assets and property, plant, and equipment, including depreciation of the recognised rights of use under leases, and amounts to TEUR -11 (previous year: -16 TEUR).

5.8 Other operating charges

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

Interim financial statement (IFRS)

in TEUR	06/30/2020	06/30/2019
External services and external work	-66	-37
Room costs	-47	-32
Insurances	-28	-19
Vehicle costs	-10	-13
Travel expenses	-9	-9
Office costs	-29	-24
Further education costs	-6	-3
Repairs, maintenance and repair work	-9	-4
Legal and consulting costs	-160	-82
Costs for year-end close and auditing	-126	-132
Ancillary costs of monetary transactions/ bank commissions	-34	-24
Costs relating to other periods	-6	-90
Supervisory Board's remuneration	-25	-4
Extraordinary charges	-59	
Other expenses	-166	-404
Total	-780	-877

5.9 Financial income

Interest income for the first financial half-year amounted to EUR 105 thousand (previous year: 2 TEUR). This is mainly interest on arrears due to late payment of the purchase price.

5.10 Financial expenses

Interest expenditures for the current financial year amount to TEUR -1,119 (previous year: -1,022 TEUR). This mainly relates to interest on the corporate bond and bank loan interest from the financing of the properties.

5.11 Current taxes and deferred taxes

In the first financial half-year 2020, current tax expenses amounted to TEUR -592 (previous year: TEUR -52). This tax expense principally results from the sale of properties.

The deferred tax income amounts to TEUR 950 (previous year: TEUR -273).

The deferred tax income is the result of the reduction in deferred tax liabilities in the financial year 2020. The reduction in deferred tax liabilities is mainly due to the sale of investment properties.

6. Notes to the 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 main reason for the negative result for the period is the vacancy of the Hydra portfolio, which is being completely renovated.

The cash flow from operating activities was approximately EUR 1.2 million lower than in the previous year, mainly due to higher income tax payments and the sale of the investment fund.

The negative cash flow from investing activities, which increased by approximately EUR 15 million when compared to the previous year, is due to payments for the acquisition of properties.

The main reason for the positive cash flow from financing activities is the raising of new loans to finance the new properties portfolio and the capital increase.

7. Other explanations and notes

7.1 Related parties

Related parties of the company include the members of the Board 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 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

Interim financial statement (IFRS)

the main shareholders of the company including its affiliated companies.

According to the information available to the Company, the main shareholder Apeiron Investment Group Ltd, Malta, held a 49% stake in the Company at the time of the capital increase in June 2020. The other major shareholders, BF Holding GmbH, Kulmbach, and its wholly owned subsidiary, GfBk Gesellschaft für Börsenkommunikation mbH, held together 6% of Coreo AG at the same time.

7.2 Segment reporting

Coreo Group is managed as a single-segment entity and is therefore not subdivided into any segments. To this extent, accounting-relevant data is only available for the company as a whole. Segment reporting is therefore not required.

7.3 Contingent liabilities, securities and other financial obligations

As of 30 June 2020, 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 EUR 1,933 thousand from the financing of the acquisition of real estate, whereby 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 EUR 11,600 thousand 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 April 2020, Coreo AG issued a directly enforceable guarantee to Volksbank Greven eG in favour of Coreo WUBI Residential UG (limited liability) & Co. KG to secure a loan liability of EUR 870,000.00 from the financing of the residential properties in Bielefeld and Wuppertal.

Coreo AG granted a default guarantee in the amount of EUR 750,000,000.00 to Zweite Coreo Immobilien VVG mbH on April 27, 2020 to secure a loan liability of EUR 2,650,000.00 from real estate financing. However, Coreo AG can only draw

on this guarantee if it is clear that the drawdown of Zweite Coreo Immobilien VVG mbH, including the liquidation of all securities, is not likely to be successful.

Furthermore, a bond was issued on January 30, 2018 to finance the further growth of Coreo AG. The bond has a volume of EUR 20,000 thousand and 624,000 options on a corresponding number of shares in the company and has a coupon of 10% p.a. and is divided into partial amounts of EUR 100 thousand, to each of which 3,120 warrants are attached. The warrants can be traded and exercised separately from the bond. Each warrant entitles the holder to subscribe to one share at a subscription price of EUR 2.50. The subscription price is EUR 2.50 per share. The option bond was completely placed with investors of Serengeti Asset Management LP, an investment company registered with the United States Securities and Exchange Commission (SEC). Although the bond is listed on a stock exchange, it is not traded. The bond matures on 31 January 2022 but can be repaid in full after one year. Warrants have not yet been exercised.

The shares held by the company in MagForce AG were pledged to secure the bond. In addition, the following shares were pledged:

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

If the bond is not serviced or not serviced properly, there is a risk that the pledged participations and/or shares will be sold below their value in the event of a forced sale. In addition, it cannot be ruled out that the sale of the shares, possibly also below value, of the real estate held in each case may occur when the shares are sold, and that the real estate held by the associated companies may therefore indirectly serve as collateral for the bondholders. The bond is valued at TEUR 15,000 at the balance sheet date after partial repayment of EUR 5 million and payment of the last instalment by the investor in the amount of TEUR 2,000.

Interim financial statement (IFRS)

As of the balance sheet date, Coreo AG had no further contingent liabilities or financial obligations to third parties.

7.4 Significant events after the balance sheet date

After the reporting date for the Interim Financial Statements, Coreo acquired a completely rented logistics property in Haßloch. The property has a rental area of an approximately 10,000 sqm and a plot size of an around 25,000 sqm and is leased until mid-2024 to a well-known manufacturer of sporting goods.

Furthermore, a property with potential for residential development was acquired in Wiesbaden. The site has an area of around 12,000 sqm. The precise extent of the development of the property, which is designated as residential land in the land use plan, will be defined in a B-Plan procedure. A new company was founded in this context, which acquired the residential property.

The closing for both properties is scheduled for 2020.

The worldwide Corona crisis and the related measures taken to contain it are expected to have an impact on the global economy and thus probably also on Coreo AG. The economic risk will only be able to be reliably assessed depending on the duration of the corona crisis and the measures taken by politicians to contain it.

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

7.5 Average number of employees during the period

The average number of employees in the company during the period was 9 (previous year 9).

7.6 Corporate bodies

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, Kaufmann (merchant), Munich.

Frankfurt am Main, October 2020

Marin N. Marinov
The Chairman



Interim financial statement (HGB) of Coreo AG
as of 06/30/2020

Interim financial statement (HGB)

Balance sheet as of 06/30/2020 (HGB) assets

in EUR	06/30/2020	12/31/2019
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial and similar rights and assets, and licenses to such rights and assets	4,499.01	5,804.00
II. Tangible assets		
1. Property, plant and equipment	7,255.75	7,362.00
2. Advance payments and assets under construction	0.00	193,307.19
III. Financial assets		
1. Shares in affiliated companies	949,000.00	949,000.00
2. Loans to affiliated companies	1,250,625.00	1,230,500.00
3. Investments	13,524,746.15	13,524,746.15
4. Investment securities	25,000.00	0.00
	15,761,125.91	15,910,719.34
B. Current assets		
I. Inventories		
1. Finished goods and merchandise	6,099,974.19	0.00
II. Receivables and other assets		
1. Accounts receivables	11,245.77	0.00
1. Amounts due from affiliated companies	22,520,777.09	19,246,680.31
2. Other assets	1,245,632.22	1,216,014.89
III. Securities		
1. Other investments	0.00	2,000,000.00
IV. Cash and bank balances	3,570,925.94	2,632,299.03
	33,448,555.21	25,094,994.23
C. Deferred income	47,499.10	30,848.88
	49,257,180.22	41,036,562.45

Interim financial statement (HGB)

Balance sheet as of 06/30/2020 (HGB) liabilities

in EUR	06/30/2020	12/31/2019
A. Equity		
I. Subscribed capital	17,540,460.00	15,945,880.00
II. Capital reserves	24,096,524.86	23,777,608.86
III. Retained earnings		
1. Other 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/income	-364,974.17	-1,396,231.83
	28,538,541.98	26,990,020.15
B. Accruals		
1. Tax provisions	110,886.00	0.00
2. Other provisions	164,025.00	259,020.00
	274,911.00	259,020.00
C. Liabilities		
1. Bonds	15,625,000.00	13,625,000.00
- thereof with a remaining term of up to one year: EUR 625,000.00 (EUR 625,000.00)		
- thereof with a remaining term of more than to one year: EUR 15,000,000.00 (EUR 13,000,000.00)		
2. Liabilities due to banks	4,619,029.97	0.00
- thereof with a remaining term of up to one year: EUR 4,619,029.97 (EUR 0.00)		
3. Trade payables	81,783.22	108,618.61
- thereof with a remaining term of up to one year: EUR 81,783.22 (EUR 108,618.61)		
4. Liabilities to affiliated companies	39,695.96	58.90
- thereof with a remaining term of up to one year: EUR 39,695.96 (EUR 58.90)		
5. Other current liabilities	78,218.09	33,396.79
- thereof for taxes: EUR 43,937.50 (EUR 31,672.52)		
- thereof for social security: EUR 1,795.33 (EUR 1,724.27)		
- thereof with a remaining term of up to one year: EUR 78,218.09 (EUR 33,396.79)		
	20,443,727.24	13,670,402.69
D. Deferred income	0.00	20,448.00
	49,257,180.22	41,036,562.45

Interim financial statement (HGB)

Income statement (HGB)

01/01/2020 to 06/30/2020

in EUR	06/30/2020	12/31/2019
1. Sales revenues	677,920.64	367,981.00
2. Operating result	677,920.64	367,981.00
3. Other operating income	11,330.03	32,740.99
4. Personal costs	492,285.06	807,406.04
5. Depreciation of intangible assets and property, plant and equipment	4,478.50	9,390.13
6. Other operating costs	470,460.48	916,379.91
7. Income from shareholdings	0.00	214,778.29
8. Other expenses and similar earnings - thereof from affiliated companies: EUR 764,534.57 (EUR 1,338,270.68)	831,239.36	1,352,518.13
9. Amortization of financial assets and securities held as current assets thereof unplanned depreciation: EUR 0.00 (EUR 85,020.00)	0.00	85,020.00
10. Interest and similar expenses	801,530.01	1,545,109.16
11. Taxes on income and profit	114,816.30	1.00
12. Result after taxes	-363,080.32	-1,395,285.83
13. Other taxes	1,893.85	946.00
14. Balance sheet loss	-364,974.17	-1,396,231.83

Interim financial statement (HGB)

Appendix of the half-year financial statement as of 06/30/2020 (HGB)

General

Coreo AG is headquartered in Frankfurt am Main. The company is registered in the commercial register of the district court Frankfurt under HRB 74535.

The present annual financial statement has been prepared 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 reporting reliefs for a small-sized capital company has partly been claimed.

The profit and loss statement has been prepared using the total cost method according to § 275 para. 2 HGB. Individual items of the statement of financial position have been amended in accordance with par. 265 section 6 HGB to improve the clarity of presentation.

Accounting and valuation methods

Purchased **intangible assets** are capitalised at cost and amortised on a straight-line basis over an expected economic life of between 3 and 5 years from the date on which they are provided.

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 EUR 800.00 are fully written off in the year of acquisition.

The **financial investments** are recognised at cost of acquisition, provided that no impairment charge is to be recognized due to any probable lasting reduction in value. Impairment losses are recorded on financial assets if long-term depreciation is expected. Impairment losses are reversed insofar as the reasons for the recognition of impairment losses no longer apply.

Receivables and other assets are recognized at their nominal value taking into account the identifiable default risk.

Cash and cash equivalents are shown at their nominal value.

Other provisions are recognised in accordance with prudent business principles according to par. 253 section 1, sentence 2 HGB if Coreo AG has a present legal or constructive obligation as a result of past events that is uncertain with regard to settlement and/or amount. According to par. 253 section 2 HGB they are recognised at the present value of the expected future settlement amount only if the settlement is not expected within the next twelve month.

Liabilities were carried at the repayable amounts.

Receivables and liabilities denominated in foreign currencies are recognised with the corresponding average spot exchange rate of the day 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. 256 a sentence 2 HGB without consideration of the acquisition cost and realisation 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. 256 a sentence 1 HGB is only applied if the aforementioned rate for assets is lower and for liabilities higher than the corresponding rate at the date of the business transaction.

Interim financial statement (HGB)

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:	Capital share	Equity	Result	Year
Erste Coreo Immobilien VVG mbH, Frankfurt a. M., Germany	100 %	-32 TEUR	0 TEUR	2019
Zweite Coreo Immobilien VVG mbH, Frankfurt a. M., Germany	100 %	494 TEUR	610 TEUR	2019
Dritte Coreo Immobilien VVG mbH, Frankfurt a. M., Germany	100 %	161 TEUR	90 TEUR	2019
Vierte Coreo Immobilien VVG mbH, Frankfurt a. M., Germany	100 %	19 TEUR	-2 TEUR	2019
Coreo Göttingen AM UG, Frankfurt a. M., Germany	100 %	1 TEUR	0 TEUR	2019
Coreo Solo AM UG, Frankfurt a. M., Germany	100 %	1 TEUR	0 TEUR	2019
Coreo Han, AM UG Frankfurt a. M., Germany	100 %	2 TEUR	1 TEUR	2019
Coreo Solo UG & Co. KG, Frankfurt a. M., Germany	100 %	1 TEUR	215 TEUR	2019
Coreo Han UG & Co. KG, Frankfurt a. M., Germany	100 %	-2,756 TEUR	-1,782 TEUR	2019
Coreo Göttingen Residential UG & Co. KG Frankfurt a.M., Germany	94 %	-506 TEUR	-346 TEUR	2019
Coreo WUBI Residential UG & Co. KG* Frankfurt a.M., Germany	100 %	-12 TEUR	-13 TEUR	2019

* The company was founded in 2019.

Interim financial statement (HGB)

Assets analysis (HGB)

Development of fixed assets

in EUR	Cost of acquisition/manufacture					Depreciation					Carrying value	
	01/01/2020	Additions	Reclassification	Divestures	06/30/2020	01/01/2020	Additions	Attributions	Divestures	06/30/2020	06/30/2020	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	1,305	0	0	30,070	4,499	5,804
II. Tangible assets												
1. Factory and office equipment	98,223	3,067	0	0	101,290	90,861	3,174	0	0	94,035	7,255	7,362
2. Advance payments made	193,307	312,000	0	505,307	0	0	0	0	0	0	0	193,307
	291,530	315,067	0	505,307	101,290	90,861	3,174	0	0	94,035	7,255	200,669
III. Financial assets												
1. Shares in related companies	949,000	0	0	0	949,000	0	0	0	0	0	949,000	949,000
2. Loans to companies with which a shareholding relationship exists	1,230,500	20,125	0	0	1,250,625	0	0	0	0	0	1,250,625	1,230,500
3. Investments held as fixed assets	15,180,770	25,000	0	0	15,205,770	1,656,024	0	0	0	1,656,024	13,549,746	13,524,746
	17,360,270	45,125	0	0	17,405,395	1,656,024	0	0	0	1,656,024	15,749,371	15,704,246
	17,686,370	360,192	0	505,307	17,541,255	1,775,650	4,479	0	0	1,780,129	15,761,126	15,910,719

Interim financial statement (HGB)

Receivables and other assets

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

Equity

As at June 30, 2020, the share capital of Coreo AG is divided into 17,540,460 no-par value shares, all of which are bearer shares.

As a result of the modification of the Articles of Association of 06/13/2019, the capital was increased to EUR 1,594,580.00. By resolution of the Supervisory Board of 06/03/2020, the Articles of Association in Article 4 (Amount and Classification of Share Capital) was amended.

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

Provisions

The other provisions principally concern provisions for holiday entitlement, costs of the annual financial statements, litigation risks and costs for the shareholder meeting.

Liabilities

in TEUR	Remaining term			
	Total	up to 1 year	1 to 5 years	over 5 years
06/30/2020				
Bond	15,625	625	15,000	0
Liabilities due to banks	4,619	0	4,619	0
Trade payables and other liabilities	82	82	0	0
Liabilities to affiliated companies	40	40	0	0
Other liabilities	78	78	0	0
	20,444	825	19,619	0

in TEUR	Remaining term			
	Total	up to 1 year	1 to 5 years	over 5 years
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

At the end of January 2018 a warrant bond with a 10% coupon was issued to finance Coreo AG's further growth. The bond with a volume of 20 million Euro has a coupon of 10% p. a. and subdivided into partial amounts of TEUR 100, to which 3,120 warrants are attached. The opt-in coupons can be separated from the bond and traded and exercised separately. The option bond was completely placed with investors of Serengeti Asset Management LP, an investment company registered with the United States Securities and Exchange Commission (SEC). The investor paid out the bond in the amount of TEUR 15,000.

To provide collateral for the warrant bond the company-stake in MagForce AG has been pledged.

Furthermore, the following company shares were pledged:

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

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

Other operating revenues

The other operating revenues contain 11 TEUR book profits of the disposal of financial assets.

Interim financial statement (HGB)

Other operating charges

The other operating expenses relate mainly external services, room costs as well as costs for lawyers and consultants and financial statements costs.

Other information**Liability limitations**

As of 30 June 2020, a default guarantee for Dritte Coreo Immobilien VVG mbH exists in favour of Volksbank Neckartal eG to secure the loan liability in the amount of EUR 1,933 thousand from the financing of the acquisition of real estate, whereby 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.

A letter of comfort for Coreo Han UG (limited liability) & Co. KG Coreo AG issued to Volksbank Rhein-Lahn-Limburg eG to secure the loan liability of 11,600 TEUR from the financing of the acquisition of real estate. In the letter of comfort, Coreo AG guarantees that its subsidiary, Coreo Han UG (limited liability) & Co. KG, will meet the obligations of the credit agreement with Volksbank Rhein-Lahn-Limburg eG at any time.

Coreo AG granted a default guarantee in the amount of EUR 750,000,000.00 to Zweite Coreo Immobilien VVG mbH on April 27, 2020 to secure a loan liability of EUR 2,650,000.00 from real estate financing. However, Coreo AG can only draw on this guarantee if it is clear that the drawdown of Zweite Coreo Immobilien VVG mbH, including the liquidation of all securities, is not likely to be successful.

As of 23 April 2020, Coreo AG provided a directly enforceable guarantee in favour of Coreo WUBI Residential UG (limited liability) & Co. KG, in order to secure a loan liability in the amount of EUR 870,000.00 from the financing of the residential property portfolio in Bielefeld.

As of the balance sheet date Coreo holds no further liability limitations to third parties.

Average number of employees during the financial year

The average number of employees in the company during the financial year was 9.

Bodies of the company**Management board of the business year:**

- 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, Kaufmann (merchant), Munich.

Frankfurt am Main, October 2020

Marin N. Marinov
The Chairman



coreo® real estate

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