ANNUAL
FINANCIAL STATEMENTS
2021

GATEWAY
REAL ESTATE

ANNUAL FINANCIAL STATEMENTS

GATEWAY REAL ESTATE AG 2021

CONTENT

MANAGEMENT REPORT OF GATEWAY REAL ESTATE AG

1. FUNDAMENTAL INFORMATION ON THE COMPANY

GATEWAY conducts its operating activities to a significant extent degree via its subsidiaries. Accordingly, the following statements included in the management report have a very strong Group perspective.

1.1 BUSINESS MODEL

Gateway Real Estate AG (in the following also referred to as "GATEWAY" or "Company") is a leading listed developer of residential real estate in Germany with a market capitalization of around €753 million (as of December 30, 2021). Established in 2006, GATEWAY and its subsidiaries can look back on extensive expertise in the German real estate market and are currently (as of December 31, 2021) developing real estate with a gross development volume (GDV) of more than €7 billion.

In this context, GATEWAY focuses on Germany's Top 9 cities – Berlin, Dresden, Duesseldorf, Frankfurt am Main, Hamburg, Cologne, Leipzig, Munich and Stuttgart – as well as on selected high-growth areas and covers all of the important steps in the value creation chain of a development project with its own in-house teams. In all of its project developments, GATEWAY pursues the strategy of generating attractive margins and, at the same time, minimizing the project development risk by means of a detailed process management. In fiscal year 2020, the Management Board and the Supervisory Board jointly decided to build residential real estate in future also for the Company's own portfolio (build-to-hold). In the context of this extended corporate strategy, GATEWAY increasingly seeks to develop residential real estate for long-term holding and administration to generate sustainable rental revenues. Accordingly, the Standing Assets and Residential Properties Development segments will be expanded further in the medium term. As set out in an ad hoc release dated February 3, 2021, GATEWAY sold all its shares in Development Partner AG and, except for three commercial properties development projects in Berlin, has discontinued nearly all its activities in the Commercial Properties Development segment in order to focus its development activities, in future, increasingly on the Residential Properties Development segment and develop residential real estate and urban quarters. However, as the necessary shareholder approval could not be obtained, three development projects for commercial properties in Berlin remain in GATEWAY's ownership and will be sold over time.

GATEWAY regularly carries out sensitivity analyses in connection with the calculation and supervision of projects, in which the effects of potential increases in construction costs are examined and suitable countermeasures taken to offset them are reviewed. Upon purchase, all our projects are generally evaluated and analyzed on an individual basis. In order to facilitate a close cost control and management, a regular internal meeting is held each month for each project, with the Management Board also being involved in each case. In connection with all sales of real estate and development projects, the Management Board, in turn, has to liaise with the Real Estate Committee, which consists of two members of the Supervisory Board and must grant its approval for the transaction.

When acquiring new plots of land, GATEWAY focuses on space where there are no finally approved zoning or land use plans. This enables GATEWAY to leverage potential value thanks to its long-standing expertise in the process of obtaining planning permissions and to actively determine the planning process for developments early on. GATEWAY's focus as regards land purchases is always on real estate development rather than the speculative resale of undeveloped sites. Accordingly, GATEWAY also lives up to its corporate social responsibility by newly constructing much needed residential space in Germany's metropolitan growth regions.

In connection with the sale of its development projects, GATEWAY exclusively addresses institutional investors, operates on the basis of lean and recurring sales structures and primarily follows a forward sales model pursuant to which properties are sold to investors once the building permit is obtained. GATEWAY then completes the projects, but generates revenue already upon the conclusion of a forward sales contract based on the progress of the construction activities. This strategy, combined with contractually agreed payment schedules, enables GATEWAY to generate long-term and stable cash flows from its development projects.

GATEWAY continues the existing standing asset business of commercial real estate in order to diversify risks.

EMPLOYEES
In the past fiscal year, the Company employed 15.75 salaried employees (previous year: 12) on average and 2 Management Board members (previous year: 2).

The change is attributable to the fact that a development organization started to be established at the new office in Berlin.

The commitment and the extensive technical and professional expertise of the employees and managers are major prerequisites for GATEWAY's success, which is why the Company has set itself the goal of retaining employees in the long term and creating an attractive working environment. In addition to competitive remuneration models in line with market conditions, these also include external and internal trainings and advanced training courses geared to the needs of the respective employees for individual support and development. By providing a modern, digital work infrastructure, GATEWAY wants to enable its employees to work from their home office (telecommuting) and thus also wants to promote a reasonable work-life balance. This also had the effect that GATEWAY could continue its business operations during the coronavirus pandemic without disruptions and was not subject to any downtime. At the same time, GATEWAY offers its employees at its modern premises in Berlin a wide range of measures to improve employee health and satisfaction as well as to create a sense of team spirit. These include daily fresh fruit, free drinks such as coffee or ergonomic office seating to prevent spinal diseases. GATEWAY is characterized by flat hierarchies and a flexible model of working hours and flexitime.

1.2 MANAGEMENT SYSTEM

As a young publicly traded company (IPO in 2019), GATEWAY is continuously developing its internal management system with the aim of supporting sustainable corporate growth through planning, reporting and controlling processes. In this respect, GATEWAY distinguishes three segments: Standing Assets, Commercial Properties Development and Residential Properties Development.

— **Standing Assets**: This segment covers a profitable and diverse portfolio of existing properties. The portfolio includes properties which in future are planned to be developed in part by the Company itself, as well as properties revitalized or constructed by the Company and further individual properties. This segment's revenues consist primarily of rental income from the investment properties.

— **Commercial Properties Development:** The development activities for commercial properties are combined in the Commercial Properties Development segment. The objective of this segment is to develop attractive and high-quality office buildings with modern architecture and flexible usage formats. In the past, these activities were concentrated on the Top 9 cities in Germany and on selected metropolitan areas such as Nuremberg. Upon the sale of Development Partner AG in February 2021, the Commercial Properties Development segment was discontinued and, as of December 2021, was reduced to three projects located in Berlin. Upon the planned sale of these properties classified as inventories, the corresponding activities in the Commercial Properties Development segment will be discontinued in line with the amended business strategy.

— **Residential Properties Development segment:** In the Residential Properties Development segment, the Company focuses on development activities in selected metropolitan regions in Germany, normally Germany's Top 9 cities as well as high-growth regions (cities with a population of at least 100,000 people such as Mannheim, Augsburg and Chemnitz). The focus here is on the new construction of medium-sized apartment buildings for modern affordable living and mixed-use properties and real estate. So far, joint ventures with local project developers and general contractors were regularly established in this segment. In future, however, GATEWAY wants to develop the majority of its assets on its own and also plans to transfer residential real estate developments into its own portfolio after completion.

The **internal management system** at GATEWAY essentially consists of the following components:
— Planning, process and risk management
— Project controlling including sensitivity analyses
— Structured management reporting
— Financial indicators and real estate industry control indicators

FINANCIAL PERFORMANCE INDICATORS
EBIT adjusted and consolidated profit before taxes (EBT) are the most important performance indicators at the level of the Group as a whole. GATEWAY evaluates and controls the Company's profitability on the basis of these indicators. EBIT adjusted is defined by the Group as the operating profit plus the result from investments accounted for using the equity method.

On Company level, the Management Board controls and evaluates on the basis of the performance indicator EBT (earnings before taxes).

For GATEWAY, the real estate performance indicator GDV (Gross Development Volume) represents an important performance indicator for all development projects (residential and commercial properties as well as properties developed for the Company's own portfolio). The GDV is the gross development value, i.e. the expected value that a development property would achieve if sold or let normally on the open market to a willing buyer.

1.3 CORPORATE GOVERNANCE STATEMENT

The corporate governance statement in accordance with Sections 289f HGB for the Company is part of the management report. In the corporate governance statement, the Supervisory Board and the Management Board also report about the Company's corporate governance in accordance with Principle 22 of the German Corporate Governance Code.

The corporate governance statement is also available on the Company's website in the Investor Relations section under the following link:

https://www.gateway-re.de/en/investor-relations/corporate-governance/declarations-of-compliance/

2. REPORT ON ECONOMIC POSITION

2.1 GENERAL STATEMENT ON THE REPORT ON ECONOMIC POSITION

The adjustment of the strategic direction of GATEWAY adopted in the previous year had a positive impact on the operating business development of the Group in the reporting year 2021 due to the implementation measures that have already been taken. In this context, the discontinuation and almost full disposal of the Commercial Properties Development business area and thus the shares in Development Partner AG, Duesseldorf, in February 2021 as well as the deconsolidation of the related companies in March 2021 had a positive effect on the Group's earnings.

Moreover, the Company has already started detailed planning measures for the project "Quartiere am Blüherpark", which the Company newly acquired in the fiscal year under review. As a result of the intention to hold this property over a long term, this phase of construction was measured at fair value through profit or loss in the consolidated financial statements.

Overall, the Group's equity was thus strengthened significantly.

Total assets increased further, driven by the acquisitions of residential development projects made in the year under review. Accordingly, Gateway's equity ratio fell from 32.2% to 30.4%.

GATEWAY assesses that the economic, sociodemographic and industry-specific development in 2021 in Germany, and especially in the cities in which GATEWAY operates, is a positive indication for future business activities. Although the coronavirus pandemic continued to dominate the past 2021 fiscal year to a significant extent, the general economic conditions for Germany's economy as a whole and the real estate sector in particular improved again. Despite the ongoing pandemic, there was no decline in economic output in 2021 as in 2020, but rather a year-on-year increase in the gross domestic product in Germany of 2.8%. However, GATEWAY certainly was able to reduce risks through the discontinuation and the almost full disposal of the Commercial Properties Development business area and thus the shares of Development Partner AG, Duesseldorf, at the beginning of 2021. The Company believes that the decision to focus its activities in the area of project developments intended for sale in future exclusively on the residential business, which has been characterized by a positive outlook for the future despite the pandemic, is a confirmation of its strategy after the second year of the pandemic.

Although the European Commission, in its Winter Forecast 2022, forecasts growth for Germany and the EU economy, it is currently hardly possible to make reasonable forecasts in the wake of the COVID-19 crisis. In addition, there are other factors causing uncertainty, such as several geopolitical tensions where the related global political and economic effects can be identified already. These include, for example, the Ukraine conflict between Russia and NATO, the overlapping territorial claims in the South China Sea, and the tense relations between China and the USA concerning Taiwan, among others. Furthermore, high energy prices and increased inflation rates have been recorded in the euro area since the fourth quarter. Reliable forecasts cannot be made at present in view of this background.

2.2 ECONOMIC FRAMEWORK

2.2.1 MARKET ENVIRONMENT/ MACROECONOMIC SITUATION

The year 2021 continued to be largely driven by the effects of the global coronavirus pandemic. However, in most economies, the historic economic decline in 2020 eventually translated into a significant increase, not least due to base effects.

Due to the fact that the negative impact of the pandemic on the macroeconomic indicators of the German economy fully unfolded only from mid-March 2020, gross domestic product (GDP) still declined by 1.7% in the first quarter of 2021 compared with the strong first quarter of the previous year, according to the German Federal Statistical Office (Destatis). From the second quarter of 2021 onwards, there was an initial recovery in economic output by 2.2% compared with the very weak prior-year quarter. Growth in the third quarter of 2021 was 1.7%, while it decelerated further to 1.4% compared with the fourth quarter of the previous year, driven by rising infection figures due to the SARS-CoV-2 variants Delta and Omicron and noticeable supply bottlenecks for electronic components and construction materials.

Accordingly, Germany fell into recession during the COVID-19 crisis in 2020, after a 10-year period of growth. However, the economy picked up noticeably in 2021. According to the Federal Statistical Office (Destatis), Germany's gross domestic product for 2021 as a whole was 2.8% above the previous year's level (adjusted for price, seasonal and calendar effects), but was still unable to fully offset the 4.9% decline in 2020.

Following the pronounced downturn in the European economy in 2020, the economic recovery resumed in 2021. According to Eurostat, in the first quarter, real gross domestic product in the 27 EU member states was still 1.1% below the level achieved in same quarter of the previous year. However, economic output in the second quarter already exceeded the prior-year quarter by 13.8%. In the third quarter, the EU economies also posted a year-on-year increase of 4.1%.

A significant increase in domestic demand, the considerable uptick in the jobs market and the decline in the savings rate, which had been very high during the first phase of the pandemic, were the main reasons for the transition from a recovery to an expansion phase of the economy. Based on the European Commission's Autumn Economic Forecast, an annual GDP growth rate of 5% is expected for the EU economy for 2021 as a whole. This rate, however, is expected to fall back to 4.3% in 2022 and 2.5% in 2023. Two factors will have a major influence on the prospects of future development: On the one hand, the further course of the coronavirus pandemic will be a major factor; on the other hand, it remains to be seen how well the supply side can keep pace with the rapid recovery of demand following the economic upturn.

The International Monetary Fund (IMF) estimates global economic growth of 5.9% in 2021, according to its January 2022 World Economic Outlook Update.

However, strong price pressure, driven in particular by high energy prices, caused inflation in the eurozone to rise to 5.0% in December 2021, a level not seen since 2008. Nevertheless, the European Commission sees this massive price increase as only a temporary phenomenon and expects a decline to 2.5% as early as 2022 and to 1.6% in 2023.

According to the Federal Statistical Office, consumer prices in Germany increased by 5.3% in December 2021 compared to the same month a year earlier, marking the highest level of the year. This resulted in an annual average inflation rate of 3.1% for 2021.

The European Central Bank (ECB) lowered its main refinancing rate and the interest rate on the marginal lending facility to 0.00% and 0.25%, respectively, on March 16, 2016, and has left these rates unchanged since then. The interest rate on the deposit facility was set at –0.50% at the ECB's Governing Council meeting on September 12, 2019, and has remained unchanged since then. On February 2, 2022, the ECB confirmed the currently applicable interest rates on the main refinancing operations as well as the interest rate on the marginal lending facility and the interest rate on the deposit facility.

2.2.2 SOCIODEMOGRAPHIC DEVELOPMENT

According to figures from the German Federal Statistical Office, Germany's population remained unchanged at around 83.2 million in 2020 and 2021. In 2021, the number of deaths significantly exceeded the number of births, but this was offset by increased net immigration.

The development in Germany is characterized by considerable regional differences. Overall, there is a west-east gap: While the population continued to increase in all of the states of former West Germany, the population declined in almost all of the new German states (excluding Berlin), according to figures published by the Federal Institute for Research on Building, Urban Affairs and Spatial Development (Bundesinstitut für Bau-, Stadt- und Raumforschung; BBSR). However, this should be different in the future, especially for the city of Leipzig. Among all urban and rural districts in the new federal states, Leipzig will show a particularly strong increase in children and young people (+25%), according to BBSR, while Berlin, Potsdam, Dresden, Erfurt, Rostock, Jena and Chemnitz may also see growth of at least 5%.

One of the striking characteristics in this context is the higher average age of the population in both the old and new federal states. In 2020, according to Statista, the average age ranged from 46.9 to 48.1 in the five new states, significantly above the average age in the old states, where it was between 42.1 years in Hamburg and 46.5 years in Saarland.

According to the forecast of the Federal Statistical Office dated September 30, 2021, as regards changes in age groups, the aging of the population is continuing at a rapid pace. Accordingly, the share of people over the age of 67 is expected to increase to 22% by 2035, and the number of retired people is likely to grow from 16 million in 2020 to 20 million in 2035.

Despite largely stable population figures, the number of private households will rise from 41.4 million in 2020 to 42.6 million in 2040, according to calculations by the Federal Statistical Office. The reasons for this increase include the decline in marriages and births, increasing partnerships with separate dwellings, the continued aging of the population combined with improving physical conditions of older people who are able to live in their own household for a longer time, and increasing requirements with respect to occupational mobility, which is driving the trend toward smaller households. According to the projections, single-person households will increase from 17.3 million to 19.3 million between 2020 and 2040, while two-person households will increase from 14.0 million to 14.1 million. Households with three or more persons will decline from 10.1 million to 9.2 million.

In addition, the megatrend of "urbanization" slowed down in the year under review. According to the Federal Statistical Office, almost 30% of the German population lived in large cities with 100,000 or more inhabitants at the end of 2020. While this share had seen a continued rise of 0.7% per year since 2011, growth came to a halt in 2020. The number of people living in large cities fell by 0.1% in 2020, as fewer people – mainly young adults – moved in from Germany and abroad due to the pandemic.

More than one in eight residents (12.9%) in cities with more than half a million inhabitants are considering leaving within a year, according to a survey conducted by the Munich-based ifo Institute and the real estate portal Immowelt. In particular, families with children and people of a younger age group seeking to start a family tend to move away from city centers to suburban areas, the so-called "Speckgürtel" or commuter belts of major cities. In the May 2021 survey of a total of 18,000 people, 5.3% of more than 7,000 people living in big cities said they planned to leave the city within six months, while a further 7.6% intended to move away from the city within 12 months.

2.2.3 ECONOMIC DEVELOPMENT IN GERMANY AND IN GATEWAY'S FOCUS CITIES

After declining in the first year of the pandemic of 2020, German economic output increased in almost all sectors of the economy in 2021, but did not yet return to the pre-crisis levels of 2019. According to preliminary calculations of the German Federal Statistical Office (Destatis), price-adjusted gross value added in the manufacturing sector increased significantly by 4.4% year-on-year. Likewise, most service sectors reported noticeable increases compared to 2020, but the price-adjusted gross value added of other service providers, which include sports, culture, entertainment and the creative industries, was actually still 9.9% below the pre-crisis levels of 2019. Against the backdrop of pandemic-related restrictions, the combined trade, transport and hospitality sector recorded a year-on-year increase of 3.0% in 2021. In contrast, the economic output in the construction industry declined by 0.4% in 2021, albeit from a high level.

In 2021, price-adjusted private consumer spending stabilized at the low level of the previous year, thus remaining below pre-crisis levels. As in 2020, public consumer spending supported growth in the German economy in 2021. On a price-adjusted basis, they increased by 3.4% year-on-year mainly due to higher spending for the free rapid antigen tests introduced nationwide in spring 2021 and the availability of COVID-19 vaccines.

After sharp setbacks in 2020, foreign trade recovered in 2021 and exports increased by 9.4% in price-adjusted terms. In the same period, imports increased by 8.6% in price-adjusted terms, meaning that overall foreign trade was only slightly below the level seen in 2019.

Due to bottlenecks in labor and materials, construction spending increased by only 0.5% in 2021, after higher growth rates had been achieved in each of the five previous years. Investments in equipment, above all in machinery, tools and vehicles, increased by 3.2% in 2021 in price-adjusted terms, after falling sharply during the COVID-19 crisis in 2020.

According to preliminary calculations by the Federal Statistical Office (Destatis), around 45.3 million people residing in Germany were employed in December 2021. This represents a seasonally adjusted increase of 49,000 persons, or 0.1%, compared to November 2021. In the months of March to September 2021, the number of employed persons had grown by an average of 55,000 people or 0.1%. When comparing December 2021 with December 2020, this is an increase by 483,000 people, or 1.1%. However, this means that the number of people in employment is still below the pre-crisis level:

Compared with February 2020, the month before the start of the COVID-19 crisis in Germany, the number of people in employment had fallen by 0.4% or 198,000 in December 2021. According to calculations by the Federal Statistical Office, 1.27 million people were unemployed in Germany in December 2021. This represents a decline by 21.9% or 355,000 people compared to December 2020. Accordingly, the unemployment rate declined from 3.7% to 2.9% during the year under review.

According to the German Federal Employment Agency, unemployment rates in GATEWAY's focus cities ranged from 2.8% in the Augsburg region to 9.8% in Berlin on average for 2021. Between these two cities were Munich (4.6%), Stuttgart (5.1%), Dresden (6.1%), Frankfurt am Main (6.6%), Mannheim (7.2%), Chemnitz (7.2%), Leipzig (7.3%), Hamburg (7.5%), Duesseldorf (7.8%) and Cologne (9.3%).

2.2.4 DEVELOPMENT OF REAL ESTATE MARKETS

According to JLL, the transaction volume on the German real estate market, including the living segment, amounts to a total of €111 billion in 2021. This corresponds to growth of 36% year-on-year. Around 70% of the transactions, representing a volume of €77 billion, were conducted in the second half. This even surpassed the previous record year of 2019, when real estate transactions had a volume of €91.8 billion.

According to JLL, the largest deals were three residential portfolios as part of the merger of Vonovia and Deutsche Wohnen with a volume of €23.5 billion. In the office sector, Frankfurt's T1 office tower changed hands for around €1.4 billion. The sale of three Oppenheim/Esch funds in Cologne for €1.1 billion to RFR was also among the largest transactions in 2021. The volume of individual transactions in 2021 exceeded that of the previous year by 20%. Property portfolios in a total volume of €58.5 billion were sold.

Office market

According to JLL, office properties accounted for almost 25% or €27.5 billion of the total transaction volume in 2021; up 12% compared to 2020.

According to a study by the ifo Institute, around 27.9% of all employees worked from home in December 2021, while the percentage even was as high as 31.7% in March 2021. Currently, it is not yet possible to precisely estimate what specific impact the increase in hybrid work models will have on office workplaces and future demand for space. Nevertheless, JLL noted a renewed stark increase in demand for office space in the fourth quarter of 2021, with take-up in Germany's seven largest office markets totaling 3.29 million sqm by the end of December. This is an increase of just above 23% compared to the previous year. For the year as a whole, office take-up is only 13% below the average for 2016 to 2020, but is still far off from the figures during the financial crisis in 2008 and 2009.

According to JLL, the city with the highest take-up was Berlin, where a total annual take-up of 870,800 sqm was achieved, up 16.8% compared to 2020. This was followed by Munich with 662,700 sqm or growth of 16.3% year-on-year. Frankfurt am Main recorded an annual take-up of 467,900 sqm, up 39.2% on the previous year. In Hamburg, the increase was 34.2% to 488,000 sqm. That said, Cologne recorded the highest increase of 58.3% to 329,500 sqm. Growth was also recorded in Duesseldorf (325,900 sqm, up 7.5%) and Stuttgart (144,000 sqm, up 2.3%).

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DEVELOPMENT OF OFFICE SPACE TAKE-UP IN THE A CITIES

in sqm	2021	2020
Berlin	870,800	745,300
Duesseldorf	325,900	303,100
Frankfurt am Main	467,900	336,100
Hamburg	488,000	363,700
Cologne	329,500	208,200
Munich region	662,700	569,800
Stuttgart	144,000	140,700

Source: JLL

After vacancy rates remained on low levels of 3.0% in 2019 and still 3.7% in 2020 and there was a massive shortage of office space in five major cities, strong construction activity on the one hand and initially subdued office space take-up on the other led to a year-on-year increase of 17% in the vacancy volume in 2021 to around 5.1 million sqm. It was not until the fourth quarter of 2021 that the increase in vacancy rates at all locations had slowed down noticeably. In Cologne, vacancy rates fell by 10% in the fourth quarter compared with the previous quarter.

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DEVELOPMENT OF THE VACANCY RATE ON THE A CITIES OFFICE MARKET

in %	Q4 2021	Q4 2020
Berlin	4.1	2.8
Duesseldorf	7.8	6.8
Frankfurt am Main	7.7	6.1
Hamburg	3.8	3.0
Cologne	3.4	2.6
Munich region	3.9	3.5
Stuttgart	1.7	2.1

Source: JLL

While top rents in Cologne were already seen rising again in the second quarter of 2021 (to €26.50 per sqm in the fourth quarter), Frankfurt am Main has the highest rents (€42.50 per sqm), followed by Munich (€42 per sqm) and Berlin (€39 per sqm).

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DEVELOPMENT OF THE PRIME RENTS ON THE A CITIES OFFICE MARKET

in €/sqm	Q4 2021	Q4 2020
Berlin	39.00	38.00
Duesseldorf	28.50	28.50
Frankfurt am Main	42.50	41.50
Hamburg	31.50	31.00
Cologne	26.50	26.00
Munich region	42.00	41.00
Stuttgart	25.50	25.50

Source: JLL

Retail market

Only 8% or €8.5 billion of the 2021 transaction volume involved retail properties, according to JLL. Of that amount, 64% or €5.3 billion refer to the second half. The total transaction volume was another 18% below the prior-year figure of €10.4 billion. This is also reflected in the number of large transactions with a volume of more than €100 million, which fell from 20 to 11 within a year's time. Whereas a total of 283 retail property transactions were recorded in 2020, the figure for 2021 was merely 266.

With a total of €6 billion, specialty store assets were the main investment target within the asset class. Specialty stores, supermarkets and discounters as well as predominantly food-anchored specialty retail parks accounted for over 70% of capital invested. The fact that these products were still in high demand among investors was partly due to the fact that, firstly, they are considered to be particularly resistant against online competition and, secondly, they remained open during the lockdown in the first half of the year. According to JLL, commercial properties accounted for 20% of the transaction volume, while only 6% and 3% of capital invested referred to shopping centers and department stores, respectively.

The largest transaction in 2021 was the sale of the portfolio of 34 former Real stores, comprising a combined 425,000 sqm of space. The portfolio was acquired by real estate company x+bricks from SCP. In addition, Patrizia sold the specialty store portfolios "Touchdown" and "Powerbowl".

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DEVELOPMENT OF PRIME RETAIL RENTS IN A CITIES

in €/sqm	Q4 2021	Q4 2020
Berlin	310	330
Duesseldorf	275	290
Frankfurt am Main	290	310
Hamburg	265	280
Cologne	235	250
Munich	340	360
Stuttgart	260	270

Source: JLL

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DEVELOPMENT OF RENTAL REVENUE FROM RETAIL SPACE IN A CITIES

in sqm	Q4 2021	Q4 2020
Berlin	42,800	31,400
Duesseldorf	28,800	23,700
Frankfurt am Main	15,000	7,200
Hamburg	21,500	22,700
Cologne	16,100	14,500
Munich region	12,000	8,300
Stuttgart	8,800	6,500

Source: JLL

The comparatively high demand for specialty store assets is leading to continued compression in yields. Yields for individual specialty stores, for example, fell by ten basis points to 4.5%, while prices paid for specialist retail parks led to a decline in yields by as much as 40 basis points to 3.5%. By contrast, prime yields for commercial properties in the top locations of major cities remained unchanged. Munich remains the most expensive location at 2.40%, followed by Berlin (2.60%), Hamburg (2.80%) and Frankfurt am Main (2.90%). Prime yields in Duesseldorf were 3.10%, those in Cologne and Stuttgart amounted to 3.30% each.

Residential real estate market

According to JLL, the combined transaction volume for residential properties, nursing homes and student housing totaled €52.2 billion. Thus, 47% of the total transaction volume was attributable to the residential and living asset class.

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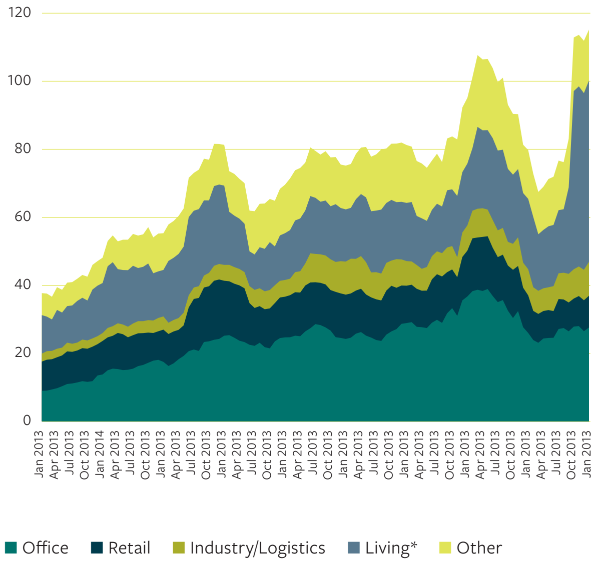
TRANSACTION VOLUME IN THE GERMAN INVESTMENT MARKET (LAST ROLLING 12 MONTH PERIOD)



Source: Savills *Only transactions with at least 50 residential units

According to JLL, this means that the German residential investment market in 2021 significantly exceeded expectations and also equaled the previous record of €25 billion set in 2015. This was made possible primarily by large-volume transactions. The largest transaction of the year and of the German residential investment market in general was the acquisition of Deutsche Wohnen by Vonovia for €23.5 billion. Another major transaction was the sale of two residential portfolios in Berlin and Hamburg by Swedish real estate company Akelius to Heimstaden (Sweden) for an estimated purchase price of more than €5.0 billion. In addition, the state of Berlin acquired residential portfolios from Deutsche Wohnen and Vonovia for around €2.5 billion. Overall, the five largest transactions in 2021 totaled €32.5 billion, thus accounting for 65% of the total transaction volume. In 2020, the share of the five sales transactions involving the largest volumes were a combined 39%. Transactions in the triple-digit million euro range accounted for a total of 83% in 2021, compared with 63% the year before.

According to JLL, institutional investors investing in residential real estate assets also attach importance to properties that meet the requirements in terms of environmental and social sustainability as well as good corporate governance – the so-called ESG criteria. This development was further accelerated by the new EU taxonomy. JLL expects that investors will increasingly look for properties that are taxonomy compliant pursuant to Articles 8 and 9 of the EU Disclosure Regulation and that corresponding redevelopment activities in existing portfolios will be intensified.

According to JLL, project developments were in high demand in 2021 – even long before being completed. Forward deals reached a new record level of 105 transactions, thus accounting for around 24.5% of the transactions in 2021, up 3.5 percentage points compared to 2020.

According to JLL, 2021 was characterized by noticeable price increases. In 2021, the compression in yields continued as expected. This is a result of the increasing demand for cash flow generating investments from funds and insurance companies, which are becoming increasingly active in the residential investment market and thus increase the number of interested parties. Mutual funds and special funds focusing on residential real estate stepped up their investments. Asset managers were the major sellers, accounting for a share of 54% in 2021. Developers accounted for 9% of the sales. The buy-side was dominated by listed real estate companies (50% of buyers). Asset manager's share in acquisitions was around 17%, while that of real estate entities was 18%.

According to JLL, the focus of investment activity in 2021 was on Germany's seven largest cities, which accounted for 69% of the transaction volume. Berlin recorded the largest share with a transaction volume of €26.2 billion, followed by Frankfurt am Main (€3.2 billion), Hamburg (€2.7 billion) and Leipzig (€1.1 billion).

The housing market might gain additional momentum if the new government coalition of SPD, Greens and FDP pushes new construction and achieves its target of 400,000 new apartments per year. The previous government had missed its target of 375,000 new apartments per year. For the first time in nearly 20 years, the number of new apartments built exceeded the threshold of 300,000 in 2020, according to the German Federal Institute for Research on Building, Urban Affairs and Spatial Development. This was a year-on-year increase of more than 13,000 apartments or 4.6%. At the same time, however, as of the end of 2020, some 779,000 apartments had been approved but not yet completed. Between January and November 2021, a further 341,037 apartments were approved – an increase of 2.8% on the same period last year.

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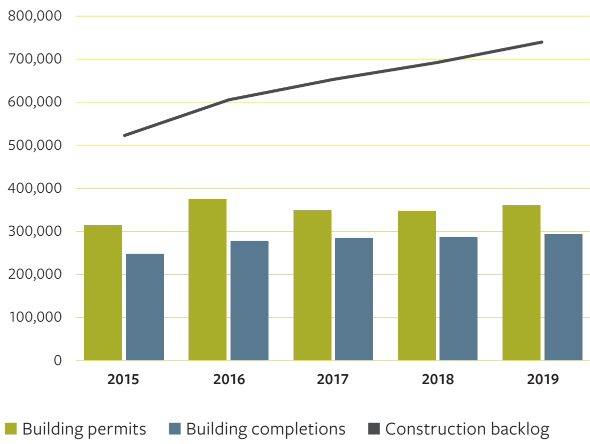
DEVELOPMENT OF BUILDING PERMITS, COMPLETIONS AND CONSTRUCTION BACKLOG IN GERMANY



Source: Federal Statistical Office (Genesis)

In addition to ambitious targets for new residential construction, the EU Taxonomy Regulation that came into force on January 1, 2022 also introduced high sustainability targets for investments. Achieving these goals is subject to costs, while the scarce supply of raw materials makes construction more expensive and leads to an overall slowdown in construction activities. According to JLL, prices for traditional new residential construction in Germany were up to 12.6% higher as of the end of 2021 compared with the previous year.

The residential markets in GATEWAY's focus cities (A cities plus Augsburg, Dresden, Leipzig, Mannheim and Chemnitz) showed a positive development in 2021 in terms of quoted rents and vacancy rates. In Augsburg, with a population of nearly 296,000, dynamic population growth exercised sustained pressure on the housing market, according to Schick Immobilien. The vacancy rate is 0.6%, according to Engel & Völkers Commercial. The average quoted rent increased in 2021 by 4.1% year-over-year to €11.34 per sqm. Engel & Völkers Commercial expects that between 125 and 140 transactions with a volume of between €220 million and €260 million were concluded in Augsburg in 2021.

In Chemnitz, the increase in employment as well as income growth led to an increase in demand, especially for high-quality apartments, despite a decline in the population to 244,000 inhabitants in recent years, according to Schick Immobilien. However, according to Engel & Völkers Commercial, the vacancy rate in 2021 was relatively high at 8.9%. Nevertheless, the average quoted rent rose by 3.0% to €5.50 per sqm in 2021. After 106 transactions with a total volume of €181 million in 2020, a transaction volume of up to €180 million is expected for 2021 with an estimated number of purchases of between 245 and 265 deals.

In Dresden, according to Schick Immobilien, the number of transactions involving multi-family houses declined by approximately 20% in the first half of 2021, with 135 completed sales contracts. The transaction volume shrank by around 50% to €202.7 million. Engel & Völkers Commercial forecasts a transaction volume of up to €800 million for 2021 as a whole, involving around 270 to 290 transactions. In Saxony's state capital, with a population of around 562,000, the 2021 vacancy rate was 1.6%. The average quoted rent increased by 3.1% to €8.22 per sqm.

For the first time in six years, Cologne recorded a decline in its population, albeit a slight one. According to the Office of Urban Development and Statistics, Cologne had a population of 1.09 million in 2020. Although population growth has slowed recently, the Cologne residential market remains attractive for investors with investments of €791 million in 2021, according to BNP Paribas Real Estate. Housing space remains scarce in Cologne. The vacancy rate is only 0.9%, according to Engel & Völkers Commercial. Correspondingly, the average quoted rent in 2021 increased by 4.1% to €12.55 per sqm within twelve months. Most recently, market interventions such as the rental cap have subdued the rise in rents, while the increase in purchase prices has slowed at a high level. In 2021, an estimated 1,000 to 1,100 residential transactions with a total volume of up to €600 million were completed.

With a population of 605,000, Leipzig is the biggest city of the state of Saxony. The population grew between 2015 and 2020 by 6.6%. According to Schick Immobilien, the number of purchase transactions for redeveloped multi-family homes fell in the first half of 2021, while the trend toward rising prices has continued. In the first half of 2021, prices for multi-family homes increased by 8%. According to Engel & Völkers Commercial, the vacancy rate for residential units is 2.7%, the quoted rent increased by 6.6% to €7.74 per sqm in 2021. For 2021, the expected number of transactions ranges from 290 to 305, with a total volume of between €630 million and €650 million.

According to Mannheim's Municipal Statistics Office, around 322,000 people had their primary residence in Mannheim at the end of 2021. Only 1.4% of the apartments located in the city are vacant, according to Engel & Völkers Commercial. The average quoted rent increased by 0.5% year-over-year to €10.35 per sqm. A transaction volume of €310 million to €350 million involving 215 to 235 transactions is forecast for 2021.

According to the Federal Statistical Office, rents for apartments will continue to rise, with rents in the residential market rising across Germany by 9% until the end of December 2021, based on prices for the year 2015. According to empirica figures, Munich is the leader in the rental price ranking as the most expensive city with an average quoted rent of €19.37 per sqm for new apartments. In Frankfurt am Main, the average rent is €16.11 per sqm and in Stuttgart €15.22 per sqm. The momentum of rent increases differs greatly from region to region, with one of the highest growth rates recorded in Berlin where rents were up more than 40% between 2016 and 2021. The advertised quoted rents in Berlin averaged €14.75 in the fourth quarter of 2021.

The analysis of transaction data by vdpResearch shows that all prices for homes as well as condominiums and owner-occupied residential property, both in nominal terms as well as adjusted for inflation, once again showed a considerably more dynamic upward trend in the first half of 2021 than in previous years. The development of new contract rents is the only segment that has lagged price development and capital values significantly in recent years.

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NOMINAL AND INFLATION-ADJUSTED PRICE AND RENT DEVELOPMENT

Average annual change in %	2019	2020	H1 2021
House prices	7.0	7.6	9.9
Prices for condominiums	5.9	6.7	11.2
Prices for owner-occupied residential property[1]	6.8	7.4	10.1
New contract rents for residential units	4.5	3.3	2.8
Capital values for multi-family homes[2]	6.2	6.2	9.0
Prices for residential property, total	**6.5**	**6.8**	**9.6**
House prices	5.6	7.1	8.0
Prices for condominiums	4.5	6.2	9.3
Prices for owner-occupied residential property	5.4	6.9	8.3
New contract rents for residential units	3.1	2.8	1.0
Capital values for multi-family homes	4.8	5.7	7.2
Prices for residential property, total	**5.1**	**6.3**	**7.7**

1 Prices for owner-occupied residential property are calculated as a weighted average of house prices and prices for condominiums.
2 The capital values for multi-family homes are calculated based on the ratio of rents to empirical property yields.

Source: vpdResearch, German Federal Statistical Office

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FORECAST FOR RESIDENTIAL PROPERTY

	Average rent upon first occupation in €/sqm			Average rent upon first occupation in % year-on-year		
	2020	2021e	2022e	2020	2021e	2022e
Berlin	14.9	16.0	16.4	7.2	7.4	2.5
Duesseldorf	13.3	13.5	13.7	1.5	1.5	1.5
Frankfurt a. M.	16.6	17.3	17.6	3.1	4.2	2.0
Hamburg	14.9	15.4	15.7	3.5	3.0	2.3
Cologne	13.6	13.9	14.1	2.3	2.2	1.5
Munich	20.5	20.7	20.9	3.5	1.0	1.0
Stuttgart	16.5	16.8	17.0	3.8	1.5	1.5
Average for top locations	**15.7**	**16.3**	**16.7**	**4.5**	**4.0**	**1.9**

Source: bulwiengesa, Scope, forecast of DZ Bank Research

2.2.5 COMPETITIVE SITUATION AND MARKET POSITION OF THE GROUP

In fiscal year 2021, GATEWAY competed with local, medium-sized real estate companies, municipal and community-owned companies, and listed real estate groups due to the Company's business activities in the individual markets and asset classes. Due to the lack of available projects, companies in the latter group in particular are increasingly pursuing a develop-to-hold strategy, i.e. project development for their own portfolio. In addition, the consolidation of the market is progressing, such as the merger of the second-largest housing group Deutsche Wohnen with market leader Vonovia in 2021.

However, in the past, GATEWAY did not primarily compare itself with large listed portfolio holders, such as Deutsche Wohnen SE or LEG Immobilien SE, which are building up their own development segments alongside their standing assets business. Instead, GATEWAY considered primarily listed German-speaking companies with a development focus as its competitors in the narrow sense. The group of competitors above all includes the SDAX-listed Instone Real Estate Group SE with a market capitalization of around €782 million as of December 30, 2021.

However, Eyemaxx Real Estate AG, which is also a listed real estate company and which is currently subject to insolvency procedures, can no longer be considered as part of the group of competitors. UBM Development AG, which is listed in Austria, but has large operations in Germany, expanded considerably measured by its market capitalization of around €322 million as of year-end 2021. The company is rather focused on office property developments and thus can no longer be seen as a direct competitor since GATEWAY sold its office development business with the sale of Development Partner in the reporting year 2021.

With a market capitalization of nearly €753 million as of December 30, 2021, GATEWAY is one of the top developers listed on the stock exchange. This is one of the reasons why it is rather the large listed residential property companies, with their own project development activities, which can be regarded as being GATEWAY's competitors in the future.

2.3 BUSINESS DEVELOPMENT

The fiscal year 2021 continued to be dominated by the COVID-19 pandemic. After a severe recession in 2020 – the year of the pandemic – the German economy entered a recovery and expansion phase in the past fiscal year 2021, but has not yet returned to its pre-crisis levels. Apart from the ongoing COVID-19 pandemic, there are further persisting adverse factors, especially the continuing disruptions affecting global supply chains in individual sectors as well as the noticeable rise in inflation. So far, the pandemic has not had a significant impact on the business of the Company and its subsidiaries. However, the Company was not able to achieve the forecast for the full fiscal year 2021 due to special effects.

The fiscal year 2021 saw the implementation of the expanded corporate strategy, which had been resolved in the previous year; in future, the Company will increasingly seek to develop residential real estate. In February 2021, for example, GATEWAY sold all its shares in Development Partner AG (the former subsidiary specializing in commercial properties development) and has thus largely discontinued its activities in the Commercial Properties Development segment.

Also in February 2021, GATEWAY acquired two residential development sites in Cologne and Dresden. During the remainder of the year, the Company also managed to acquire additional residential development sites in Chemnitz and one city quarter development in Leipzig. The transfer of possession, benefits and obligations as regards the Leipzig development site is planned for the second quarter of 2022. As of year-end, another urban quarter development was acquired in Hamburg.

2.4 FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS

2.4.1 FINANCIAL PERFORMANCE

The financial performance of Gateway Real Estate AG is presented in the following table in comparison with the previous year:

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in € million	2021	2020	Change in result
Operating profit/loss			
Revenue	1.1	0.9	0.2
Own work capitalized	0.0	0.1	–0.1
Other operating income	1.9	0.2	1.7
Raw materials and consumables used	–0.7	–0.6	–0.1
Employee benefits expense	–4.7	–2.6	–2.1
Amortization, depreciation and write-downs	–4.1	–1.8	–2.3
Other operating expenses	–3.9	–4.6	0.7
	–10.4	**–8.4**	**–2.0**
Net finance costs			
Income from equity investments	1.0	17.1	–16.1
Expenses/income from profit and loss transfer agreements	–1.0	6.6	–7.6
Write-downs of financial assets	–1.9	–407.2	405.3
Finance income	16.7	11.2	5.5
Finance costs	–10.3	–6.3	–4.0
	4.6	**–378.5**	**383.1**
Profit/loss of the Company			
Operating profit/loss	–10.4	–8.4	–2.1
Net finance costs	4.6	–378.5	383.1
Net profit/loss for the year	**–5.8**	**–386.9**	**381.0**

Apart from one-off effects, the Company's financial performance is primarily dominated by the progressing implementation measures of the strategy expansion resolved in the previous year and the development of residential properties also for the Company's own portfolio (built-to-hold).

Revenue in the amount of €1.1 million (previous year: €0.9 million) continues to refer to intragroup cost allocations for Group companies. However, due to the additional efforts undertaken compared to the previous year for the implementation of the strategy expansion in connection with new construction projects acquired in the fiscal year under review, the project-related services charged on by the Company to affiliated companies increased by €0.2 million.

In the context of successful disposal of almost the entire Commercial Properties Development business area in February 2021, the transfer of all of the shares in Development Partner AG was completed in March 2021. Moreover, the carrying amount of the investment had already been written down through profit or loss as a result of an impairment on the agreed purchase price of €94.7 million.

The purchase price received in the year under review increased by €1.0 million due to contractually agreed purchase price adjustments, which mainly contributed to the increase of other operating income by €0.2 million to €1.9 million. In addition, income from the reversal of provisions rose by €0.1 million to €0.5 million.

Furthermore, the accrual (Anwachsung) of the subsidiary Gateway Zweite GmbH & Co. KG resulted in a net gain from accrual of €0.3 million which is reported under other operating income.

The establishment of additional project development capacities and the expansion of the internal and external accounting function led to a significant increase in employee benefits expenses from €–2.6 million to €–4.7 million.

Amortization, depreciation and write-downs rose by €2.3 million to €–4.1 million, mainly driven by write-downs for impairment of other receivables from an affiliated company in the amount of €–4.0 million. In the previous year, the amount of amortization, depreciation and write-downs was €–1.7 million.

Other operating expenses decreased again in the reporting period from €–4.6 million by €0.7 million to €–3.9 million. This is mainly attributable to the significant reduction in closing and auditing expenses by €0.5 million.

The operating loss amounted to €–10.4 million, after an operating loss of €–8.4 million in the prior year. The decline is primarily the result of the write-down for impairment on receivables from affiliated companies, as described above.

Net finance income amounted to €4.6 million in the reporting year (previous year: net finance costs of €–378.5 million). In the previous year, an impairment in relation to the carrying amount of the investment in Development Partner AG had to be recognized in the amount of €–407.2 million.

This was offset by finance income, which also more than compensated for higher finance costs. Finance income increased by €5.5 million to €16.7 million, mainly due to interest-bearing purchase price receivables. Finance costs increased by €–4.0 million mainly due to interest-bearing purchase price liabilities.

Earnings before income taxes amount to €–5.8 million, representing an increase by €381.1 million compared to the previous year (€–386.9 million). In both the year under review and in the prior year, income taxes amount to less than €0.1 million, which means that earnings after taxes are identical.

2.4.2 FINANCIAL POSITION

The financial position of Gateway Real Estate AG is presented in the following table in comparison with the previous year:

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in € million	2021	2020	Change
Assets			
Intangible assets	0.2	0.3	–0.1
Tangible fixed assets	3.7	0.1	3.6
Long-term financial assets	82.0	111.9	–29.9
Medium and long-term assets	**85.9**	**112.3**	**–26.4**
Inventories	0.5	0.0	0.5
Trade receivables	0.0	0.0	0.0
Intragroup receivables	254.6	328.1	–73.5
Cash and cash equivalents	8.4	7.8	0.6
Other assets	144.9	16.4	128.5
Current assets	**408.5**	**352.3**	**56.2**
	494.4	**464.6**	**29.8**
Capital			
Share capital	186.8	186.8	0.0
Reserves	38.0	38.0	0.0
Net retained profit	34.2	40.0	–5.8
Equity	**259.0**	**264.8**	**–5.8**
Bonds	71.5	100.0	–28.5
Liabilities to banks	44.8	42.4	2.4
Other liabilities	30.0	0.0	30.0
Medium and long-term debt	**146.3**	**142.4**	**3.9**
Trade payables	0.6	0.5	0.1
Intragroup liabilities	9.8	5.7	4.1
Provisions	1.5	1.5	0.0
Other liabilities	77.2	49.6	27.6
Short-term debt	**89.1**	**57.4**	**31.7**
	494.4	**464.6**	**29.8**

GATEWAY's total assets increased by €29.8 million or 6.4% to €494.4 million as of December 31, 2021.

In the year under review, the Company's financial position was also influenced by restructurings under company law. The major resulting effects referred to tangible fixed assets (€3.6 million), inventories (€0.5 million), and liabilities to banks (€2.4 million).

As a result of the retirement agreement dated December 20, 2021 between the general partner Gateway Siebte GmbH and Gateway Zweite GmbH & Co. KG, Gateway Zweite GmbH & Co. KG accrued (Anwachsung) to its sole limited partner, Gateway Real Estate AG (GTY AG), in accordance with Section 738 (1) of the German Civil Code (Bürgerliches Gesetzbuch, BGB) effective December 31, 2021. Accordingly, the assets and liabilities of Gateway Zweite GmbH & Co. KG accrue to Gateway Real Estate AG as the sole remaining shareholder by way of universal succession. Gateway Zweite GmbH & Co. KG ceases to exist upon accrual by way of winding-up without liquidation.

In terms of assets, the increase in total assets is largely attributable to the higher current assets. As part of the disposal of all the shares in Development Partner AG, Duesseldorf, for a purchase price of €94.7 million, there was a shift from intragroup receivables to other assets. The purchase price increased by an additional €1.0 million due to contractual arrangements. The reason for this is the reclassification of receivables from direct subsidiaries of Development Partner AG, Duesseldorf, to receivables from third parties in the amount of €134.4 million. In addition, loans granted to newly acquired project companies amounted to €43.5 million. Overall, the effects described above as well as the step-up of existing Group financings resulted in a decline of intragroup receivables by €73.5 million to €254.6 million.

Repayments in relation to the described receivables to former direct and indirect subsidiaries already made in the fiscal year 2021 amounted to €88.3 million. At the same time, new loans were issued to Development Partner AG, Duesseldorf, in the amount of €18.6 million, while operating loans granted to project companies in Leipzig amounted to €10.9 million. The sale of all the shares in Development Partner AG, Duesseldorf, also results in outstanding receivables in the amount of €58.0 million, including interest, as of the reporting date. Overall, other assets recorded a substantial increase of €128.5 million to €144.9 million.

Cash and cash equivalents remained largely stable at €8.4 million; the increase of €0.6 million is entirely attributable to cash and cash equivalents acquired as part of the accrual. Further information is included in the paragraph on the financial position in section 3.3.

Medium and long-term assets were reduced by €94.7 million following the disposal of the shares in Development Partner AG, Duesseldorf. At the same time, the shares in Borussia Development GmbH, Duesseldorf, in the amount of €70.1 million were acquired in the fiscal year 2021, resulting in a decline in long-term financial assets by €29.9 million to €82.0 million.

Equity decreased by the amount of the net loss for the year (€–5.8 million) to €259.0 million. GATEWAY's equity ratio declined from 57.0% in the previous year to 52.4%.

Medium and long-term debt comprises the bonds which were reduced to €71.5 million as a result of the exchange carried out successfully during the year under review. A promissory note loan was issued in the amount of the difference to the previous nominal amount (€30.0 million).

Short-term debt increased by €31.7 million, which is primarily attributable to increases in relation to the line item "Other liabilities". The acquisition of the shares in Borussia Development GmbH, Duesseldorf, in the amount of €70.0 million resulted in liabilities in the same amount which were recorded under other liabilities. Repayments made on this liability during the remainder of the fiscal year 2021 amounted to €8.6 million. Moreover, liabilities to related persons from the previous year were repaid in the amount of €48.2 million, while further funds in the amount of €6.5 million were raised.

2.4.3 CASH FLOW

The cash flows of Gateway Real Estate AG are presented in the following table in comparison with the previous year:

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in € million	2021	2020	Change
Net loss for the year	–5.8	–386.9	381.1
Increase/(decrease) in provisions	–0.1	–0.7	0.6
Gains/(losses) on the disposal of tangible fixed assets and long-term financial assets	1.0	408.1	–407.1
Decrease in intragroup receivables	–62.2	–165.2	103.0
Increase in other assets	62.5	0.3	62.2
Decrease in intragroup liabilities	4.1	–3.1	7.2
Decrease in other liabilities	2.2	–1.6	3.8
Income taxes paid/refunded	0.0	0.0	0.0
Income from equity investments and profits transferred	–1.0	–23.7	22.7
Finance income/finance costs	5.9	3.7	2.2
Other non-cash income	–0.3	0.0	–0.3
Cash flows from operating activities	**6.3**	**–169.1**	**175.4**
Proceeds from the disposal of long-term financial assets	43.9	–1.4	45.3
Payments for investments in fixed assets	–0.1	–0.2	0.1
Payments for investments in long-term financial assets	–2.0	–8.2	6.2
Dividends received	1.0	0.0	1.0
Interest received	0.0	0.0	0.0
Cash flows from investing activities	**42.7**	**–9.8**	**52.5**
Proceeds from the issuance of share capital	0.0	0.0	0.0
Proceeds from the issuance of bonds and from borrowings	36.5	116.8	–80.3
Payments for the redemption of bonds/borrowings	–80.2	–35.9	–44.3
Interest paid	–5.3	–3.1	–2.2
Dividends paid to shareholders	0.0	–56.0	56.0
Cash flows from financing activities	**–49.0**	**21.8**	**–70.8**
Net change in cash and cash equivalents from accrual	0.7	0.0	0.7
Net change in cash and cash equivalents	**0.6**	**–157.0**	**157.6**
Cash and cash equivalents at beginning of period	**7.8**	**164.8**	**–157.0**
Cash and cash equivalents at end of period	**8.4**	**7.8**	**0.6**

The cash flow statement shows a slight increase in cash and cash equivalents by €0.6 million to €8.4 million. Cash inflows and outflows largely offset each other in the year under review.

Cash flows from operating activities are positive at €6.3 million (previous year: €–169.1 million). However, there were significant changes which largely offset each other. As described above, the sale of the shares in Development Partner AG, Duesseldorf, resulted in a non-cash reclassification from intragroup receivables to other assets in the amount of €134.9 million. During the remainder of the fiscal year, an amount of €88.3 million of these receivables were already paid, and additional funds of €18.6 million and €10.9 million, respectively, were granted. In terms of intragroup receivables, an amount of €43.5 million was granted to newly acquired affiliated subsidiaries alone in order to ensure liquidity.

As far as investing activities are concerned, cash inflows were received from payments in connection with the sale of the shares in Development Partner AG, Duesseldorf, in the amount of €39.6 million as well as repayments of borrowings to subsidiaries in the amount of €4.3 million. Moreover, the shares in affiliated companies in the amount of €2.0 million were acquired for cash consideration.

Material cash inflows from financing activities primarily refer to borrowings and the issuance of bonds (€36.5 million). In addition, there were cash outflows from the redemption of bonds and borrowings in a total amount of €80.2 million. Interest paid amounted to €5.3 million.

Compared to the previous year, commitments and contingencies were entered into in the form of sureties and guarantees in a total amount of €40.3 million. However, the utilization is considered unlikely on the basis of the economic condition of the beneficiaries. See note on commitments and contingencies.

3. REPORT ON RISKS AND OPPORTUNITIES

3.1 RISK MANAGEMENT SYSTEM

In connection with its business activities, Gateway Real Estate AG is exposed to a number of general and specific risks that could jeopardize the implementation of its strategy and the achievement of corporate goals. In general, there is no distinction made in terms of opportunities and risks between the Group and the Company as a single entity.

These risks arise from potential changes in the social, political, legal, economic, and technical framework. However, within the context of its management of risks and opportunities, GATEWAY recognizes that changes may also present the possibility to identify new business opportunities and to generate additional economic success.

In order to identify, monitor and evaluate risks early, Gateway Real Estate AG has established an internal risk management system that accounts for the Group structure and the business model and complies with the applicable legal requirements set out in the German Stock Corporation Act (Aktiengesetz; AktG) and the Law on Control and Transparency in Business (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG). The risk management system also complies with the recommendations of the German Corporate Governance Code, with the exception of the matters mentioned in the declaration of compliance:

https://www.gateway-re.de/en/investor-relations/corporate-governance/declarations-of-compliance/

Risk management in relation to the Company is understood to be a systematic, value-oriented or performance-oriented approach to the analysis and handling of risks and opportunities. Gateway Real Estate AG's company-wide risk management is based on the coso framework (Enterprise Risk Management – Integrating with Strategy and Performance). The reference model is divided into the following five components:

— Governance and culture,
— Strategy and objectives,
— Implementation,
— Review and audit,
— Information, communication and reporting.

The risk management system provides for a continuous assessment and analysis of all risks and opportunities relevant for GATEWAY to be able to respond to any potentially harmful risks in a timely and appropriate manner and make the best possible use of any opportunities arising.

GATEWAY distinguishes the following categories in the context of risk classification:

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Assessment of probability of occurrence	Classification of probability of occurrence	Probability of occurrence (as a percentage, within one planning year)
1	unlikely	0–30%
2	possible	31–50%
3	likely	51–70%
4	almost certain	71–90%
5	certain	91–100%

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Evaluation of impact	Classification of impact	Share in adjusted EBIT	Impact in € thousand, rounded (based on adj. EBIT of €150 million)
1	insignificant	0.0–0.1%	0–150
2	low	0.1–0.5%	150–750
3	medium	0.5–1%	750–1,500
4	high	1–3%	1,500–4,500
5	very high	3% –	4,500–

For more detailed information, please refer to the section "Internal control system and risk management system relating to the Group accounting process".

3.2 RISK REPORT AND INDIVIDUAL RISKS

The risks that Gateway Real Estate AG is exposed to in its business activities can be allocated on the one hand to the area of general economic and cyclical developments and on the other hand to industry-specific trends within the real estate sector. Such risks cannot be influenced by the Company itself, but are rather attributable to political and economic developments on a global and national scale. The development of inflation and interest rates, and of income and purchasing power of the population as well as changes in the legal and tax framework and in the balance between supply and demand on the real estate markets that are relevant for GATEWAY may have an impact on GATEWAY's business performance. Likewise, unexpected events such as the global outbreak of the COVID-19 pandemic in 2020 may have an impact on GATEWAY's business performance.

In the following, we present individual risks that may have an impact on the financial position and performance by GATEWAY with a distinction being made between property-specific and company-specific risks. Accordingly, the following statements included in the management report have a very strong Group perspective. The assessments of the probabilities of occurrence as well as the financial impact are made on the basis of the classifications in the matrix presented ("risk classification"). GATEWAY's assessment of the financial risk and the underlying potential loss amounts is, unless otherwise noted, always based on a potential net loss amount, where countermeasures defined by GATEWAY and their effects are already taken into account in the calculation.

3.2.1 PROPERTY-SPECIFIC RISKS

Transaction risk

As a developer of residential properties operating across Germany in the Top 9 locations and selected high-growth regions, the acquisition of new plots of land and development projects as well as the partial sale of completed projects are integral parts of GATEWAY's business activities. In the future, the Company will also build residential real estate for its own portfolio (build-to-hold). The Company generates the major portion of its total operating revenue from the sale of development projects. If planned sales transactions do not materialize, the Company might incur unplanned follow-up costs on the one hand and there might be a loss of budgeted income on the other hand. If planned purchases of land plots or development projects do not materialize, the Company's earnings potential could also be reduced.

Risks might arise in connection with purchase contracts if contractual obligations are not complied with or if bad debts arise, which in turn may result in costs for the rescission of the relevant contracts as well as interest charges due to the later inflow of liquidity. Moreover, risks may arise in connection with the purchase of land plots and development projects if hidden defects related to the acquired properties are not identified prior to purchase, resulting in additional expenses, or when the purchase does not materialize and the Company has to bear the costs already arisen during the acquisition process.

Against the background of the ongoing coronavirus pandemic, it is possible that planned transactions may be delayed or may not be completed in the intended manner. As a result, projected income may not be generated or may only be realized at a later date than expected. In order to avoid or minimize transaction risks, GATEWAY has determined internal rules for the conduct of due diligence reviews in the course of property acquisitions as well as detailed purchase criteria and is managed by an experienced management team which maintains close contact with other market participants such as appraisers and brokers. In terms of transaction risks, the Management Board generally assumes an unlikely to possible probability of occurrence at the moment, while the development due to the coronavirus pandemic cannot yet be finally assessed to its full extent. If the corresponding risks were to manifest themselves, this would result in a low financial impact for the Company.

Risk of loss of rental income

The risk of loss of rental income is the risk that the actual rental income is lower than the contractually agreed rents. GATEWAY seeks to minimize the risk of loss of rental income through a prudent selection of contracting parties. In addition, the usual hedging instruments are used, such as rent deposits or guarantees. Potential bad debts are addressed through a structured receivables management process. With regard to the risk of loss of rental income, the Management Board assumes a possible probability of occurrence and, if it does occur, expects a low financial impact.

Letting risk

The letting risk is the risk that space cannot be rented out initially or subsequently or not at an appropriate price. Rental prices are subject to economic volatility and market cycles that, on the one hand, have an impact on the demand for rentable space and on the other hand on the market rent levels. This may result in a lower letting rate and thus to a reduction of rental revenues. GATEWAY's Management Board considers the probability of occurrence with regard to the letting risk for the Company's current rental portfolio to be unlikely and the potential amount of damage as insignificant. Each standing asset is assessed once per year by an external valuer. However, there is the risk that the fair value thus determined is higher than a potential sales price and that a sale eventually leads to a loss. There is also the risk that no investors can be found for the assets intended for sale. Currently, the probability of occurrence is considered unlikely, and the potential amount of damage is considered insignificant.

Environmental risk and risk from contaminated sites

Within the context of the acquisition of properties, the Company is exposed to the risks that, based on applicable regulations, expenses may arise to prevent any threats to public safety and order when contaminated sites were not or not sufficiently known upon the acquisition of properties or when unforeseen adverse effects on the environment or potential threats to public safety and order arise in connection with project developments. If environmental risks or risks from contaminated sites should materialize, this could have material effects on GATEWAY's financial position and performance. The intensive tests for contamination and other hazards carried out by external experts at GATEWAY's development projects and acquired properties currently indicate an unlikely occurrence of any environmental or contaminated site risks, which the Management Board considers to be subject to a medium financial risk.

Project development risk
A number of specific risks arise in connection with the project developments realized by GATEWAY. Firstly, these risks refer to the situation that the Company depends on external suppliers, service providers, and other contracting parties in the realization of its projects. As a result of a strong demand for construction services, the corresponding capacities may become scarce with the consequence that planning and construction services cannot be provided as scheduled. Secondly, the required approval procedures may be subject to delays or requirements or the required approval may be denied altogether, which in turn may delay or challenge the realization of a project and may cause additional costs or even the loss of planned income from the project. In addition, the start or completion of construction activities in the context of the realization of a project might be postponed and the construction costs might increase to an extent that cannot be compensated via the selling price. Project development risks may have a large impact on the financial position and performance of GATEWAY. Against this backdrop, GATEWAY regularly carries out sensitivity analyses in connection with the calculation and supervision of projects, in which the effects of potential increases in construction costs are examined and suitable countermeasures taken to offset them. In the acquisition process, all development projects are evaluated and analyzed on an individual basis. The Management Board is closely involved in the supervision of costs and scheduling of each individual development project over the entire project period. On the basis of this close supervision, the Management Board currently only sees a possible project development risk in GATEWAY's current project portfolio, which, if it does occur, could have a low financial impact after countermeasures are taken.

KfW assistance funds
On January 24, 2022, the German federal government stopped approving applications under its program to support the construction of energy-efficient buildings (Bundesförderung für effiziente Gebäude, BEG), granted via the German state development bank KfW, with immediate effect. The three KfW programs affected were Efficiency House/Efficiency Building 55 in New Construction (EH/EG55), Efficiency House/Efficiency Building 40 in New Construction (EH/EG40) and Energy-efficient Refurbishment. The BEG development programs of the German Federal Office for Economic Affairs and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle, BAFA) remained unaffected and have been continued unchanged. The German government cited the sharp increase in the number of applications in January as the reason for stopping the programs, whose cumulative funding sum would have clearly exceeded the funds made available in each case. It was announced that a new program would be established for the promotion of new buildings constructed under the EH40 standard. Refurbishment funding was resumed on February 22, 2022; the conditions for granting funds for refurbishment measures remained unchanged. The government plans to present the major amendment to the federal program for energy-efficient buildings in summer 2022, with the entire program for energy-efficient construction and living to be restructured by 2023.

The current changes introduced by the German government do not directly affect GATEWAY and the risk is currently seen as unlikely, with a low financial impact.

3.2.2 COMPANY-SPECIFIC RISKS

Financing risk
In order to finance the acquisition of new plots of land and the realization of project developments, GATEWAY uses debt funding in a way that is usual in the industry and in a significant volume. The availability of borrowings and the terms at which such borrowings can be taken out depends to a large degree on the development of the capital market environment, in particular on the development of interest rate levels, but also on the situation in the banking sector and its regulatory requirements. In addition, risks might arise in connection with debt financing when arrangements agreed upon in financing contracts cannot be complied with. Against the background of the current coronavirus pandemic, it is also possible that, due to internal risk reassessments and adjustments to financing policies, banks and other financing partners may take longer than before to review and decide on financing requests. This could lead to a delay in the purchase of land or the completion of projects for which the relevant borrowed funds are to be used. In the event that the coronavirus pandemic leads to a longer-lasting recession with related negative effects on the economy as a whole and the financial sector in particular, defaults by banks or other financing partners would also be possible. Financing risks may have a very large impact on GATEWAY's financial position and performance and, in an extreme scenario, could have a very high financial impact. GATEWAY addresses these risks by continuing to diversify its instruments and sources of financing. The Management Board currently considers the probability of financing risks to occur to be unlikely and, taking into account the measures initiated by GATEWAY, does not see any significant financial impact.

Liquidity risk
If the Company cannot meet its payment obligations when due owing to a lack of liquidity, this could have a very high negative impact on the business activities and the economic situation of the Company. Monitoring liquidity development and liquidity management is therefore a major focus of the overall corporate management. Based on this continuous monitoring and controlling of the liquidity situation, the Management Board currently considers the occurrence of liquidity risks to be unlikely, taking into account mitigating measures, and classifies the financial impact as insignificant.

Tax risk
Tax risks may result from tax-relevant matters that are not taken into consideration or from the filing of incorrect tax documents, but they may also be the result of changes in tax legislation. This can lead to higher tax burdens for the Company and hence additional outflows of liquidity. In addition, changes in the tax framework for the Company or its potential customers may exacerbate the Company's operating activities or make them less viable in economic terms. In order to manage the corresponding risks, management regularly analyzes the current tax situation and possible scenarios for the short to medium-term development in coordination with the Company's tax advisors. The Management Board currently assesses the probability of tax risks to occur as unlikely; if they did occur, such risks could have a low financial impact on the Company.

Risks from disclosure requirements and the prohibition of insider trading
Due to the fact that GATEWAY is listed on the stock exchange, the Company is subject to increased disclosure requirements and the rules on the prohibition of insider trading. The violation of disclosure requirements and bans on insider trading may result in major sanctions imposed by regulatory authorities. The Management Board currently assesses the probability of such risks to occur as possible; if they did occur, such risks could have, after countermeasures are taken into account, a low financial impact on the Company.

Legislation risk
GATEWAY's business activities are influenced by changes in the legal framework and applicable laws and regulations. This concerns, in particular, building law and building planning law, but also legal regulations for other more or less closely related areas such as fire protection or environmental protection. Changes in the legal framework in these areas may result in higher expenses or lower income for GATEWAY. In this case, the Management Board expects a low impact on the financial situation of the Company, but the probability of occurrence is currently assessed as possible.

Some of the projects developed by GATEWAY also comprise the redevelopment of listed buildings. The high restructuring costs associated with a listed building (as compared to the costs for an unlisted building) are offset by tax benefits. The Management Board does not see any notable risks.

A specific legislation risk existed in Berlin until March 2021, where following a broad public debate on affordable housing and rising rents, the Berlin senate adopted the Berlin Rental Act (Berliner Mietengesetz) initiated by the ruling coalition of Social Democrats, The Left Party and The Greens; the Rental Act introduces a rental cap and a prohibition of rent increases for a period of five years. Based on a ruling dated March 25, 2021, by the Federal Constitutional Court, the Berlin rental cap violates the constitution. Since then, there are efforts to enforce the rental cap on a nationwide level, after failing to be approved on state level. The coalition agreement of the new German government includes regulations on rent control, which, however, are much less strict than the Berlin rental cap, so that the Management Board believes that the development mentioned above represents a possible risk for its business activities, but does not expect any significant financial effects.

Human resources risk
The economic success of GATEWAY largely depends on the availability of a sufficient number of appropriately qualified specialists and executives. To that extent, there is the risk that corporate goals cannot be achieved when employees are off sick for a longer time or leave the Company or that young professionals cannot be acquired to a sufficient extent so that existing vacancies cannot be filled. The spread and the consequences of the novel coronavirus (SARS-CoV-2) have led many companies to restrict business trips even in Germany and recommend their employees to work from home to prevent a further spread of the virus. There have already been cases of proven illnesses of employees where domestic quarantine has been ordered over the staff of entire departments or even entire companies. GATEWAY would be well prepared for such an emergency. GATEWAY's employees have business mobile phones and laptops and the Company has set up a modern work infrastructure (e.g. video conferencing software), which allows a large part of the staff to work from home even at short notice. However, should a large number of employees be incapable of working due to sickness, this could also lead to delays in acquisition activities and in the realization of ongoing project developments. Against this background, the Management Board assumes an unlikely probability of occurrence and a low financial impact of potential human resources risks for the Company.

Litigation risk
There is the general risk that GATEWAY becomes involved in legal disputes within the scope of its business activities. In this context, the Company may incur additional expenses for legal advice, court costs, fines, or settlements.

As of the end of the reporting year, GATEWAY was not a party to any pending legal disputes.

Image risk
GATEWAY is faced with expectations and requirements of various stakeholder groups within the context of its business activities. In this context, the Group may be presented in a negative way in the media or the public which may do harm to its image and may have a negative influence on its business activities. The probability of occurrence of an image risk is currently assessed as unlikely; the potential financial impact is assessed as insignificant overall.

IT risk
As part of its business activities and the corporate management of GATEWAY, the use of IT systems and the processing of data play a central role. There is the risk that data may be corrupted or are lost due to application errors or external interventions and that IT systems cannot be used as intended. The potential damage of the risk before measures are taken is considered very high, but the occurrence of this risk is considered unlikely. By means of an annual IT audit, comparisons of planned and actual outcome are carried out and specific measures are derived, so that after measures have been taken it is expected that the amount of damage would be insignificant.

3.2.3 OVERALL ASSESSMENT OF THE RISK SITUATION
The Management Board of GATEWAY has not identified any material influences arising from the above-mentioned risks (either individually or in their entirety) that may be a threat to the Company's continued existence or its business activities, and in view of the coronavirus pandemic and its impact which cannot yet be finally determined, the Management Board considers the risk situation as being unchanged from the previous fiscal year. The fundamental assessment of the developments in GATEWAY's focus cities regarding population development, excess demand and interest rate development has not changed, however, the extent and the effects of the coronavirus pandemic on the business development still cannot be conclusively assessed. The current economic and social situation is characterized by considerable uncertainty, which makes a reliable forecast impossible. The duration of the pandemic and the expected effects of a possible economic crisis are too uncertain. As a result of the insights gained from the coronavirus pandemic, the Company intends to focus increasingly on the development of residential real estate only in future. After the reporting date of December 31, 2020, the strategic development toward residential properties was further accelerated at GATEWAY. On February 3, 2021, an ad hoc release was published in which the Company announced that it had entered into a share purchase agreement to sell all the shares of Development Partner AG as well as its shares in three additional project companies. As part of this ad hoc release, GATEWAY also announced that it would discontinue its activities in the Commercial Property Development segment and would be focusing in future on the Residential Property Development segment. However, as the necessary shareholder approval could not be obtained, three development projects for commercial properties in Berlin remain in GATEWAY's ownership and will be sold over time.

3.2.4 REPORT ON OPPORTUNITIES
GATEWAY is one of the developers of residential properties in Germany with activities spread throughout the country and will in future focus its business activities across Germany on the Top 9 locations and high-growth regions. The regional presence in various locations within Germany presents the opportunity to react to changes in demand at specific locations with more flexibility than would be possible if there was a stronger regional concentration. The strong dynamic of sociodemographic and economic growth in Germany's Top 9 cities offers the opportunity for a further increase in demand for the property types developed by Gateway in these cities. The residential markets in GATEWAY's focus cities (A cities plus Augsburg, Dresden, Leipzig, Mannheim and Chemnitz) showed a positive development in 2021 in terms of quoted rents and vacancy rates. In terms of employment growth, the A cities are also developing well above the national average (more details in the chapter on the market environment/macroeconomic situation). When acquiring new properties and marketing its project developments, the Company benefits from the opportunities arising from good market access, which is based on the extensive network, market knowledge and many years of experience of its management and specialist and executive staff. This also applies to the market-driven design and implementation of the individual projects and their tailoring to the supply and demand situation in the respective local markets. In the financing area, there are additional op-

portunities resulting from the low-interest environment that is set to continue and that raises the expectation of continued very favorable debt financing options. As an exchange-listed company, GATEWAY may benefit from opportunities for equity and/or debt financing via the capital market. In particular, by further strengthening the equity base by means of capital increases, a better credit rating can be achieved compared to companies that do not have this option due to a lack of a stock market listing. This, in turn, facilitates access to debt financing or allows it to be raised on more favorable terms. The effects of the coronavirus pandemic on the economy – including crises and recessions – also offer new opportunities for the GATEWAY in the procurement market in terms of property and land acquisition. Financial difficulties of other companies may open up opportunities to acquire properties in particularly attractive locations or subject to particularly favorable terms. In addition, the macroeconomic development, which is dominated by the pandemic, may result in a subdued increase of the purchase prices in certain local real estate markets or segments of real estate markets or in flat or even falling price levels. This would also offer the opportunity to acquire properties at prices that are lower than originally assumed.

4. REPORT ON EXPECTED DEVELOPMENTS

4.1 TARGET ACGIEVEMENT 2021

In the management report 2020, the Management Board expected earnings before taxes (EBT) for the year 2021 to be in the mid two-digit million range. According to the Management Board, earnings before taxes (EBT) primarily depend on distributions being made from material subsidiaries.

For the fiscal year 2021, the Company recorded negative earnings before taxes (EBT) in the amount of €–5.8 million and thus did not fulfill the forecast.

The distributions from material subsidiaries expected in the previous year could be realized only in the amount of €1.0 million in the year under review. Moreover, due to an expected permanent impairment of financial assets in the amount of €1.9 million and receivables from affiliated companies in the amount of €4.0 million, valuation allowances had to be recognized in profit or loss.

4.2 ECONOMIC ENVIRONMENT 2022

4.2.1 MARKET ENVIRONMENT/ MACROECONOMIC SITUATION

In 2021, the German economy slowly recovered from the recession in the previous year. After 10 years of growth, Germany's gross domestic product (GDP), adjusted for price, seasonal and calendar effects, declined by 4.9% in 2020 due to the pandemic, according to the Federal Statistical Office (Destatis), but returned to growth in the reporting year (plus 2.8%).

In January 2022, the economic barometer published by the German Institute for Economic Research (DIW Berlin) dropped slightly. The index level had already fallen earlier, in the period from the third to the fourth quarter of 2021, from 106.7 to 100.9 points. For the first quarter of 2022, the index decreased slightly to 99.5 points. The main reason for this is the Omicron variant of the coronavirus, which is spreading rapidly. In order to contain this variant, retail, foodservice and cultural businesses in particular were subject to considerable restrictions. At the same time, the bottlenecks concerning the supply of materials in the industry seem to be slowly easing. In the automotive industry, which is particularly affected by procurement problems for individual components, production is picking up again.

The Omicron wave seems to have peaked in mid-February 2022. Due to the progress made in vaccination and, as experience has shown, due to the milder weather in spring, a further decline in the number of infections is expected. As early as February, the German federal government had resolved far-reaching easing measures for contact-intensive service providers to be implemented until March. According to DIW Berlin, these measures should have a benign effect on economic recovery. The Federal Statistical Office forecasts economic growth in 2022 to amount to 4.6%. Factors causing uncertainty are several geopolitical tensions with possible global political and economic effects. These include, for example, the Ukraine conflict between Russia and NATO, the overlapping territorial claims in the South China Sea, and the tense relations between China and the USA concerning Taiwan, among others. The impact of the war in Ukraine on the real estate industry cannot yet be assessed, but the increase in the number of refugees will probably increase the demand for housing. On the other hand, supply chains will be subject to further challenges, and rising commodity prices will continue to drive inflation. Based on current knowledge, the Management Board expects that this situation will not have any negative effects on the Company's operating activities and its business model.

In its 2022 winter forecast, the European Commission projects that the EU economy will grow by 4.0% in 2022 and 2.8% in 2023, after 5.3% in 2021. Growth is projected to be slightly lower in the euro area (4.0% in 2022 and 2.3% in 2023). With EU GDP having reached pre-pandemic levels already in the third quarter of 2021, the European Commission expects all Member States to have achieved this milestone by the end of 2022. Due to the sharp rise in energy prices at the beginning of 2022, the inflation forecast was raised. According to the International Monetary Fund (IMF), global economic growth is expected to have reached 5.9% in 2021. For 2022, the IMF expects growth to slow down to 4.4%.

Inflation reached a record high of 4.6% in the euro area in the fourth quarter of 2021, driven by high energy prices. According to the European Commission's projections, a new peak of 4.8% could be reached in the first quarter of 2022, while this figure could hover above 3% by the third quarter. The European Commission expects easing and a decline in inflation to 2.1% to occur not until the fourth quarter. In 2023, inflation could fall below the European Central Bank's long-term target of 2%. Average annual inflation in 2021 was 2.6% in the euro area and 2.9% in the EU. In 2022, the rate is expected to rise to 3.5% in the euro area and to 3.9% in the EU, before declining to 1.7% and 1.9%, respectively, in 2023. Similar to the EU, the leading economic institutes also expect inflation in Germany to fall to 2.5% and 1.7% in 2022 and 2023, respectively, within the framework of a joint study.

On January 24, 2022, the German federal government stopped approving applications under its program to support the construction of energy-efficient buildings (Bundesförderung für effiziente Gebäude, BEG), granted via the German state development bank KfW, with immediate effect. The three KfW programs affected were Efficiency House/Efficiency Building 55 in New Construction (EH/EG55), Efficiency House/Efficiency Building 40 in New Construction (EH/EG40) and Energy-efficient Refurbishment. The BEG development programs of the German Federal Office for Economic Affairs and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle, BAFA) remained unaffected and have been continued unchanged. The German government cited the sharp increase in the number of applications in January as the reason for stopping the programs, whose cumulative funding sum would have clearly exceeded the funds made available in each case.

The expiry date for the EH55 New Construction funding scheduled for January 31, 2022 was thus moved up in time. A continuation or an equivalent follow-up program is not planned because, on the one hand, the EH55 criteria have meanwhile become established as a sector-wide standard in the opinion of the German government and, on the other hand, the criteria have to be established as a statutory minimum standard.

It was announced that a new program would be established for the promotion of new buildings constructed under the EH40 standard. Refurbishment funding was resumed on February 22, 2022; the conditions for granting funds for refurbishment measures remained unchanged.

The German government decided to have KfW review all of the approximately 24,000 legacy applications received by the cut-off date of January 24, 2022 in accordance with the previous program criteria and to approve those eligible for funding. New funds for BEG of around €9.5 billion were made available for this purpose.

The government plans to present the major amendment to the federal program for energy-efficient buildings in summer 2022, with the entire program for energy-efficient construction and living to be restructured by 2023.

In the coalition agreement, the German government has defined the goal of building 400,000 new flats every year, of which 100,000 are classified as social housing projects. The implementation is set to start in spring 2022 within the context of an "Affordable Housing Alliance". As in the previous years, funds amounting to €1 billion per year are available for social housing projects. A corresponding administrative agreement with the state governments is currently being drafted. The German government wants to make available another €1 billion to the federal states in 2022 to create climate-friendly social housing. Furthermore, the coalition agreement provides for the introduction of a new housing community benefit.

In addition, the straight-line depreciation for privately financed new rental housing is planned to be increased from 2% to 3%. Serial construction and digitization in planning, for example through digital building applications, should contribute to cost reductions in new housing construction. The planned Building Land Mobilization Act is intended to grant municipalities a pre-emptive right to building land and to remove a time limit from a corresponding legal regulation.

On February 24, 2022, the Russian Federation expanded its military conflict with the Ukraine that now goes beyond eastern Ukraine. In the process, the Russian Federation attacked the entire territory of Ukraine. As a result, the member states of the European Union and other countries, including the United States, imposed broad-based sanctions against Russian organizations and individuals. The economic sanctions affect the financial sector and the energy sector, among others. The capital markets and stock exchanges around the globe responded shortly after the start of Russia's attack; the U.S. S&P 500, the European EuroStoxx 50 and the German DAX initially declined. It is unclear how the geopolitical crisis will unfold in future. The impact of the crisis on growth in Germany and in particular on energy prices is subject to significant uncertainties.

4.2.2 SOCIODEMOGRAPHIC DEVELOPMENT

In July 2019, the German Federal Statistical Office issued a forecast as regards the population development in Germany which presents three different scenarios. With respect to the projection of the population figure, scenario 1 assumes a moderate development of the birth rate and the life expectancy and a low net immigration. According to this scenario, Germany's population would decrease by around 8.8 million people to approximately 74.4 million by the year 2060. Scenario 2 assumes a moderate development of birth rate, net immigration and life expectancy. This would result in a lower decrease of the population to just under 78.2 million people by the year 2060. Scenario 3 assumes a moderate development of birth rate and life expectancy and a high net immigration. After moderate growth, Germany's population would remain unchanged at around 83 million people in the year 2060.

After the population in Germany had already stopped rising in 2020 for the first time since 2011, 83.2 million people lived in Germany at the end of 2021, according to a first estimate by the German Federal Statistical Office (Destatis). This was roughly the level reached at the end of 2020 and 2019. While the number of births increased, this was offset by an equally increasing number of deaths, with the number of deaths exceeding once again the number of births. However, this gap was offset by the increase in net immigration, after net immigration had declined in 2020. According to the medium forecast (scenario 2) of the Federal Statistical Office as a basis, the population is expected to rise to around 83.3 million by 2030, representing an increase of around 100,000 people or around 0.1% compared to the end of 2021.

In this context, above-average population growth continues to be assumed in cities. Based on the figures in the year 2020, Berlin's population is expected to increase by 4.1% by 2030, while growth in Leipzig is even estimated at 6.4% in the same period. However, the projections for 2030 were made before 2020, and thus prior to the coronavirus pandemic.

According to the forecast of the Federal Statistical Office dated September 30, 2021, as regards changes in age groups, the aging of the population is continuing at a rapid pace. Accordingly, the share of people over the age of 67 is expected to increase to 22% by 2035, and the number of retired people is likely to grow from 16 million in 2020 to 20 million in 2035.

Despite largely stable population figures, the number of private households will rise from 41.4 million in 2020 to 42.6 million in 2040, according to calculations by the Federal Statistical Office. The reasons for this increase include the decline in marriages and births, increasing partnerships with separate dwellings, the continued aging of the population combined with improving physical conditions of older people who are able to live in their own household for a longer time, and increasing requirements with respect to occupational mobility, which is driving the trend toward smaller households. According to the projections, single-person households will increase from 17.3 million to 19.3 million between 2020 and 2040, while two-person households will increase from 14.0 million to 14.1 million. Households with three or more persons will decline from 10.1 million to 9.2 million.

4.2.3 DEVELOPMENT OF REAL ESTATE MARKETS

In 2022, the activities on the German real estate markets will be dominated by the coronavirus pandemic. Despite the high number of infections, there seems to be some relief in the pandemic response. First easing measures have been implemented and the lifting of further restrictions has been announced. As a result, the medium- and long-term effects on the real estate markets will now resurface again more evidently.

Across all segments of the real estate markets, the issue of sustainability will have to be translated by the market participants into specific measures and the effects will have to be quantified precisely. The EU has defined a sustainability taxonomy for this purpose, encompassing the areas of environmental, social and corporate governance (ESG). The taxonomy is intended to help direct capital flows more strongly towards sustainable investments, and it facilitates the implementation of the European Green Deal that supports the EU on its way to become climate-neutral by 2050.

The real estate asset class also falls under the scope of these regulations. The more rigorous requirements can already be implemented during the project planning phase of new construction projects and have become the new standard in the meantime. Nevertheless, the rate of new construction is comparatively low, so it is not sufficient to implement the measures in new construction alone. In order to achieve the ESG targets in the entire building sector, extensive, mainly energy-efficient refurbishment activities of existing properties are absolutely necessary in Germany.

In its Germany Real Estate Market Outlook 2022, CBRE notes increasing requirements as regards ESG compliance of buildings, especially among institutional investors, listed companies and real estate financing banks. At the same time, users are also becoming increasingly aware and have growing requirements with respect to sustainable space. This increased demand leads to investment activities gaining momentum in the project segment, where forward deals have a growing market share.

CBRE expects the real estate markets in Germany to continue their recovery phase in line with the macroeconomic upturn. After 2021 was a record year thanks to large transactions, CBRE expects a transaction volume of €85 billion for 2022, which means that purchases and sales would be on the levels of the five preceding years. A higher volume would be possible on the part of investor demand, but there is a lack of corresponding products. CBRE believes that demand for German real estate from both national and international investors will remain high. Safe and sustainable investments are in demand, especially in the residential, office and logistics sectors.

Office market
According to CBRE, office properties, especially core and core-plus properties, remain the focus segment for institutional investors in the commercial properties market. To the extent that companies bring their employees back into the office based on hybrid workplace models and flexible working time solutions, among other things, the office markets will also recover. The limited supply of prime space is expected to lead to higher growth rates in prime rents in the medium term.

In anticipation of positive catch-up effects, CBRE expects a strong recovery of the letting market for office properties and rising demand for space in 2022. Although there are uncertainties regarding new variants of the coronavirus, many companies are in a position in terms of both organizational and technical structure in such a way that they can respond flexibly to changing requirements. The physical office will have its place in the future working environment despite the greatly increased importance of working from home and remote working. CBRE is optimistic that rent levels will tend to rise further for prime locations, the main reason being the small supply of space. In the central business districts of the office metropolitan cities, the vacancy rate is below 2% in some cases.

With hardly any supply reserves in the existing stock, new users will have to rely on new construction. The new, more flexible workplace models also sometimes need different, modern and efficient space, which is why project developers expect a high demand in office floor space in the next few years. CBRE expects around 7.0 million sqm of new or refurbished space to be launched onto the market by the end of 2024. Of this total space, 40% are currently already pre-let or absorbed by owner occupiers. In 2022 alone, 2.0 million sqm are expected to be launched onto the market, 56% of which will be pre-let.

Retail market
Retail properties with a focus on food also remain in the investors' focus, while yields are already declining again even for inner-city commercial properties in prime locations. CBRE expects yields to decline also for shopping centers in the second half of 2022.

The retail market, especially in the fashion, textiles, footwear and electric devices segments, had been already under pressure before the pandemic, largely due to the increase in online retailing. The measures taken to contain the coronavirus pandemic have accelerated this development. Nevertheless, in CBRE's view, there are also developments that could have a positive impact on stationary retail in city centers. Accordingly, the savings ratio in Germany remains on a high level of around 15%, while at the same time, the wealth of the Germans rose to almost €7.7 trillion. Due to government support measures such as bridging assistance, short-time working allowance and the economic stabilization fund, the number of insolvencies in the fashion and textile retail sector fell in 2021 compared to the previous year. The fact that the Federal Court of Justice, in a landmark decision, ruled that retailers that had to close their shops during the pandemic may be entitled to an adjustment of the rent should also have a stabilizing effect on the demand for space.

While some segments in the retail sector have suffered significantly from the impact of the pandemic, the premium and luxury segments have been less affected by the cautious behavior of customers, according to CBRE's findings. In some areas of this segment, customers even tended to purchase higher-quality products. In the foodservice business, new concepts are being established, addressing the issue of significantly less space. In general, it is becoming increasingly clear in the retail sector that sales concepts offering a mix of channels for customer access are successful. On the one hand, the development showed that online sales declined when the brick-and-mortar shops reopened, while the city center shops, on the other hand, evidently strengthen brand building and thus support online sales to a considerable degree.

Residential real estate market
In the year under review, the residential segment was characterized by major consolidations, which is not expected to a similar extent in 2022. CBRE expects demand for residential properties in the institutional segment to remain high due to stable yields. For 2022, CBRE expects a transaction volume in the institutional housing sector of up to €30 billion. Given the large excess demand, prime yields in Germany's five largest cities are likely to fall moderately. Overall, the yield compression towards the two percent mark will continue.

New construction projects are attractive from an investor's point of view, with institutional investors becoming increasingly involved in the form of forward deals or ongoing project financing. International investors will also increasingly invest in German residential platforms in 2022, according to CBRE's predictions. With the restart of face-to-face lecturing at universities, the interest of international investors in the micro-housing and student housing segment in Germany, which has been picking up steam again since 2021, is likely to increase.

In the metropolitan areas, demand for rental space will rise due to the high rates of immigration. In order to slow down the increase in new contract rents, the new German government is primarily focusing on expanding the supply of residential space in metropolitan areas. To this end, the coalition agreement provides for the planned creation of 400,000 new residential units per year, a quarter of them in social housing. In addition, it is planned that the municipalities will be supported in identifying potential areas for residential construction. At the same time, it is expected that digitization and the strengthening of serial construction will enable housing to be created more cheaply than before. Urban development is intended to be intensified. In addition, the German government wants to support residential property companies through the reintroduction of their non-profit status as well as through investment subsidies and the increase of straight-line depreciation on new residential construction to 3%. Furthermore, the existing tenant protection in areas with a tight housing market is intended to be strengthened by extending the rental cap until 2029. CBRE expects that these measures will help to achieve the target volume of 400,000 housing units per year.

4.3 OUTLOOK FOR GATEWAY

The forecast for GATEWAY is based on internal corporate planning which takes into account the current business development, and potential opportunities and risks. In addition, the forecast also includes the material macroeconomic conditions and the economic factors relevant to property companies. The following statements have a very strong Group perspective.

The COVID-19 pandemic continues to dominate the current situation and business life. However, GATEWAY expects that the COVID-19-related negative effects will ease further during the remainder of the year 2022.

The Company continues to see opportunities arising on the procurement market as a result of the COVID-19 pandemic with respect to the acquisition of properties in particularly good locations or subject to particularly good terms. However, the Management Board of GATEWAY monitors the economic effects of the COVID-19 pandemic very closely and analyses the circumstances, risks and opportunities within the framework of the risk and opportunity management system.

The main drivers for business development are planned future sales in the context of forward sale transactions in the Residential Properties Development segment. As a result of planned additional purchases, GDV should rise by a low one-digit million euro amount compared to year-end 2021. Taking into account purchases made in the fiscal year 2021 and any additional acquisitions planned for the current fiscal year, the Management Board expects EBIT adjusted to amount to €125–140 million and consolidated earnings before taxes (EBT) of €70–85 million for the fiscal year 2022.

On Company level, the Management Board expects earnings before taxes (EBT) to be in the low two-digit million range. Earnings before taxes (EBT) primarily depends on the execution of distributions from material subsidiaries and on the outcome of sales activities.

5. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM RELATING TO THE GROUP ACCOUNTING PROCESS

The Group's risk management is managed by a central Finance Department on the basis of guidelines approved by the management. This Finance Department identifies, assesses and manages financial risks in close cooperation with the Group's operating units or departments, respectively.

The risk management system provides for a continuous assessment and analysis of all risks relevant for GATEWAY to be able to respond to any potentially harmful risks in a timely and appropriate manner – this also includes the observation and evaluation of defined opportunities. As part of the Group risk management system, GATEWAY has set up an internal control system (ICS) regarding proper and legally compliant accounting, in which the accounting process is accompanied by defined control measures. GATEWAY's Management Board is responsible for the deployment and ongoing evaluation and development of the ICS. The Management Board thus bears overall responsibility for the design and implementation of the ICS, but at the same time has defined persons responsible for the process and control of its implementation in the Group, and clear roles have been assigned to all GATEWAY employees involved in the accounting process.

The accounting-related ICS was established with the aim of ensuring proper and legally compliant financial reporting in accordance with the financial reporting and compliance regulations applicable to the GATEWAY Group. In organizational terms, this is carried out for all Group divisions and companies included in the consolidated financial statements by the Group parent company, Gateway Real Estate AG. Individual accounts from the consolidated companies are reviewed by various employees of the Group parent company and included in Group financial reporting. The principle of separation of functions and the dual control principle are considered in all steps in this process.

After the financial statements have been prepared, the annual and consolidated financial statements together with the management report are submitted to the Audit Committee of the Supervisory Board. The Audit Committee is also continuously involved in the further development of the accounting-related ICS and the risk management system.

6. RISK REPORTING RELATING TO THE USE OF FINANCIAL INSTRUMENTS

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The Group's risk management is managed by a central Finance Department based on guidelines approved by the management. This Finance Department identifies, assesses and manages financial risks in close cooperation with the operating units or departments, respectively. The management issues written guidelines for overall risk management and for certain areas such as interest rate risks, default risks and liquidity management.

Financial risk management involves the management and limitation of financial risks arising from operating activities. It involves continuous, rolling liquidity controlling that is particularly focused on the avoidance of significant receivables defaults and assuring the financing needs of ongoing operations.

To limit the receivables default risk, ownership of sold properties is generally transferred to the buyer only after payment of the purchase price. Interest rate risks are not significant due to the predominantly short-term nature of borrowings.

We refer to our comments in Chapter 3 "Report on risks and opportunities" and Chapter 4 "Report on expected developments" as regards our assessment of the risks related to the coronavirus pandemic.

CAPITAL MANAGEMENT

The Group regularly reviews its capital structure in connection with the preparation of its annual and interim financial statements. Likewise, short- and medium-term capital requirements are managed through liquidity planning, at least monthly and on a rolling basis.

INTEREST RATE RISK

Risks arising from interest rate changes fundamentally exist for GATEWAY in connection with taking out loans to finance the purchase of properties. A fixed interest rate for the future loan obligations was agreed upon in the majority of the loan contracts. Interest hedges to reduce the risk of interest rate changes have not yet been concluded to date.

DEFAULT RISK MANAGEMENT
Default risk is the risk of a loss for the Group if a contracting party does not fulfill its contractual obligations. The Group only enters into business relationships with creditworthy contracting parties and obtains collateral when appropriate to mitigate the risks of a loss from the non-fulfillment of obligations. The Group uses available financial information and its own commercial records to assess its customers. The Group's risk exposure is continuously monitored. Particular default risks that normally arise in significant receivables from sales of real estate and equity investments and in brokerage commissions owed by institutional investors are treated separately.

Trade receivables are owed by a large number of customers in different German federal states. They are usually individuals or business people who have rented the Company's real estate.

After an appropriate determination is made, trade receivables are derecognized when they are no longer recoverable. This is the case, for example, where the debtor fails to commit to a repayment plan with the Group.

OTHER FINANCIAL ASSETS
Other financial assets primarily consist of the disposals of shares in the year under review and the associated receivables under vendor notes. Material payments were already agreed in the fiscal year under review.

Other financial assets arisen in preceding years were derecognized in the previous fiscal year as a result of expected permanent impairment. We refer to Note 3.6.

Changes in the credit risk of loan receivables from third parties outside the Group are generally monitored and managed individually.

CASH AND CASH EQUIVALENTS
The cash and cash equivalents are deposited in banks and financial institutions. The Company assumes that its cash and cash equivalents have a low risk of default due to the external ratings of the banks and financial institutions.

LIQUIDITY RISK
The responsibility for liquidity risk management lies with the Management Board, which has developed an appropriate concept for meeting short-term, medium-term and long-term financing and liquidity requirements. The Group manages liquidity risks by maintaining appropriate reserves and credit facilities with banks and by continuously monitoring projected and actual cash flows and harmonizing the maturity profiles of financial assets and liabilities.

FINANCING RISK
GATEWAY relies on the granting of bank loans, bonds, or loans from affiliated companies to finance acquisitions of companies and properties as well as its ongoing operations.

Particularly within the scope of real estate financing, it is also necessary to renew or refinance expiring loans, some of which are granted only on a short-term basis and must be regularly renewed. In all cases, there is a risk that a renewal is not possible or not at the same or at different terms.

The market risk for the bank loans is relatively low since the existing loans are for the most part at a fixed interest rate or short-term.

7. DISCLOSURES AND EXPLANATIONS RELEVANT TO TAKEOVERS

The following disclosures pursuant to Sections 289a and 315a of the German Commercial Code (Handelsgesetzbuch; HGB) reflect the situation as it existed on the reporting date. The following explanation of these disclosures also complies with the requirements of an explanatory report pursuant to Section 176 (1) sent. 1 of the German Stock Corporation Act (Aktiengesetz; AktG).

COMPOSITION OF SUBSCRIBED CAPITAL

The subscribed capital (share capital) of Gateway Real Estate AG amounted to €186,764,040.00 as of December 31, 2021. It is divided into 186,764,040 no-par value bearer shares. The share capital has been fully paid up. The same rights and obligations are attached to all shares of the Company. Each share confers one vote and the same share in the profit. The rights and obligations arising from the shares are based on the applicable statutory provisions. As of December 31, 2021, the Company held no treasury shares.

DIRECT AND INDIRECT SHAREHOLDINGS IN THE CAPITAL EXCEEDING 10% OF THE VOTING RIGHTS

According to the most recent voting rights notification, Mr. Norbert Ketterer, Switzerland, holds a total of 66.24% of the voting rights of the Company.

According to the most recent voting rights notification, Mrs. Sandra Ketterer, Switzerland, holds 12.41% of the voting rights of the Company.

According to the most recent voting rights notification, Mr. Yannick Patrick Heller, Switzerland, holds a total of 10.31% of the voting rights of the Company.

It should be noted that the last reported number of voting rights may have changed in the meantime within the respective thresholds without any obligation to notify the Company.

SHARES GRANTING SPECIAL RIGHTS THAT CONFER CONTROLLING POWERS

There are no shares granting special rights that confer controlling powers.

NATURE OF CONTROL OF VOTING RIGHTS WHERE EMPLOYEES HOLD AN INTEREST IN THE CAPITAL AND DO NOT DIRECTLY EXERCISE THEIR CONTROL RIGHTS

There are no employee shareholdings in the Company's capital where the employees do not directly exercise their control rights themselves.

STATUTORY PROVISIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION ON THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and dismissal of members of the Management Board are governed by Sections 84 and 85 AktG and Section 7 of the Articles of Association. Pursuant to Section 7 (1) of the Articles of Association, the Management Board consists of at least one member. The Articles of Association do not contain any special provisions for the appointment and dismissal of individual or all members of the Management Board. The appointment and dismissal are the responsibility of the Supervisory Board. The latter appoints members of the Management Board for a maximum term of five years. Reappointments or a prolongation of the term of office are permissible, in each case, for a maximum of five years, subject to the provision in Section 84 (1) sent. 3 AktG.

Amendments to the Articles of Association are made in accordance with Sections 119 (1) no. 6, 179, 133 AktG and Sections 12 (2) and 16 (4) of the Articles of Association. The Articles of Association do not stipulate any further requirements for amendments to the Articles of Association. Unless stipulated otherwise by mandatory law, the resolutions of the General Meeting are adopted by simple majority of the votes cast and, if in addition to a majority of votes a majority of capital is required by statutory law, by a simple majority of the share capital represented for the adoption of the resolution. The Supervisory Board is authorized to make amendments to the Articles of Association which only concern their wording.

POWERS OF THE MANAGEMENT BOARD TO ISSUE SHARES

The powers of the Company's Management Board to issue shares are all based on corresponding authorization resolutions of the General Meeting, the material content of which is described below:

AUTHORIZED CAPITAL

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company until August 21, 2023, once or several times, by up to a maximum total amount of €67,914,196.00 through the issue of up to 67,914,196 new no-par value bearer shares of the Company against contributions in cash and/or in kind (Authorized Capital 2018/i). The new shares must generally be offered to the shareholders for subscription; they may also be subscribed by one or more credit institution(s) or one or more equivalent institutions with the obligation to offer them to the shareholders for subscription (indirect subscription right). However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right in the following cases:

(aa) to the extent this is necessary to compensate for fractional amounts;

(bb) if the capital increase is made against cash contributions and the total pro-rata amount of the share capital represented by the new shares for which subscription rights are excluded does not exceed 10% of the share capital existing at the time this authorization becomes effective or is exercised and the issue price is not significantly lower, within the meaning of Sections 203 (1) and (2), 186 (3) sent. 4 AktG, than the stock market price of the shares of the same class and features already listed at the time the issue price is finally determined. This limit of 10% of the share capital is to be reduced by such portion of the share capital attributable to shares which during the term of this authorization are issued or disposed of subject to an exclusion of subscription rights in application, directly, accordingly or mutatis mutandis, of Section 186 (3) sent. 4 AktG. The limit of 10% of the share capital is also to be reduced by the pro-rata amount of the share capital attributable to shares issued to satisfy bonds with conversion or option rights or to fulfill conversion or option obligations arising from convertible and/or bonds with warrants issued during the term of this authorization subject to an exclusion of the shareholders' subscription rights in accordance with Sections 221 (4) sent. 2, 186 (3) sent. 4 AktG;

(cc) in the case of capital increases against contributions in kind, to grant shares for the purpose of acquiring real estate, real estate portfolios, companies, parts of companies or equity interests in companies, as well as to acquire other assets, including receivables.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the content of the respective rights conferred by the shares, the other conditions of the share issue and the further details of the implementation of capital increases from the Authorized Capital 2018/i.

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company until August 20, 2024, once or several times, by up to a maximum total amount of €25,467,824.00 through the issue of up to 25,467,824 new no-par value bearer shares of the Company against contributions in cash and/or in kind (Authorized Capital 2019/i). The new shares must generally be offered to the shareholders for subscription; they may also be subscribed by one or more credit institution(s) or one or more equivalent institutions with the obligation to offer them to the shareholders for subscription (indirect subscription right). However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right in the following cases:

aa) to the extent this is necessary to compensate for fractional amounts;

bb) if the capital increase is made against cash contributions and the total pro-rata amount of the share capital represented by the new shares for which subscription rights are excluded does not exceed 10% of the share capital existing at the time this authorization becomes effective or is exercised and the issue price is not significantly lower, within the meaning of Sections 203 (1) and (2), 186 (3) sent. 4 AktG, than the stock market price of the shares of the same class and features already listed at the time the issue price is finally determined. This limit of 10% of the share capital is to be reduced by such portion of the share capital attributable to shares which during the term of this authorization are issued or disposed of subject to an exclusion of subscription rights in application, directly, accordingly or mutatis mutandis, of Section 186 (3) sent. 4 AktG. The limit of 10% of the share capital is also to be reduced by the pro-rata amount of the share capital attributable to shares issued to satisfy bonds with conversion or option rights or to fulfill conversion or option obligations arising from convertible and/or bonds with warrants issued during the term of this authorization subject to an exclusion of the shareholders' subscription rights in accordance with Sections 221 (4) sent. 2, 186 (3) sent. 4 AktG;

cc) in the case of capital increases against contributions in kind, to grant shares for the purpose of acquiring real estate, real estate portfolios, companies, parts of companies or equity interests in companies, as well as to acquire other assets, including receivables;

dd) to the extent necessary to grant shares to the holders of bonds with warrants or convertible bonds of the Company or a Group company in the event of an offer directed to all shareholders or in the event of a capital increase with subscription rights to the extent that such holders would be entitled to a subscription right to shares of the Company after exercising the option or conversion right or fulfillment of the corresponding obligation.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the content of the respective rights conferred by the shares, the other conditions of the share issue and the further details of the implementation of capital increases from the Authorized Capital 2019/i.

Conditional capital
The share capital is conditionally increased by up to €93,382,020.00 through the issue of up to 93,382,020 new no-par value bearer shares with a proportionate amount of the share capital of €1.00 each (Conditional Capital 2019/i). The conditional capital increase serves to grant no-par value bearer shares to the holders or creditors of convertible bonds, bonds with warrants and/or participating bonds and/or profit participation rights (or combinations of these instruments) issued by the Company or its direct or indirect German or foreign majority holdings on the basis of the authorization resolved by the General Meeting on August 21, 2019 under Item 8 of the agenda and granting conversion or option rights for the subscription of no-par value bearer shares of the Company or stipulating a conversion obligation. The new no-par value bearer shares from Contingent Capital 2019/i may only be issued at a conversion or option price which complies with the requirements of the authorization resolved by the General Meeting on August 21, 2019 under Item 8 of the agenda. The conditional capital increase is to be implemented only to the extent that option or conversion rights are exercised, that bond holders or creditors obliged to conversion fulfill their conversion obligation and that offers of shares are made due to replacement rights of the Company, and only to the extent that treasury shares or new shares from the use of an authorized capital are not used to satisfy such claims. The new no-par value bearer shares are entitled to profit participation starting from the beginning of the fiscal year in which they come into existence by virtue of the exercising of option or conversion rights or the fulfillment of conversion obligations or the exercising of sell-out rights. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

AUTHORIZATION TO ACQUIRE TREASURY SHARES

The Management Board is currently not authorized to acquire the Company's treasury shares on its behalf.

CHANGE-OF-CONTROL CLAUSES AND COMPENSATION AGREEMENTS IN CASE OF A TAKEOVER BID

Effective January 1, 2021, Tobias Meibom's agreement of employment as a Management Board member includes a change-of-control provision in case that one person (or more persons acting in concert) for the first time holds more than 50% of the shares of the Company, with (i) mere attributions due to acting in concert on the part of Mr. Norbert Ketterer and/or his relatives within the meaning of Section 15 of the German Tax Code (Abgabenordnung; AO) and/or companies related to them toward each other and/or with third parties as well as (ii) transfers between Mr. Norbert Ketterer and/or relatives within the meaning of Section 15 AO and/or companies related to them toward each other not being taken into consideration ("change of control"). In case of a change of control, Mr. Meibom may terminate the agreement of employment giving three months' notice to the end of the month and may resign from his office as Management Board member as of the corresponding date. In case Mr. Meibom exercises his termination option, he is entitled, subject to the limitation set out in the following sentence, to a severance payment in the amount of the remuneration entitlements for the original remaining term of the agreement of employment. The severance payment may not exceed the value of twice the annual remuneration. The severance is due within 14 days after the termination of the employment relationship and has to be paid on an account to be specified by Mr. Meibom.

GATEWAY's material financing agreements include the customary provisions applicable in the case of change of control regarding the borrower and/or the property to be financed.

Other than this, there are no material agreements with third parties or Group companies as of the reporting date that take effect, change or end in the event of a takeover bid.

8. CLOSING STATEMENT REGARDING THE DEPENDENT COMPANY REPORT PURSUANT TO SECTION 312 AKTG

We herewith declare in accordance with Section 312 (3) AktG that our Company has received an appropriate compensation as regards the legal transactions set out in the abovementioned report about relationships with affiliated companies, based on the circumstances of which we were aware at the point in time at which such legal transactions were entered into. There were no measures taken or refrained from upon the initiation or in the interest of SN Beteiligungen Holding AG and Norbert Ketterer and enterprises affiliated with them."

Frankfurt am Main, March 29, 2022

Gateway Real Estate AG
The Management Board

Tobias Meibom   Stefan Witjes

REMUNERATION REPORT

In accordance with Section 162 AktG, the Management Board and the Supervisory Board of the listed company together prepare a clear and understandable report about the remuneration granted and owed to each current or former member of the Management Board and the Supervisory Board of the Company and of companies of the same group in the last fiscal year.

Pursuant to Section 87a AktG, the Supervisory Board of the listed company also adopts a clear and understandable system for the remuneration of the Management Board members. Based on the previous remuneration system for the members of the Management Board, the Supervisory Board resolved a remuneration system pursuant to Section 87a AktG on July 7, 2021, and submitted its proposal for approval by the Annual General Meeting on August 25, 2021. The Annual General Meeting approved the remuneration system for the members of the Management Board with an approval rate of 98.85 percent. The Annual General Meeting 2021 also confirmed the remuneration for the Supervisory Board members and the underlying remuneration system with an approval rate of 99.99 percent.

The current remuneration system for Management Board members applies to all service contracts with members of the Company's Management Board that are newly entered into, amended or renewed as from August 25, 2021. The currently applicable contracts for Management Board members therefore do not fall under the scope of the newly approved system, although being largely in line with it.

THE NEW REMUNERATION SYSTEM OF THE MANAGEMENT BOARD

The criteria for the adequacy of Management Board remuneration comprise the responsibilities of the individual Management Board member, his or her individual performance, the Company's financial situation, success and future prospects, as well as the usual levels of remuneration taking into account its peer companies.

In terms of the suitable comparator group to assess the usual levels of the specific overall remuneration compared with other companies, the Supervisory Board relies on those companies that are listed in the same stock exchange segment (Prime Standard) as the Company and have a comparable EBT.

Fixed remuneration

Fixed annual remuneration

The fixed annual remuneration is a cash remuneration related to the fiscal year which is primarily based on the areas of responsibility of the respective Management Board member. The individually specified fixed remuneration is paid in twelve equal installments.

Other remuneration

a) Members of the Management Board receive a monthly allowance in the amount of half of the contributions paid to a reasonable health and nursing care insurance. The allowance is limited to half of the general contribution rate applicable for the statutory health and nursing care insurance.
b) Instead of benefits, the members of the Management Board receive monthly payments that are equal to the maximum amount due to be paid to the statutory pension insurance by an employer in line with the respective statutory income threshold for contribution assessment (employer's contribution).
c) Management Board members receive a monthly flat-rate allowance as compensation for business trips with their own car.

Recognition award

The Supervisory Board, based on its due discretion, may resolve an additional voluntary bonus (recognition award) for special achievements of the Management Board for the benefit of the Company and subject to a corresponding special economic success of the Company. An enforceable legal right to such recognition award only arises if the Supervisory Board has made a corresponding resolution in substance and amount.

When determining the recognition award, the Supervisory Board considers the extraordinary performance of the individual Management Board member, especially with regard to the Company's long-term sustainable success, the interests of shareholders and employees alike, the environmental and social responsibility as well as the compliance culture of the Company.

Determination of target total remuneration of the Management Board member

The annual target total remuneration for Management Board members solely consists of the respective fixed remuneration. The relative share of fixed remuneration in target total remuneration therefore is 100%.

A potential recognition award is not taken into account in the determination of the target total remuneration as the Management Board members are not entitled to the recognition award; it is only granted to honor extraordinary performance.

Determination of maximum remuneration

The maximum remuneration for the members of the Management Board is determined as follows:
Chairman of the Management Board:
€1,000,000.00 (in words: one million euro)

Other members of the Management Board:
€1,000,000.00 (in words: one million euro)

The maximum remuneration comprises any fixed remuneration components (including ancillary benefits) and any recognition award.

Reduction
A reduction of the Management Board's emoluments unilaterally by the Supervisory Board in accordance with the legal requirements set out in Section 87 (2) AktG in conjunction with Section 87 (1) AktG is permitted.

Remuneration-based legal transactions
Terms and termination of service contracts
Each of the service contracts of the Management Board members are entered into for the term of the appointment. Taking into account the requirements under German stock corporation law as defined in Section 84 AktG, the term of the appointment and the contract term must not exceed five years. In accordance with the requirements under stock corporation law, the service contracts of the Management Board members do not provide for an option for ordinary termination; the mutual right to terminate the service contract without notice for good cause remains unaffected.

Benefits in case of an early termination of the service contract
In case of a termination of the service contract during the year, the fixed remuneration is generally granted only on a pro rata basis. A severance payment may be agreed in the service contracts in case the contract is terminated early due to the revocation of the appointment or by way of a termination agreement. However, the amount of such a severance payment is limited to twice the fixed annual remuneration, but not more than the remuneration that would have been payable for the remaining term of this contract (severance payment cap). Any severance payments are charged against any compensation payments (Karenzentschädigung) granted in connection with non-compete clauses.

Commitments for benefits paid for early termination of the service contract by the member of the Management Board following a change of control have not been agreed upon.

Post-contractual non-compete clause
The service contracts of the Management Board members may include post-contractual non-compete clauses to the extent permitted by law. For the period of a post-contractual non-compete clause, a compensation payment (Karenzentschädigung) may be granted in the amount of 50% per annum of the contractual benefits last received by the Management Board member. Payment shall be made in monthly installments. The details have to be set out in the service contracts of the Management Board members.

Presentation of the procedure to determine, implement and review the remuneration system
The remuneration system is determined by the Supervisory Board in accordance with Section 87a (1) AktG. For this purpose, the Supervisory Board jointly designs the structure of the remuneration system and discusses its individual aspects to ultimately pass a corresponding resolution. In this context, the Supervisory Board may rely on external remuneration experts, ensuring their independence. The Supervisory Board may also consult external legal advisers.

The General Meeting resolves upon the remuneration system whenever there is a significant change in the remuneration system, but at least every four years. If the General Meeting does not approve the remuneration system, a revised remuneration system shall be submitted for resolution not later than at the following Ordinary General Meeting.

The remuneration system, as resolved by the Supervisory Board, is implemented by the Supervisory Board as a whole when the individual service contracts for the Management Board members are concluded. In addition, the Supervisory Board reviews the remuneration system on an ongoing basis, taking into account the following criteria: the future business strategy, the economic situation, the success of the Company, as well as the responsibilities of the individual members of the Management Board and their personal performance in the past. The situation in the relevant industry is also taken into account. If any adjustments are deemed necessary, the Supervisory Board will resolve upon any changes to the remuneration system. In the event of changes, the Supervisory Board submits the amended remuneration system to the next Ordinary General Meeting for approval.

No conflicts of interest have yet occurred among the individual Supervisory Board members in the context of decisions on the remuneration system for the Management Board. Should such a conflict of interest arise during the determination, implementation and review of the remuneration system, the Supervisory Board will address such conflicts in the same way as other conflicts of interest in relation to a Supervisory Board member, so that the Supervisory Board member in question will not participate in passing the resolution or, in the case of a more serious conflict of interest, will not take part in the deliberations. If a permanent conflict of interest arises or cannot be solved, the Supervisory Board member concerned shall resign from office. In this context, early disclosure of conflicts of interest ensures that the decisions of the Supervisory Board are not influenced by inappropriate considerations.

Temporary deviations from the remuneration system
Pursuant to Section 87a (2) sentence 2 AktG, the Supervisory Board may temporarily deviate from the remuneration system if this is necessary in the interest of the long-term well-being of the company. This includes, for example, the alignment of the remuneration system in the event of a significant change in corporate strategy in order to provide adequate incentives or in the event of broad-based changes in the economic situation (for example, due to pandemics or severe economic crises) that render the original performance criteria and/or key figures of the remuneration system obsolete, provided that the specific impact could not have been foreseen. It is

explicitly stated that generally unfavorable market developments do not constitute an exception that would allow for a deviation from the remuneration system to be implemented.

As far as the procedure is concerned, such a deviation requires an explicit resolution of the Supervisory Board in which the duration of the deviation as well as the deviation as such, as well as the reason for it (i.e. why the long-term well-being of the Company requires the deviation) are described in an appropriate form. The components of the remuneration system that may be subject to deviations in exceptional cases include the procedure, the regulations on the remuneration structure and amount as well as the individual remuneration components and in particular the performance criteria. As a matter of fact, the Supervisory Board may deviate both from the respective relative share of the individual remuneration components as well as their respective prerequisites, and it may also temporarily set the basic remuneration differently in individual cases if this is in the interest of the long-term well-being of the Company, provided, however, that the maximum remuneration set by the Annual General Meeting is not exceeded.

DISCLOSURE OF THE REMUNERATION ACTUALLY GRANTED AND OWED TO THE MANAGEMENT BOARD

The following overview shows the remuneration granted to the current members of the Management Board in the year under review (2021). The overview comprises all amounts actually paid to the individual Management Board members in the reporting year (2021). The remuneration granted corresponds to the remuneration actually owed.

—

Remuneration granted	Stefan Witjes, COO First appointment: 2021				Tobias Meibom, CFO First appointment: 2011			
in € thousand	2020	2021	2021 (min)	2021 (max)	2020	2021	2021 (min)	2021 (max)
Fixed remuneration		633	633	633	480	690	690	690
Fringe benefits		0			28	28	28	28
Total		633	633	633	508	718	718	718
Pension benefits		0			7	8	8	8
Total remuneration		633	633	633	515	726	726	726

SUPERVISORY BOARD REMUNERATION

The remuneration for the members of the Supervisory Board had already been resolved upon at the Company's Ordinary General Meeting on August 21, 2019, and was confirmed by the Annual General Meeting on August 25, 2021. Accordingly, each member of the Supervisory Board receives a fixed remuneration of €20,000.00 for each fiscal year. The Chairman of the Supervisory Board receives a fixed remuneration of €40,000.00 for each fiscal year and the Deputy Chairman receives a fixed remuneration of €30,000.00. This complies with the German Corporate Governance Code which recommends that the status as Chairman or Deputy Chairman of the Supervisory Board as well as Chair or memberships in the committees shall be taken into consideration in the determination of the remuneration for the Supervisory Board.

This is complemented by the reimbursement of expenses reasonably incurred in the exercise of their office, e.g. travel expenses actually incurred, as well as value added tax on the reimbursement of expenses. In addition, the members of the Supervisory Board shall be included in a D&O liability insurance policy at the Company's expense, to the extent that such an insurance policy exists.

Since the remuneration system does not include variable remuneration components, the disclosures pursuant to Section 87a (1) sentence 2 No. 4, 6, 7 AktG are not required. The remuneration of the Supervisory Board members is approved by the Annual General Meeting so that no contractual remuneration-based legal transactions within the meaning of Section 87a (1) sentence 2 No. 8 AktG are entered into.

The remuneration is payable on the day after the Annual General Meeting at which the members of the Supervisory Board are discharged. There are no other deferral periods for the payout of remuneration components.

The **remuneration** granted (i.e. owed) to the Supervisory Board members in 2021 **can be broken down as follows:**

—

Member of the Supervisory Board	Time period	Remuneration in 2021 in € thousand	Remuneration in 2020 in € thousand
Norbert Ketterer (Chairman of the Supervisory Board)	01/01/2021–12/31/2021	40	40
Thomas Kunze (Deputy Chairman of the Supervisory Board)	01/01/2021–12/31/2021	30	30
Ferdinand von Rom	01/01/2021–12/31/2021	20	20
Jan Hendrik Hedding	01/01/2021–12/31/2021	20	20
Leonhard Fischer	01/01/2021–12/31/2021	20	approx. 0.5 (pro rata)

This is a convenience translation of the text of the original German-language report. Solely the original text in German language is authoritative

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON EXAMINATION OF THE REMUNERATION REPORT PURSUANT TO SECTION 162 PARAGRAPH 3 AKTG

To Gateway Real Estate AG, Frankfurt am Main

OPINION

We have formally examined the remuneration report of Gateway Real Estate AG, Frankfurt am Main for the financial year from January 1, to December 31, 2021 to determine whether the disclosures pursuant to Section 162 paragraphs 1 and 2 AktG (German Stock Corporation Act) have been made in the remuneration report. In accordance with Section 162 paragraph 3 AktG, we have not examined the content of the remuneration report.

In our opinion, the information required by Section 162 paragraphs 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

BASIS FOR THE OPINION

We conducted our examination of the remuneration report in accordance with Section 162 paragraph 3 AktG taking into account the IDW (Institute of Auditors in Germany) assurance standard: The examination of the remuneration report pursuant to Section 162 paragraph 3 AktG (IDW AuS 870 [08.2021]). Our responsibilities under that regulation and that standard are further described in the "Auditor's responsibilities" section of our assurance report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements relating to quality control for audit firms (IDW QS 1). We have complied with the professional duties pursuant to the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer – BS WP/VBP], including the requirements for independence.

RESPONSIBILITY OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. They are also responsible for such internal controls as they have determined necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES

Our objective is to obtain reasonable assurance about whether the remuneration report complies, in all material respects, with the disclosure requirements pursuant to Section 162 paragraphs 1and 2 AktG and to issue an assurance report that includes our opinion.

We planned and performed our examination to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Section 162 paragraphs 1 and 2 AktG. In accordance with Section 162 paragraph 3 AktG, we have not examined whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

HANDLING POTENTIALLY MISLEADING PRESENTATIONS

In connection with our examination, our responsibility is to read the remuneration report, taking into account the findings of the audit of the annual financial statements and, in doing so, to remain alert for indications of misleading presentations in the remuneration report, to determine whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

If, based on the work that we have performed, we conclude that the remuneration report includes such misleading presentations, we are required to report that fact. We have nothing to report in this regard.

Nuremberg, March 29, 2022
Rödl & Partner GmbH

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Landgraf	Luce
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

ANNUAL FINANCIAL STATEMENTS FOR THE 2021 FISCAL YEAR

BALANCE SHEET OF GATEWAY REAL ESTATE AG

AS OF DECEMBER 31, 2021

ASSETS

in €	12/31/2021	12/31/2020
A. Fixed assets		
I. Intangible assets		
Purchased concessions, industrial rights and similar rights and assets, as well as licenses in such rights and assets	204,472.00	266,871.00
II. Tangible fixed assets		
1. Land and buildings, including buildings on third-party land	3,563,411.26	0.00
2. Other equipment, operating and office equipment	171,945.00	83,366.00
III. Long-term financial assets		
1. Shares in affiliated companies	75,491,869.80	100,016,223.50
2. Loans to affiliated companies	6,505,616.93	11,868,895.78
3. Equity investments	10,538.00	42,443.52
	85,947,852.99	**112,277,799.80**
B. Current assets		
I. Inventories		
Work in progress	479,717.46	0.00
II. Receivables and other assets		
1. Receivables from affiliated companies	254,606,055.12	326,808,787.23
2. Trade receivables	10,448.81	0.00
3. Receivables from other long-term investees and investors	0.00	1,291,944.36
4. Other assets	144,062,998.22	15,805,204.18
III. Cash on hand and bank balances	8,428,869.17	7,800,210.84
	407,588,088.78	**351,706,146.61**
C. Prepaid expenses	861,825.83	619,151.39
	494,397,767.60	**464,603,097.80**

EQUITY AND LIABILITIES

in €	12/31/2021	12/31/2020
A. Equity		
I. Subscribed capital	**186,764,040.00**	**186,764,040.00**
II. Reserves	**37,020,315.30**	**37,020,315.30**
III. Revenue reserves	**1,008,232.11**	**1,008,232.11**
IV. Net retained profit	**34,159,881.92**	**40,000,000.00**
	258,952,469.33	**264,792,587.41**
B. Provisions		
1. Tax provisions	123,438.00	47,863.00
2. Other provisions	1,418,773.15	1,506,233.76
	1,542,211.15	**1,554,096.76**
C. Liabilities		
1. Bonds	71,450,000.00	100,000,000.00
2. Liabilities to banks	44,840,443.56	42,400,000.00
3. Payments received on account of orders	526,939.89	0.00
4. Trade payables	613,989.25	539,369.25
5. Liabilities to affiliated companies	9,835,024.29	5,734,590.84
6. Other liabilities	106,625,011.32	49,509,866.51
thereof from taxes €91,877.52 (previous year: €64,981.76)		
	233,891,408.31	**198,183,826.60**
D. Deferred income	11,678.81	72,587.03
	494,397,767.60	**464,603,097.80**

INCOME STATEMENT OF GATEWAY REAL ESTATE AG

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2021

in €	2021	2020
1. Revenue	1,142,190.10	935,127.44
2. Other own work capitalized	0.00	120,000.00
3. Other operating income	1,869,726.09	231,862.75
4. Raw materials and consumables used		
a) Cost of purchased services	–733,524.65	–627,006.20
5. Employee benefits expense		
a) Wages and salaries	–4,431,991.03	–2,418,582.91
b) Social security contributions, pensions and other employee benefits	–268,592.59	–178,452.46
thereof for pensions €2,181.75 (previous year: €2,494.44)		
6. Amortization, depreciation and write-downs		
a) Amortization and depreciation	–122,261.16	–86,969.26
b) Write-downs of current assets to the extent that they exceed the write-downs that are usual for the corporation	–4,000,000.00	–1,718,258.90
7. Other operating expenses	–3,862,721.75	–4,592,172.39
8. Income from equity investments	950,000.00	17,115,844.08
9. Income from profit transfer agreements	0.00	6,592,211.21
10. Income from other securities and long-term loans	36.82	46.02
11. Other interest and similar income	16,715,755.06	11,232,158.05
thereof from affiliated companies €11,352,783.96 (previous year: €10,768,572.11)		
12. Write-downs of long-term financial assets	–1,872,450.57	–407,219,731.70
13. Interest and similar expenses	–10,241,913.49	–6,286,157.06
thereof to affiliated companies €167,176.40 (previous year: €126,179.96)		
14. Expenses for assumption of losses	–983,894.57	0.00
15. Income taxes	1,014.59	–47,985.25
16. Earnings after tax	**–5,838,627.15**	**–386,948,066.58**
17. Other taxes	–1,490.93	277.83
18. Net loss for the year	**–5,840,118.08**	**–386,947,788.75**
19. Retained profits brought forward from the previous year	40,000,000.00	116,650,321.65
20. Withdrawals from reserves	0.00	366,326,679.10
21. Dividends	0.00	–56,029,212.00
22. Net retained profit	**34,159,881.92**	**40,000,000.00**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

OF GATEWAY REAL ESTATE AG FOR THE FISCAL YEAR FROM JANUARY 1, 2021 TO DECEMBER 31,

ACCOUNTING PRINCIPLES

Gateway Real Estate AG (hereinafter also referred to as "GATEWAY" or "Company") has its registered office in Frankfurt am Main, Germany, and is registered with the Frankfurt am Main local court under the number HRB 93304. The address of the principal place of business has been Hardenbergstraße 28a, 10623 Berlin, Germany, since 2021.

The Company is a publicly-traded company and is therefore considered a large corporation (große Kapitalgesellschaft) within the meaning of Section 267 (3) sentence 2 of the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with Section 264d HGB. On April 10, 2019, the Company's shares were admitted to trading on the Frankfurt Stock Exchange. The first trading day was April 12, 2019. The Company's shares have the German securities identification number (Wertpapierkennnummer; WKN) A0JJTG and the International Securities Identification Number (ISIN) DE000A0JJTG7. They are listed on the regulated market in the Prime Standard of the Frankfurt Stock Exchange, on XETRA as well as on the over-the-counter markets of the stock exchanges in Düsseldorf, Munich, Berlin, Hamburg and Stuttgart.

The annual financial statements of GATEWAY as of December 31, 2021, were prepared on the basis of the accounting policies set out in the German Commercial Code and the German Stock Corporation Act (Aktiengesetz; AktG).

The balance sheet and the income statement are structured in accordance with Sections 266 and 275 (2) HGB (total cost format).

The consolidated financial statements for the largest and the smallest group of consolidated companies in which the Company is included is prepared by the Company and disclosed in the German federal gazette (Bundesanzeiger).

ACCOUNTING POLICIES

The following accounting policies remained applicable for the preparation of the financial statements. Measurement was based on the going concern assumption.

Intangible and tangible fixed assets are carried at cost less amortization or depreciation, where applicable. Amortization and depreciation are based on the expected useful life which ranges between three and 33 years and are recorded on a straight-line basis.

Movable fixed assets with a cost of up to €800 are fully written off in the year of acquisition.

Movable fixed assets with a cost of below €250 are fully expensed as incurred in the year of acquisition.

Equity investments included in long-term financial assets are measured at cost, or, if necessary, at the lower fair value as of the reporting date.

Loans included in long-term financial assets are measured at their nominal value, or, if necessary, at the lower fair value as of the reporting date.

Receivables and other assets are recognized at the lower of nominal value or fair value.

The Company does not make use of the recognition option for deferred taxes in accordance with Section 274 (1) sentence 2 HGB.

Cash in hand and at bank is recognized at nominal values.

Prepaid expenses refer to expenditure made before the balance sheet date that represents an expense attributable to a period after the balance sheet date. The item is reversed on a straight-line basis over time.

Subscribed capital is carried at its nominal amount or the notional interest in the share capital.

Other provisions take into account all uncertain liabilities. They are reported at the settlement amount (i.e. including future cost and price increases) deemed to be required based on prudent business judgment.

Liabilities are stated at their settlement amounts. If the values applicable as of the reporting date exceed the settlement amounts, the liabilities are measured at the higher amount as of the reporting date.

Deferred income refers to proceeds that represent income for a specific time after the reporting date. The item is reversed on a straight-line basis over time.

NOTES TO THE BALANCE SHEET

FIXED ASSETS

The changes in fixed assets are shown in form of an appendix to the notes (schedule of changes in fixed assets).

An overview of the shares in affiliated companies (long-term financial assets) is presented in an appendix to the notes (list of shareholdings).

As a result of the retirement of the general partner Gateway Siebte GmbH, the subsidiary Gateway Zweite GmbH & Co. KG accrued (Anwachsung) to its sole limited partner, Gateway Real Estate AG, in accordance with Section 738 (1) of the German Civil Code (Bürgerliches Gesetzbuch, BGB) effective December 31, 2021. Accordingly, the assets and liabilities of Gateway Zweite GmbH & Co. KG accrue to Gateway Real Estate AG as the sole remaining shareholder by way of universal succession. In the process, net assets in the amount of €331 thousand were assumed, which was offset by the carrying amount of the investment of GATEWAY in Gateway Zweite GmbH & Co. KG in the amount of €28 thousand and loans of €1,057 thousand. The difference between the carrying amount of the investment in Gateway Zweite GmbH & Co. KG, the loans and equity of Gateway Zweite GmbH & Co. KG was reported as income from accrual in the amount of €302 thousand. Gateway Zweite GmbH & Co. KG ceases to exist upon accrual by way of winding-up without liquidation.

Based on a share purchase agreement dated February 17, 2021, all of the shares in Borussia Development GmbH (previously Gerch Invest GmbH) were acquired from the related company SN Beteiligungen Holding AG, Switzerland, for a purchase price of €70.0 million, plus incidental acquisition costs of €0.1 million. The purchase price is deferred until December 31, 2022 (interest: 4.25%). Furthermore, additional purchase prices were agreed which will be charged if certain construction stages of the acquired projects are resold with a profit margin defined in the contract. The additional purchase prices amount to a maximum total of €50.0 million, plus accrued interest, if applicable.

Based on a share purchase agreement effective January 1, 2021, the Company acquired another 39.9% of the shares in Duisburg EKZ 20 Objekt GmbH as well as a loan receivable. The purchase price and the loan receivable amount to a total of approximately €11.1 million and was paid by offsetting loan receivables.

RECEIVABLES AND OTHER ASSETS

As a rule, receivables and other assets have a remaining term of up to one year. Receivables from affiliated companies in the amount of €39,176 thousand (previous year: €194,518 thousand) have a term of more than one year. The other receivables from affiliated companies consist of short-term loans and current settlement transactions without contractually fixed terms; they can be terminated at any time at short notice. The repayment of these receivables is made depending on the liquidity situation of the respective affiliated company.

Receivables from affiliated companies include trade receivables in the amount of €1,032 thousand (previous year: €765 thousand).

SUBSCRIBED CAPITAL

The share capital amounted to €186,764 thousand as of December 31, 2021, unchanged from the previous year. It is divided into 186,764,040 no-par-value bearer shares at a notional value of €1 per share.

On April 10, 2019, GATEWAY placed 16,895,939 new shares from the capital increase announced on March 20, 2019 at a placement price of €4 per share within the context of an international private placement with institutional investors, while another 82,610 new shares were offered for subscription to existing shareholders.

At the ordinary Annual General Meeting on August 21, 2019, the Management Board was authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital until August 20, 2024, by €25,468 thousand against cash contributions and/or contributions in kind; the subscription rights of the existing shareholders may be disapplied (Authorized Capital 2019/I). Accordingly, the Management Board has available authorized capital, together with the still existing Authorized Capital 2018/I, in the amount of the permitted maximum volume of 50% of the Company's share capital (€93,382 thousand).

At the Annual General Meeting on August 22, 2018, the Management Board was authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital until August 21, 2023, by €84,892 thousand against cash contributions and/or contributions in kind; the subscription rights of the existing shareholders may be disapplied (Authorized Capital 2018/I).

RESERVES

Reserves amount to €37,020 thousand, unchanged from the previous year, and result from the share premium arising from the capital increases in previous years (€352,411 thousand) as well as from the capital increase on April 10, 2019 (€50,936 thousand). By way of a Management Board resolution dated March 12, 2021, the unappropriated reserve in the amount of €366,327 thousand was reversed in accordance with Section 270 (1) HGB in the fiscal year 2020. The amount withdrawn was transferred to the distributable profit.

NET RETAINED PROFITS/ACCUMULATED LOSS

The reconciliation as required in accordance with Section 158 (1) AktG to net retained profits is as follows:

—

in €	12/31/2021	12/31/2020
Net loss for the year	–5,840,118.08	–386,947,788.75
Dividend	0.00	–56,029,212.00
Retained profits/accumulated losses brought forward from the previous year	40,000,000.00	116,650,321.65
Withdrawals from reserves	0.00	366,326,679.10
Transfer to the legal reserve	0.00	0.00
Net retained profit	34,159,881.92	40,000,000.00

PROVISIONS

Other provisions mainly include amounts provided for legal, advisory and audit fees in the amount of €679 thousand (previous year: €1,071 thousand), for vacation and bonuses in the amount of €406 thousand (previous year: €224 thousand), for outstanding invoices and contributions to professional associations in the amount of €13 thousand (previous year: €24 thousand), for Supervisory Board remuneration in the amount of €264 thousand (previous year: €184 thousand) as well as for storage costs in the amount of €3 thousand (previous year: €3 thousand).

LIABILITIES

The terms of the liabilities are shown in the following schedule of liabilities:

—

TYPE OF LIABILITY

	as of 12/31/2021			
	Total amount	thereof with a remaining term of		
in € thousand		< 1 year	> 1 year	> 5 years
Bonds	71,450.0 (100,000.0)	0.0 (100,000.0)	71,450.0 (0.0)	0.0 (0.0)
Liabilities to banks	44,840.0 (42,400.0)	0.0 (0.0)	42,400.0 (42,400.0)	2,440.0 (0.0)
Payments received on account of orders	527.0 (0.0)	342.0 (0.0)	185 (0.0)	0.0 (0.0)
Trade payables	614.0 (539.4)	614.0 (539.4)	0.0 (0.0)	0.0 (0.0)
Liabilities to affiliated companies	9,835.0 (5,734.6)	9,835.0 (3,957.3)	0.0 (1,777.3)	0.0 (0.0)
– thereof trade payables	0.0 (0.0)			
Other liabilities	106,625.0 (49,510.0)	76,625.0 (49,510.0)	30,000.0 (0.0)	0.0 (0.0)
– thereof from taxes	91.9 (65.0)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)
Total	**233,891.0 (198,184.0)**	**87,416.0 (154,006.7)**	**144,035.0 (44,177.3)**	**2,440.0 (0.0)**

Prior-year figures in brackets

The liabilities to banks in the amount of €44,840 thousand (previous year: €42,400 thousand) result from loan liabilities and are secured by the Company as follows:

— a due and fully enforceable first mortgage on the land of the subsidiaries Augskor 1 GmbH, Augskor 2 GmbH and Augskor 3 GmbH, Luxembourg, in a total amount of €42,400 thousand, as well as of the property of Gateway Real Estate AG, which was assumed as part of the accrual of Gateway Zweite GmbH & Co. KG in the amount of €3,250 thousand.

— a pledge of the interest reserve account.

Collateral also exists for trade payables as part of customary retention of title.

The utilization of the abovementioned collateral provided is unlikely in our view as we expect on the basis of the economic condition that the company will meet its obligation from the loan agreement.

NOTES TO THE INCOME STATEMENT

REVENUE

Revenues fully refer to intragroup income in Germany.

OTHER OPERATING INCOME

In the fiscal year under review, other operating income amounts to €1,870 thousand (previous year: €232 thousand). This amount includes gains on disposal of long-term financial assets of €95,747 thousand (previous year: €86 thousand) as well as disposals of long-term financial assets in the amount of €–94,742 thousand. Moreover, other operating income includes income from the reversal of provisions in the amount of €543 thousand (previous year: €124 thousand) as well as income from the accrual of the equity investment in the amount of €302 thousand.

WRITE-DOWNS OF CURRENT ASSETS TO THE EXTENT THAT THEY SHOULD EXCEED THE WRITE-DOWNS THAT ARE USUAL FOR THE CORPORATION TARGET VALUES

Due to expected permanent impairment, a loss allowance was recorded on other receivables from affiliated companies in the amount of €4,000 thousand (previous year: €1,718 thousand).

OTHER OPERATING EXPENSES

Other operating expenses of €3,863 thousand (previous year: €4,592 thousand) include advisory, closing and audit fees in the amount of €2,143 thousand (previous year: €2,741 thousand). Furthermore, the item includes the non-deductible input tax of €305 thousand (previous year: €144 thousand) as well as expenses for office rents in the amount of €457 thousand (previous year: €211 thousand).

INCOME FROM EQUITY INVESTMENTS

Income from equity investments amounts to €950 thousand in the year under review (previous year: €17,116 thousand). This amount refers to a preliminary distribution made by one subsidiary.

OTHER INTEREST AND SIMILAR INCOME

Interest and similar income of €16,176 thousand (previous year: €11,232 thousand) primarily include income in the amount of €10,564 thousand (previous year: €10,869 thousand) from loans to affiliated companies. In addition, an amount of €5,534 thousand is attributable to interest income from receivables from the direct subsidiaries of Development Partner AG, Duesseldorf, sold in the year under review.

WRITE-DOWNS OF LONG-TERM FINANCIAL ASSETS

The shares in Duisburg EKZ Objekt 20 GmbH were written off in the amount of €1,873 thousand in the year under review due to an expected permanent impairment. In the previous year, the shares in Development Partner AG were written down to the lower selling price of €94,700 thousand pursuant to the share purchase and transfer agreement dated February 3, 2021; the related write-down of €407,220 thousand was recognized in profit or loss.

EXPENSES FOR ASSUMPTION OF LOSSES DUE TO A PROFIT TRANSFER AGREEMENT

In the year under review, losses resulting from a profit transfer agreement dated November 13, 2019, with Development Partner AG amount to €984 thousand. In the previous year, gains in the amount of €6,592 thousand was transferred to GATEWAY. The profit transfer agreement was valid in the fiscal year until February 28, 2021.

OTHER DISCLOSURES

OTHER FINANCIAL OBLIGATIONS

The other financial obligations that are significant for assessing the financial position mainly refer to rental payments for business premises and car leases. The gross obligations from these agreements as of the reporting date amount to €640 thousand (previous year: €602 thousand).

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The declaration of compliance with the German Corporate Governance Code, as prescribed by Section 161 AktG was issued and was made publicly accessible on Gateway Real Estate AG's website.

https://www.gateway-re.de/en/investor-relations/corporate-governance/declarations-of-compliance/

PROPOSAL FOR THE APPROPRIATION OF PROFITS

The Management Board proposes to carry forward the net retained profit of €34,159,881.92 to new account.

COMMITMENTS AND CONTINGENCIES

From rental guarantees

In the context of the rental agreement for office space in the object The Squaire, Am Flughafen, 60549 Frankfurt am Main, Gateway Real Estate AG, as tenant, committed to the landlord to provide a rental security deposit in the form of a bank guarantee in the amount of €57 thousand. For this purpose, the guaranteeing bank granted to Gateway Real Estate AG a guarantee credit in the corresponding amount.

All of the following commitments and contingencies refer to affiliated companies.

From guarantees

For the purposes of financing a property, Gateway Zweite GmbH & Co. KG, Frankfurt am Main, took out a bank loan in the amount of €3,239 thousand. Gateway Real Estate AG has co-liability (Mithaftung) towards the bank based on a joint and several liability. Gateway Real Estate AG assumes that Gateway Zweite GmbH & Co. KG is able to meet its obligations from the loan agreement.

For the purposes of financing a property, Gateway Fünfte GmbH, Frankfurt am Main, took out a bank loan in the amount of €13,290 thousand. Gateway Real Estate AG is liable in this context based on a bank guarantee in the amount of €7,835 thousand for which the Company is liable as principal debtor (selbstschuldnerische Bankbürgschaft). Gateway Real Estate AG assumes that Gateway Fünfte GmbH is able to meet its obligations from the loan agreement.

For the purposes of financing a property, Duisburg EKZ 20 Objekt GmbH, Eschborn, took out a bank loan in a total amount of €5,000 thousand. Gateway Real Estate AG is liable in this context based on a bank guarantee in the amount of €1,000 thousand for which the Company is liable as principal debtor (selbstschuldnerische Bankbürgschaft). Gateway Real Estate AG assumes that Duisburg EKZ 20 Objekt GmbH is able to meet its obligations from the loan agreement.

For the purposes of financing a property, Gateway SoHo Sullivan GmbH & Co. KG, Frankfurt am Main, issued bonds in a total amount of €53,881 thousand. Gateway Real Estate AG is liable in this context based on a bank guarantee in the amount of €15,000 thousand for which the Company is liable as principal debtor (selbstschuldnerische Bankbürgschaft). Gateway Real Estate AG assumes that Gateway SoHo Sullivan GmbH & Co. KG is able to meet its obligations from the bond agreement.

For the purposes of financing a property, Gateway Achtzehnte GmbH, Eschborn, took out a bank loan in the amount of €4,000 thousand. Gateway Real Estate AG is liable in this context based on a bank guarantee in the amount of €800 thousand for which the Company is liable as principal debtor (selbstschuldnerische Bankbürgschaft). Gateway Real Estate AG assumes that Gateway Achtzehnte GmbH is able to meet its obligations from the loan agreement.

Guarantee facility agreements (e.g. debt servicing guarantee/letters of comfort, warranties etc.)

Augskor 1 GmbH, Augskor 2 GmbH and Augskor 3 GmbH (collectively "Augskor Companies"), Luxembourg, acquired land in Augsburg. Prior to the land purchases, Gateway Real Estate AG issued letters of comfort to the Augskor Companies pursuant to which Gateway Real Estate AG commits to put the Augskor Companies in a position that they are able to meet the obligations resulting from the land purchases.

SKE Immo Sulzbach GmbH, Luxembourg, acquired various plots of land in Germany. Prior to the land purchases, Gateway Real Estate AG issued letters of comfort to SKE Immo Sulzbach GmbH pursuant to which Gateway Real Estate AG commits to put SKE Immo Sulzbach GmbH in a position that the company is able to meet the obligations resulting from the land purchases.

Duisburg EKZ 20 Objekt GmbH, Eschborn, holds a shopping center in Duisburg in its portfolio. Prior to the land purchase of the company, Gateway Real Estate AG issued a letter of comfort pursuant to which Gateway Real Estate AG undertakes to put Duisburg EKZ 20 Objekt GmbH in a position that the company is able to meet the obligations resulting from maintaining the property.

Gateway Real Estate AG has also issued a letter of comfort to Gateway Betriebsvorrichtungen Dienstleistungen Marketing GmbH pursuant to which Gateway Real Estate AG undertakes to put Gateway Betriebsvorrichtungen Dienstleistungen Marketing GmbH in a position that the company is able to meet the obligations resulting from business operations.

MUC Airport Living GmbH, Munich, operates a hotel in Munich. As part of the refinancing of the property by Sparkasse Freising, Gateway Real Estate AG issued a letter of comfort of up to €12 million to the bank pursuant to which Gateway Real Estate AG undertakes to put MUC Airport GmbH in a position that the company is able to meet the obligations from the loan agreement until it is fully repaid.

For the residential construction project "Dresden Quartiere am Blüherpark", Gateway Real Estate AG has issued a guarantee to Landesbank Hessen-Thüringen Girozentrale for a maximum of €3.5 million, pursuant to which Gateway Real Estate AG undertakes to put the Borussia companies Dresden Quartiere am Blüherpark 1–12 in a position that they will be able to meet their obligations under the loan agreement in full and to cover increases in the total cost investment.

For the residential construction project "Köln Deutz Quartiere", Gateway Real Estate AG has issued a guarantee to Deutsche Pfandbriefbank AG for a maximum of €8 million, pursuant to which Gateway Real Estate AG undertakes to put the

Borussia companies Köln Deutz Quartiere 1–21 in a position that they will be able to meet their obligations under the loan agreement in full.

SUPERVISORY BOARD

The Company's Supervisory Board consisted of the following members in the fiscal year 2021:

Norbert Ketterer (Chairman of the Supervisory Board), businessman, Rüschlikon/Switzerland

Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

- Board of Directors of ACRON AG, Zurich/Switzerland
- Board of Directors of ACRON Fisherman's Wharf Hotel SF AG, San Francisco/USA
- Supervisory Board of CWI Immobilien AG, Leipzig
- Board of Directors of SKE Immobilien Schweiz I AG, Zug/Switzerland
- Board of Directors of HK Real Estate AG, Wollerau/Switzerland
- Board of Directors of Areal Hitzkirch Zug AG, Zug/Switzerland
- Board of Directors of Areal Steinhausen Zug AG, Zug/Switzerland
- Board of Directors of Areal Sursee Zug AG, Zug/Switzerland
- Board of Directors of Ketom AG, Zug/Switzerland
- Board of Directors of SN Beteiligungen Holding AG, Zug/Switzerland
- Board of Directors of SAYANO Family Office AG, Zug/Switzerland
- Board of Directors of Helvetic Private Investments AG, Zug/Switzerland
- Board of Directors of SKE Immobilien Schweiz I AG, Zug/Switzerland
- Supervisory Board of Development Partner AG, Duesseldorf
- Supervisory Board of Peires AG, Leipzig
- Supervisory Board of Nokera AG, Rüschlikon, Switzerland

Thomas Kunze (Deputy Chairman of the Supervisory Board), graduate in business administration, Leipzig

Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

- Supervisory Board of Peires AG, Leipzig
- Supervisory Board of CWI Immobilien AG, Leipzig
- Supervisory Board of Development Partner AG, Duesseldorf

Ferdinand von Rom (Member of the Supervisory Board), lawyer, Frankfurt am Main

Ferdinand von Rom has no further supervisory board memberships or memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB.

Jan Hendrik Hedding (Member of the Supervisory Board), businessman, Zurich/Switzerland

On August 21, 2019, Jan Hendrik Hedding was elected by the Annual General Meeting of Gateway Real Estate AG as member of the Supervisory Board of the Company with immediate effect.

Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

- Supervisory Board of Peires AG, Leipzig
- Board of Directors of Acron AG, Zurich/Switzerland
- Supervisory Board of Gerchgroup AG, Duesseldorf
- Board of Directors of Hereco Holdings AG, Zug/Switzerland
- Board of Directors of bloxxter AG, Zug/Switzerland
- Board of Directors of Real Estate Financing AG, Zug/Switzerland
- Board of Directors of Areal Will Zug AG, Zug/Switzerland
- Board of Directors of Areal Herzogenbuchsee Zug AG, Zug/Switzerland
- Board of Directors of unicorn two AG, Zug/Switzerland
- Helvetic Private Investments AG, Zug/Switzerland
- Ketom AG, Zug/Switzerland
- Real Estate Fund Invest AG, Zug/Switzerland
- SN Beteiligungen Holding AG, Zug/Switzerland
- SKE Immobilien Holding AG, Zug/Switzerland
- Real Estate Portfolio Consulting AG, Horgen/Switzerland
- ESGero AG, Zug/Switzerland

Leonhard Fischer (Member of the Supervisory Board), businessman, Zurich/Switzerland

Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

- Chairman of the Investment Committee of DFG Deutsche Fondsgesellschaft SE Invest, Berlin

The Supervisory Board members received a remuneration of €130 thousand (previous year: €117 thousand) for the past fiscal year.

MEMBER OF THE MANAGEMENT BOARD

The Management Board consisted of the following members in the past fiscal year 2021:

Tobias Meibom, Chief Financial Officer (CFO), Hamburg

Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

none

Stefan Witjes, Chief Operating Officer (COO), Berlin (since January 21, 2021)

Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

none

The members of the Management Board received the following remuneration in the past fiscal year (in € thousand):

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REMUNERATION GRANTED

	Stefan Witjes, COO First appointment: 2021				Tobias Meibom, CFO First appointment: 2011			
in € thousand	2020	2021	2021 (min)	2021 (max)	2020	2021	2021 (min)	2021 (max)
Fixed remuneration		633	633	633	480	690	690	690
Fringe benefits		0			28	28	28	28
Total		**633**	**633**	**633**	**508**	**718**	**718**	**718**
Pension benefits		0			7	8	8	8
Total remuneration		**633**	**633**	**633**	**515**	**726**	**726**	**726**

EMPLOYEES
In the past fiscal year, the Company employed 16 salaried employees (previous year: 14) on average, in addition to the members of the Management Board.

CONSOLIDATED FINANCIAL STATEMENTS
Gateway Real Estate AG, as the parent company, prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This is, at the same time, the smallest and the largest group of consolidated companies in which the Company is included. The consolidated financial statements also include disclosures regarding the fees for the auditor.

NOTIFICATION OF VOTING RIGHTS DISCLOSURES PURSUANT TO SECTION 160 (1) NO. 8 AKTG
In accordance with Section 160 (1) no. 8 of the German Stock Corporation Act (Aktiengesetz; AktG), disclosures have to be made in relation to shareholdings notified to the Company in compliance with Section 21 (1) or (1a) of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG) (as amended on January 2, 2018) or in compliance with Section 33 (1) or (2) WpHG (as amended on January 3, 2018), respectively. The following information was taken from the most recent notification issued by a person/entity subject to notification requirements. The last change in the total number of voting rights (186,764,040) has been effective since April 11, 2019.

a. Athos KG notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG fell below the 3% threshold on November 17, 2021 and amounted to 0% (0 voting rights) as of that date.

b. Athos KG notified pursuant to Section 33 WpHG that the share of voting rights held by Santo Holding (Deutschland) GmbH in Gateway Real Estate AG can be attributed to Athos KG since December 16, 2021 and that the share of voting rights attributed to the company amounted to 3.10% (5,789,685 voting rights) as of that date.

c. Yannick Patrick Heller notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG exceeded the 5% threshold on December 1, 2020 and amounted to 6.04% (11,288,000 voting rights) as of that date.

d. Yannick Patrick Heller notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG exceeded the 3% threshold on November 27, 2020 and amounted to 3.37% (6,288,000 voting rights) as of that date.

e. Norbert Ketterer notified us, by way of a voluntary Group notification in relation to falling below a certain threshold only on subsidiary level, that his share of voting rights in Gateway Real Estate AG on May 7, 2020 amounted to 66.24% (123,712,159 voting rights), with 66.19% or 123,616,650 of the voting rights being directly held and 0.05% or 95,500 of the voting rights representing voting rights attributed to him.

f. Sandra Ketterer notified us pursuant to Section 33 WpHG that her share of voting rights in Gateway Real Estate AG exceeded the 10% threshold on December 16, 2019 and amounted to 12.28% (22,936,698 voting rights) as of that date. In connection with this notification, Sandra Ketterer notified us pursuant to Section 43 (1) WpHG of the following: The objective of the investment is to generate gains from trading. I currently do not intend to acquire further voting rights in the Company by way of purchase or otherwise within the next 12 months, but do not rule out a purchase of further voting rights in the Company. I currently do not seek to gain influence as regards the appointment of members of administrative, management or supervisory bodies of the Company, except for the exercise of voting rights at general meetings. I currently do not seek to significantly change the Company's capital structure, in particular as regards the ratio of equity capital to borrowings or the dividend policy. The funds used to purchase the voting rights in the Company are own funds.

g. Norbert Ketterer notified us that his share of voting rights in Gateway Real Estate AG amounted to a total of 65.75% (122,805,275 voting rights) as of April 12, 2019.

h. Sandra Ketterer notified us pursuant to Section 33 WpHG that her share of voting rights in Gateway Real Estate AG fell below the 10% threshold on April 11, 2019 and amounted to 9.68% (18,086,698 voting rights) as of that date.

i. HANSAINVEST Hanseatische Investment-GmbH notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG fell below the 3% threshold on April 11, 2019 and amounted to 2.77% (5,170,000 voting rights) as of that date.

j. Santo Holding (Deutschland) GmbH notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG exceeded the 3% threshold on April 10, 2019 and amounted to 3.41% (5,789,685 voting rights) as of that date.

k. Sandra Ketterer notified us pursuant to Section 33 WpHG that her share of voting rights in Gateway Real Estate AG exceeded the 10% threshold on April 10, 2019 and amounted to 10.65% (18,086,698 voting rights) as of that date.

l. Norbert Ketterer notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG amounted to a total of 62.36% (105,879,536 voting rights) as of April 10, 2019.

m. HANSAINVEST Hanseatische Investment-GmbH notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG exceeded the 3% threshold on April 10, 2019 and amounted to 3.045% (5,170,000 voting rights) as of that date.

n. In October 2018, SN Beteiligungen Holding AG notified us pursuant to Section 20 (1) and (3) AktG that it directly holds more than one fourth of the shares in Gateway Real Estate AG. In addition, the company notified us pursuant to Section 20 (4) AktG that it directly owns a majority in Gateway Real Estate AG.

o. In October 2018, Norbert Ketterer notified us pursuant to Section 20 (1) AktG that he indirectly owns more than one fourth of the shares in Gateway Real Estate AG since the interest held by SN Beteiligungen Holding AG in Gateway Real Estate AG can be attributed to him in accordance with Section 16 (4) AktG. In addition, he notified us pursuant to Section 20 (4) AktG that it indirectly owns a majority of the shares in Gateway Real Estate AG since the interest held by SN Beteiligungen Holding AG in Gateway Real Estate AG can be attributed to him in accordance with Section 16 (4) AktG.

p. In October 2018, Sandra Ketterer notified us in accordance with Section 20 (5) AktG that she no longer holds more than one fourth of the shares in Gateway Real Estate AG. In addition, she notified us pursuant to Section 20 (5) AktG that she no longer owns a majority in Gateway Real Estate AG.

q. In June 2016, HPI Helvetic Private Investments AG notified us pursuant to Section 20 (5) AktG that it does not own a majority shareholding and no longer holds more than one fourth of the shares in Gateway Real Estate AG.

r. In June 2016, Norbert Ketterer notified us pursuant to Section 20 (5) AktG that, based on the attribution of shares in accordance with Section 16 (4) AktG, he no longer holds a majority shareholding and no longer holds more than one fourth of the shares (Section 20 (1) in conjunction with Section 16 (2) sentence 1 AktG) in Gateway Real Estate AG.

s. In September 2011, HPI Helvetic Private Investments AG, Wollerau, Switzerland, notified us pursuant to Section 20 (4) AktG that it owns a majority shareholding in Gateway Real Estate AG.

REPORT ON EVENTS AFTER THE REPORTING DATE

A. Closing of the financing of the project company in Hamburg

Based on an agreement on a promissory note loan dated March 2, 2022, the Company was able to raise funds to finance a share purchase agreement of the subsidiary Gateway Siebzehnte GmbH, Eschborn, which had already been entered into and which had been interpreted by Gateway Real Estate AG. The agreement refers to a residential project development company in Hamburg, which had already been acquired in the year under review. The promissory note loan is secured by way of a mortgage on the land acquired in the amount of €43.6 million and matures on March 2, 2025. The interest rate is 4.5% p.a.

B. Ukraine conflict creates uncertainty for the outlook for the global economy, the industry and the Group

The intensification of the conflict between Russia and Ukraine, which culminated in an armed conflict in Ukraine on February 24, 2022, creates uncertainties for the development of the global economy, the real estate industry and the Group. GATEWAY has taken into account these uncertainties in its report on expected developments for the fiscal year 2022 (see Chapter 4.2.1 Market environment/macroeconomic situation).

Frankfurt am Main, March 29, 2022

Gateway Real Estate AG
The Management Board

Tobias Meibom   Stefan Witjes

STATEMENT OF CHANGES IN FIXED ASSETS

OF GATEWAY REAL ESTATE AG

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2021

	Cost						
in €	01/01/2021	Additions	Additions from accrual	Disposals	Disposals from accrual	Transfers	12/31/2021
I. Intangible assets							
Purchased concessions, industrial rights and similar rights and assets, as well as licenses in such rights and assets	329,372.70	2,089.90	0.00	0.00	0.00	0.00	331,462.60
Intangible assets	**329,372.70**	**2,089.00**	**0.00**	**0.00**	**0.00**	**0.00**	**331,462.60**
II. Tangible fixed assets							
Land, land rights and buildings, including buildings on third-party land	0.00	0.00	3,563,411.26	0.00	0.00	0.00	3,563,411.26
Other equipment, operating and office equipment	388,684.47	137,519.26	8,838.00	13,814.85	0.00	0.00	521,226.88
Tangible fixed assets	**388,684.47**	**137,519.26**	**3,572,249.26**	**13,814.85**	**0.00**	**0.00**	**4,084,638.14**
III. Long-term financial assets							
1. Shares in affiliated companies	507,235,955.20	72,087,091.80	0.00	501,944,731.70	28,426.25	14,431.32	77,364,320.37
2. Loans to affiliated companies	11,868,895.78	0.00	0.00	4,306,778.78	1,056,500.00	0.00	6,505,616.93
3. Equity investments	42,443.52	0.00	0.00	17,474.20	0.00	–14,431.32	10,538.00
Long-term financial assets	**519,147,294.50**	**72,087,091.80**	**0.00**	**506,268,984.75**	**1,084,926.25**	**0.00**	**83,880,475.30**
	519,865,351.67	**72,226,700.96**	**3,572,249.26**	**506,282,799.60**	**1,084,926.25**	**0.00**	**88,296,576.04**

Amortization, depreciation and write-downs						Carrying amount	
01/01/2021	Additions	Additions from accrual	Disposals	Disposals from accrual	Accumulated amortization, depreciation and write-downs	12/31/2021	01/01/2021
62,501.70	64,488.90	0.00	0.00	0.00	126,990.60	204,472.00	266,871.00
62,501.70	**64,488.90**	**0.00**	**0.00**	**0.00**	**126,990.60**	**204,472.00**	**266,871.00**
0.00	0.00	0.00	0.00	0.00	0.00	3,563,411.26	0.00
305,318.47	57,772.26	0.00	13,808.85	0.00	349,281.88	171,945.00	83,366.00
305,318.47	**57,772.26**	**0.00**	**13,808.85**	**0.00**	**349,281.88**	**3,735,356.26**	**83,366.00**
407,219,731.70	1,872,450.57	0.00	407,219,731.70	0.00	1,872,450.57	75,491,869.80	100,016,223.50
0.00	0.00	0.00	0.00	0.00	0.00	6,505,616.93	11,868,895.78
0.00	0.00	0.00	0.00	0.00	0.00	10,538.00	42,443.52
407,219,731.70	**1,872,450.57**	**0.00**	**407,219,731.70**	**0.00**	**1,872,450.57**	**82,008,024.73**	**111,927,562.80**
407,587,551.87	**1,994,711.73**	**0.00**	**407,233,540.55**	**0.00**	**2,348,723.05**	**85,947,852.99**	**112,277,799.80**

LIST OF SHAREHOLDINGS
OF GATEWAY REAL ESTATE AG

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No.	Company	Registered office	Ownership interest in%	Equity as of 12/31/2021 in € thousand	Net profit/loss for the year 2021 in € thousand
1.	Gateway Vierte GmbH	Frankfurt am Main	94.90	4,781	5,132
2.	Gateway Fünfte GmbH	Frankfurt am Main	94.90	–629	–7,373
3.	Gateway Siebte GmbH	Frankfurt am Main	100	18	–1
4.	Gateway Achte GmbH	Frankfurt am Main	100	821	–327
5.	Gateway Neunte GmbH	Frankfurt am Main	100	–13,755	–14,496
6.	Gateway Elfte GmbH	Frankfurt am Main	94	346	–24
7.	Gateway Siebzehnte GmbH	Eschborn	100	–59	–106
8.	Gateway Achtzehnte GmbH	Eschborn	100	–12	–9
9.	Gateway Betriebsvorrichtungen – Dienstleistungen – Marketing	Frankfurt am Main	100	–119	–27
10.	Gateway Residential GmbH	Frankfurt am Main	100	–520	–852
11.	MUC Airport Living GmbH	Munich	90	–762	–268
12.	Duisburg EKZ 20 Objekt GmbH	Berlin	89.9	–1,198	–171
13.	Borussia Development GmbH	Eschborn	100	11,030	2,034
14.	Gateway Neunzehnte GmbH	Eschborn	100	24	–1
15.	Gateway Zwanzigste GmbH	Escbborn	100	24	–1
Indirect interest held in No. 4:					
	GTY 1te Bochum GmbH & Co. KG	Eschborn	100	351	–38
	GTY 1te Siegen GmbH & Co. KG	Eschborn	100	–163	–10
	GTY 1te Düsseldorf GmbH & Co. KG	Eschborn	100	142	–26
	GTY Betriebsvorrichtung GmbH	Eschborn	100	39	–9
Indirect interest held in No. 5:					
	Revaler Straße 32 PE GmbH	Berlin	51	–434	–90
	Storkower Straße 140 PE GmbH	Berlin	51	–243	–108
	Storkower 142–146 GmbH	Berlin	51	–1,775	–1,626
	Augskor 1 GmbH (S.à r.l.)	Luxembourg	100	–1,139	–636
	Augskor 2 GmbH (S.à r.l.)	Luxembourg	100	–678	–330
	Augskor 3 GmbH (S.à r.l.)	Luxembourg	100	–1,445	–603
	SKE Immo Sulzbach GmbH (S.à r.l.)	Luxembourg	100	–25	141
Indirect interest held in No. 7:					
	Maize Zizania Property GmbH	Hamburg	100	1,580	–505
Indirect interest held in No. 10:					
	Beteiligungsgesellschaft Berlin-Heinersdorf 18 GmbH	Berlin	90	–150	–8
	Objekt Heinersdorf in Berlin GmbH i.L.	Munich	100	8	–2
	Gateway SoHo Sullivan GmbH & Co. KG	Frankfurt am Main	90	–4,322	–3,452
	Gateway SoHo Sullivan Verwaltungs GmbH	Frankfurt am Main	100	19	–2
	S1 Rialto Quartier GmbH	Frankfurt am Main	100	–9,075	–370
	S2 Cliffhanger GmbH	Frankfurt am Main	100	–30	–13
	S3 Forum Sullivan GmbH	Frankfurt am Main	100	–25	–11
	S4 De Gregori Quartier GmbH	Frankfurt am Main	100	–25	–11
	S5 Dalla Quartier GmbH	Frankfurt am Main	100	–25	–11
	S7 Curve Quartier GmbH	Frankfurt am Main	100	–31	–10
	S0 SoHo Sullivan GmbH & Co. KG	Frankfurt am Main	100	–40	–40
	S9 Casino Quartier GmbH & Co. KG	Frankfurt am Main	100	–28	–12
	S6 Park Lane GmbH & Co. KG	Frankfurt am Main	100	–28	–10
	S8 Chelsea Quartier GmbH & Co. KG	Frankfurt am Main	100	–29	–23
	S11 Piazza GmbH & Co. KG	Frankfurt am Main	100	–27	–11
	S12 Sound & Vision GmbH & Co. KG	Frankfurt am Main	100	–23	–9

Indirect interest held in No. 13:	Registered office	Ownership interest in %	Equity as of 12/31/2021 in Tsd. €	Net profit/loss for the year 2021 in Tsd. €
Borussia Köln Erschließungs UG	Eschborn	89.9	–141	–136
Borussia Köln DQ 1 UG	Eschborn	89.9	–32	–35
Borussia Köln DQ 2 UG	Eschborn	89.9	–23	–25
Borussia Köln DQ 3 UG	Eschborn	89.9	–23	–25
Borussia Köln DQ 4 UG	Eschborn	89.9	–22	–24
Borussia Köln DQ 5 UG	Eschborn	89.9	–50	–54
Borussia Köln DQ 6 UG	Eschborn	89.9	–41	–44
Borussia Köln DQ 7 UG	Eschborn	89.9	–28	–31
Borussia Köln DQ 8 UG	Eschborn	89.9	–25	–28
Borussia Köln DQ 9 UG	Eschborn	89.9	–35	–38
Borussia Köln DQ 10 UG	Eschborn	89.9	–25	–27
Borussia Köln DQ 11 UG	Eschborn	89.9	–37	–40
Borussia Köln DQ 12 UG	Eschborn	89.9	–44	–47
Borussia Köln DQ 13 UG	Eschborn	89.9	–31	–34
Borussia Köln DQ 14 UG	Eschborn	89.9	–31	–34
Borussia Köln DQ 15 UG	Eschborn	89.9	–31	–34
Borussia Köln DQ 16 UG	Eschborn	89.9	–28	–30
Borussia Köln DQ 17 UG	Eschborn	89.9	–26	–28
Borussia Köln DQ 18 UG	Eschborn	89.9	–20	–22
Borussia Köln DQ 19 UG	Eschborn	89.9	6	–18
Borussia Köln DQ 20 UG	Eschborn	89.9	–25	–27
Borussia Köln DQ 21 UG	Eschborn	89.9	–25	–27
Borussia Köln DQ Einkaufs GbR	Eschborn	100	0	0
Borussia Dresden Investment UG	Eschborn	89.9	–74	–74
Borussia Dresden Quartiere am Blüherpark 1 GmbH & Co. KG	Eschborn	100	–43	–41
Borussia Dresden Quartiere am Blüherpark 2 GmbH & Co. KG	Eschborn	100	–43	–41
Borussia Dresden Quartiere am Blüherpark 3 GmbH & Co. KG	Eschborn	100	–41	–39
Borussia Dresden Quartiere am Blüherpark 4 GmbH & Co. KG	Eschborn	100	–40	–38
Borussia Dresden Quartiere am Blüherpark 5 GmbH & Co. KG	Eschborn	100	–43	–41
Borussia Dresden Quartiere am Blüherpark 6 GmbH & Co. KG	Eschborn	100	–40	–38
Borussia Dresden Quartiere am Blüherpark 7 GmbH & Co. KG	Eschborn	100	–43	–43
Borussia Dresden Quartiere am Blüherpark 8 GmbH & Co. KG	Eschborn	100	–297	–307
Blüherpark BA 1 Verwaltungs GmbH	Eschborn	100	9	–3
Borussia Dresden Quartiere am Blüherpark 9 UG	Eschborn	100	–112	–113
Borussia Dresden Quartiere am Blüherpark 10 UG	Eschborn	100	953	736
Borussia Dresden Quartiere am Blüherpark 11 UG	Eschborn	100	–73	–81
Borussia Dresden Quartiere am Blüherpark 12 UG	Eschborn	100	–90	–93
Borussia Dresden Einkaufs GbR	Eschborn	100	0	

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Frankfurt am Main, March 29, 2022

Gateway Real Estate AG
The Management Board

Tobias Meibom

Stefan Witjes

Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.

INDEPENDENT AUDITOR'S REPORT

To Gateway Real Estate AG, Frankfurt am Main:

Report on the audit of the annual financial statements and management report:

AUDIT OPINIONS

We have audited the annual financial statements of Gateway Real Estate AG, Frankfurt am Main, which comprise the statement of financial position as at 31 December 2021, the statement of profit and loss for the financial year from 1 January 2021 to 31 December 2021, and notes to the annual financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Gateway Real Estate AG, Frankfurt am Main for the financial year from 1 January 2021 to 31 December 2021. In accordance with German legal requirements, we have not audited the contents of the management report, listed in section "Other information" of our independent auditor's report.

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

— the accompanying annual financial statements comply, in all material respects, with the requirements of the German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities, and financial position of the Company as at 31 December 2021, and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 in compliance with German Legally Required Accounting Principles, and

— the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the contents of the aforementioned parts of the management report not included within the scope of our audit.

Pursuant to Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and the management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company 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. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2021 to 31 December 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon we do not provide a separate audit opinion on these matters.

In our view, the matter presented below was the most significant as part of our audit:

VALUATION OF SHARES IN AFFILIATED COMPANIES

Reasons for designation as Key Audit Matter
In the annual financial statements of the Company as of 31 December 2021, shares in affiliated companies amounting to EUR 75.5 million are reported, representing 15% of total assets. The assessment of the recoverability of shares in affiliated companies is complex and is based on a number of factors involving the exercise of judgment and, in some cases, significant uncertainties. The legal representatives of the Company perform a valuation on the basis of a discounted cash flow approach to determine a possible need for impairment, depending on the development and situation of the company in question. The valuation incorporates assumptions that are associated with estimates and discretionary scope. The main assumptions underlying the determination of a possible impairment requirement for shares in affiliated companies relate to the expected future income from real estate sales, the conditions under which new real estate projects can be acquired and developed, including the expected margin of these projects, and the discount rates used. In view of the significance for the net assets and results of operations of Gateway Real Estate AG, we determined this matter to be a particularly important audit matter.

Our audit approach
Our audit procedures include, as a first step, obtaining an understanding of the process steps and internal controls implemented for testing the recoverability of financial assets. We also examined whether the assumptions underlying the planning are appropriate. For this purpose, we compared the expected future cash flows for the main affiliated companies with the planning approved by the Supervisory Board and analyzed the economic development to date. Furthermore, we convinced ourselves of the Company's planning reliability by means of a retrospective comparison of the project plans from previous years with the actual values that have actually occurred. We have assessed the assumptions and parameters used in determining the discount rate, in particular the market risk premium and beta factor, with the involvement of our specialists. We have reconstructed the calculation method of the impairment test and examined its appropriateness with the involvement of our specialists. Furthermore, we have performed sensitivity analyses in order to assess a possible impairment risk in the event of a deemed possible change in significant assumptions.

Reference to related disclosures in the notes
For information on the accounting policies applied, please refer to the notes, which contains disclosures on financial assets in the section "Accounting policies" and the list of shareholdings.

OTHER INFORMATION

The Management or the Supervisory Board are responsible for the other information. The other information comprises:

- the statement on corporate governance in accordance with Section 289f HGB, to which reference is made in section 1.3 "Corporate Governance Statement" in the management report,
- the remuneration report,
- the confirmation pursuant to Section 264 (2) sentence 3 HGB regarding the annual financial statements and the confirmation pursuant to Section 289 (1) sentence 5 HGB regarding the management report.

The legal representatives and the Supervisory Board are responsible for the statement pursuant to Section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code (DCGK), to which reference is made in the management report as part of the corporate governance statement as well as for the remuneration report. In all other respects, the legal representatives are responsible for the other information.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the audited annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that a material misstatement of this other information exists, we are required to report such a fact. We have nothing to report in this context.

RESPONSIBILITIES OF THE MANAGEMENT AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT

The Management Board members are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company. In addition, the Management Board members are responsible for such internal controls as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Management Board members are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Management Board members are responsible for the preparation of the management report which, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board members are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and is consistent in all material respects with the annual financial statements and the knowledge obtained in the audit, complies with German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also

— identify and assess the risks of material misstatement in the annual financial statements and the management report, whether due to fraud or error, we design and perform audit procedures responsive to those risks, and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

— obtain an understanding of the internal control system relevant to the audit of the annual financial statements, and of arrangements and measures (systems) relevant to the audit of the management report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

— evaluate the appropriateness of accounting policies applied by the Management Board members and the reasonableness of estimates made by the Management Board members as well as related disclosures.

— conclude on the appropriateness of the Management Board members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

— evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with the German legally required accounting principles.

— evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

— perform audit procedures on the prospective information presented by the Management Board members in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions applied by the Management Board members as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. A substantial unavoidable risk exists that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the electronic reproductions of the annual financial statements and the management report prepared for the purpose of disclosure in accordance with Section 317 (3a) HGB

AUDIT OPINION

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter also referred to as "ESEF documents") contained in the attached file GATEWAY_REAL_ESTATE_AG_JA_LB_ESEF-2021-12-31.xhtml (SHA256-Hashvalue: fa43b5e9775581ddea247c2b80b17ffdfe3bcdcf9dfbeb7376 1378f25f711f32) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this audit opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the audit of the annual financial statements and on the management report" above.

Basis for the audit opinion

We conducted our audit on the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file in accordance with Section 317 (3a) HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of annual Financial Statements and Management Reports Prepared for Publication Purposes (IDW PS 410 (10.2021)). Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Audit on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Management and the Supervisory Board for the ESEF Documents
The legal representatives of the Company are responsible for the preparation of the ESEF documents including the electronic reproductions of the annual financial statements and the management report in accordance with Section 328 (1) Sentence 4 No. 1 HGB.

In addition, the legal representatives of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF-documents as part of the financial reporting process.

Auditor's Responsibilities for the audit of the ESEF documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

— obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.

— evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

— evaluate whether the ESEF documents enables a XHTML-reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further information pursuant to Article 10 of the EU Audit Regulation
We were elected as auditor by the annual general Meeting on 25 August 2021. We were engaged by the Supervisory Board on 10 January 2022. We have been the auditor of the annual financial statements of Gateway Real Estate AG, Frankfurt am Main without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matters – use of the auditor's report
Our auditor's report should always be read in conjunction with the audited annual financial statements and the audited management report as well as the audited ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not replace them. In particular, the ESEF note and our audit opinion contained therein can only be used in conjunction with the audited ESEF documentation provided in electronic form.

German Public Auditor responsible for the engagement
The German Public Auditor responsible for the engagement is Karsten Luce.

Nuremberg, 29 March 2022

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Landgraf	Luce
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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