



Half-year report
as of June 30, 2018



Content

Interim financial statements (IFRS)	Page 3
Balance sheet	Page 4
Income statement	Page 6
Cash flow statement	Page 7
Statement of changes in equity	Page 8
Notes	Page 9

Interim financial statements (HGB)	Page 23
Balance sheet	Page 24
Income statement	Page 26
Notes	Page 27
Confirmation of auditors	Page 32



Interim financial statements (IFRS)
as of June 30, 2018

Interim financial statements (IFRS)

Balance sheet as of June 30, 2018 (IFRS)

assets

in TEUR	06/30/2018	12/31/2017
A. Non-current assets		
I. Intangible assets	15	19
II. Property, plant and equipment	6	7
III. Financial assets	11,836	13,276
	11,857	13,302
B. Current assets		
I. Accounts receivables	7	0
II. Receivables from affiliated companies	9,444	1,771
III. Other assets	29	22
IV. Tax receivables	125	84
V. Cash and bank balances	769	4,489
	10,374	6,366
Total assets	22,231	19,668

Interim financial statements (IFRS)

Balance sheet as of June 30, 2018 (IFRS)

liabilities

in TEUR	06/30/2018	12/31/2017
A. Equity		
I. Subscribed capital	9,360	9,360
II. Capital reserves	19,826	19,826
III. Renvenue reserve	12,545	12,545
IV. Retained earnings/loss	-24,609	-23,470
V. Revaluation reserve	-1,188	1,070
	15,934	19,331
B. Non-current liabilities		
I. Other provisions	6	6
	6	6
C. Current liabilities		
I. Other provisions	331	237
II. Trade payables	107	81
III. Liabilities to affiliated companies	5	0
IV. Other liabilities	5,834	3
V. Tax liabilities	14	10
	6,291	331
Total equity and liabilities	22,231	19,668

Interim financial statements (IFRS)

Income statement (IFRS)

January 1 to June 30, 2018

in TEUR	06/30/2018	06/30/2017
Revenue	149	4
Other operating revenues	71	911
Total revenues	220	915
Personnel costs	-316	-176
Depreciations	-9	-5
Other operating charges	-387	-309
Result of operating activity (EBIT)	-492	425
Financial income	224	9
Financial expenses	-871	0
Earnings before taxes	-1,139	434
Income taxes (EBT)	0	0
Net profit or loss for the period	-1,139	434
Number of shares issued (undiluted)	9,360,000	9,360,000
Dilutive effect of stock options	0	0
Number of shares issued (diluted)	9,360,000	9,360,000
Basic earnings per share in EUR	-0.12	-0.05
Diluted earnings per share in EUR	-0.12	-0.05
Period result	-1,139	434
Changes in the revaluation reserve	-2,258	4,446
Overall result	-3,397	4,880

Interim financial statements (IFRS)

Cash flow statement (IFRS)

January 1 to June 30, 2018

in TEUR	06/30/2018	06/30/2017
Net profit or loss for the period	-1,139	434
Depreciation on tangible assets and intangible assets	9	5
Depreciation on financial assets	0	0
Write-ups on fixed assets	0	0
Profit/loss on disposal of equipment and intangible assets	0	0
Profit/loss on disposal of financial assets	0	-818
Other non-cash expenses/incomes	-57	0
Increase/decrease of accruals	94	8
Increase/decrease in trade accounts receivable and other assets	-7,504	-16
Increase/decrease in payables and other liabilities	32	-30
Received interests	-224	-9
Paid interests	871	0
Cash flow from operating activities	-7,918	-426
Payments received from the disposal of property	0	0
Expenditures for investments in property, plant and equipment	-4	0
Payments made for investments in intangible assets	0	-8
Payments received from the disposal of financial assets	0	2,744
Expenditures for investments in financial assets	-808	-3,153
Received interests	10	24
Cash flow from investing activities	-802	-393
Payments received from capital increases	0	0
Payments from issuing bonds	5,000	0
Cash outflows for repayment of loans and bonds	0	0
Cash flow from financing activities	5,000	0
Change in cash and cash equivalents	-3,720	-819
Cash and cash equivalents at the beginning of the period	4,489	4,778
Cash and cash equivalents at the end of the period	769	3,959

Interim financial statements (IFRS)

Statement of changes in equity (IFRS)

January 1 to June 30, 2018

in TEUR	Subscribed capital	Capital reserve	Revenue reserve	Result carried forward	Revaluation reserve	Total equity
Status as of 01/01/2018	9,360	19,826	12,545	-23,470	1,070	19,331
Capital increase	0	0	0	0	0	0
Neutral result change of revaluation reserve	0	0	0	0	-2,258	-2,258
Period result	0	0	0	-1,139	0	-1,139
Other changes	0	0	0	0	0	0
Status as of 06/30/2018	9,360	19,826	12,545	-24,609	-1,188	15,934

Notes to the interim financial statements (IFRS) as of June 30, 2018

1. Company Information

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

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

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

2. Accounting policies

The unaudited condensed interim financial statement is an individual financial statement in accordance with IAS 27. It complies with International Financial Reporting Standards (IFRS) issued up to and including March 31, 2018 and mandatory for reporting periods beginning on or after January 1, 2018.

The accounting and valuation methods underlying the 2017 annual financial statement have been applied consistently to this interim financial statement.

Coreo AG is not legally obliged to prepare IFRS financial statements. The preparation and publication of the IFRS individual financial statement should enable users to better assess the value of the Company.

IFRS financial statements were prepared for the first time as of December 31, 2017. For the conversion from national accounting principles to IFRS, an IFRS opening balance sheet had to be prepared as of January 1, 2016, which is the starting point for future IFRS accounting, as well as a comparative balance sheet as of December 31, 2016. The transition from German Commercial Code (HGB) to IFRS had no impact on the presented assets, finances and income, statement of comprehensive income, statement of changes in equity or cash flow statement.

The fiscal year of the Company corresponds to the calendar year.

The interim financial statements comprise the balance sheet, the statement of comprehensive income (comprising the profit and loss account and other comprehensive income), the statement of changes in equity, the cash flow statement and the notes. The profit and loss account is prepared using the total cost method.

These interim financial statements are presented in euros, the functional currency of the Company. Unless otherwise stated, all financial information presented in euros has been rounded to the nearest thousand.

3. Notes to the balance sheet – ASSETS

3.1 Long-term assets

Changes in long-term assets are shown in the attached schedule of fixed asset movements.

Interim financial statements (IFRS)

Development of the fixed assets 2018 (IFRS)

in EUR	Acquisition / production costs					Value adjustment					Book value	
	01/01/2018	Additions	Reclassification	Disposals	06/30/2018	01/01/2018	Depreciation	Disposal	Write-up	06/30/2018	06/30/2018	12/31/2017
I. Intangible assets												
1. Acquired concessions, industrial and similar rights and assets, and licenses to such rights and assets	34,569.23	0.00	0.00	0.00	34,569.23	15,501.23	3,955.96	0.00	0.00	19,457.19	15,112.04	19,068.00
II. Fixed assets												
1. Operating and business equipment	84,196.31	3,994.77	0.00	0.00	88,191.08	77,057.31	5,396.39	0.00	0.00	82,453.70	5,737.38	7,139.00
III. Financial assets												
1. Shares in affiliated companies	100,001.00	808,000.00	0.00	0.00	908,001.00	0.00	0.00	0.00	0.00	0.00	908,001.00	100,001.00
2. Shares in associated companies and participations	12,401,307.31	0.00	0.00	0.00	12,401,307.31	385,688.16	2,257,835.53	0.00	0.00	2,643,523.69	9,757,783.62	12,015,619.15
3. Loans to affiliated companies	1,160,246.74	20,125.02	0.00	10,246.73	1,170,125.03	0.00	0.00	0.00	0.00	0.00	1,170,125.03	1,160,246.74
	13,661,555.05	828,125.02	0.00	10,246.73	14,479,433.34	385,688.16	2,257,835.53	0.00	0.00	2,643,523.69	11,835,909.65	13,275,866.89
	13,780,320.59	832,119.79	0.00	10,246.73	14,602,193.65	478,246.70	2,267,187.88	0.00	0.00	2,745,434.58	11,856,759.07	13,302,073.89

Interim financial statements (IFRS)

3.1.1 Intangible assets

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

The software „Domus“ will be used to manage the properties of the newly acquired subsidiaries in 2017 and 2018.

As in the previous year, no non-scheduled impairments of value on intangible assets were recognised in the current financial year. There are currently no intangible assets with indefinite useful lives.

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

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

Internally generated intangible assets were not capitalised.

3.1.2 Fixed assets

The fixed assets are office equipment depreciated over a period of 3 to 13 years at the most.

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

3.1.3 Financial assets

Financial assets relate to the following items:

in TEUR	06/30/2018	12/31/2017
Shares in affiliated companies	108	100
Advanced payments on financial assets	800	0
Shares in associated companies	0	0
Participations	9,758	12,016
Loans	1,170	1,160
Total	11,836	13,276

Shares in affiliated undertakings

Four new subsidiaries were founded in the previous financial year:

in TEUR	Shareholding	Nominal capital	Book value	Company's headquarters
Erste Coreo Immobilien VVG mbH	100 %	25	41	Frankfurt am Main
Zweite Coreo Immobilien VVG mbH	100 %	25	21	Frankfurt am Main
Dritte Coreo Immobilien VVG mbH	100 %	25	36	Frankfurt am Main
Vierte Coreo Immobilien VVG mbH	100 %	25	23	Frankfurt am Main

Erste Coreo Immobilien VVG mbH acquired a residential property in Bad Köstritz with a rental area of approx. 6,000 sqm in May 2017.

Zweite Coreo Immobilien VVG mbH acquired a commercial property with a rental area of approx. 20,000 sqm in June 2017.

In August 2017, Dritte Coreo Immobilien VVG mbH acquired a commercial property with a rental area of approx. 6,000 sqm.

Vierte Coreo Immobilien VVG mbH has not yet acquired any real estate. A purchase is planned for the second part of 2018.

Interim financial statements (IFRS)

For increasing the real estate portfolio five further subsidiaries were founded:

in TEUR	Shareholding	Nominal capital	Company's headquarters
Coreo Göttingen AM UG	100 %	2	Frankfurt am Main
Coreo Solo AM UG	100 %	2	Frankfurt am Main
Coreo Han AM UG	100 %	2	Frankfurt am Main
Coreo Solo UG & Co. KG	100 %	1	Frankfurt am Main
Coreo Han UG & Co. KG	100 %	1	Frankfurt am Main

Coreo Solo UG & Co. KG and Coreo Han UG & Co. KG and the associated general partners Coreo Han AM UG and Coreo Solo AM UG were founded for the purchase of the so-called „Hydra“ portfolio. These were 12 properties in which Commerzbank branches were located. Together, the properties have a rental area of around 22,200 m². The purchase agreement was signed on May 8, 2018. The purchase of the properties will be financed externally and is expected to be completed in the second half of 2018.

The five newly founded companies are measured at fair value. Since the subsidiaries are not listed on the stock exchange and the new companies were founded in the first half of 2018, the fair values of the companies correspond to their acquisition costs.

The three subsidiaries Erste Coreo Immobilien VVG mbH, Zweite Coreo Immobilien VVG mbH and Dritte Coreo Immobilien VVG mbH are also evaluated at fair value. Since the subsidiaries are not listed on the stock exchange and the formation and real estate transactions of the three companies did not take place until the middle of the previous year, the fair values of the companies essentially correspond to their acquisition costs. Thus, there were no significant increases in value in the financial year that would justify a valuation above the acquisition costs. In addition, all real estate acquisitions were financed 100 % externally – partly by bank loans and partly by shareholder loans.

Since Vierte Coreo Immobilien VVG mbH has not yet acquired any properties, the fair value corresponds to the original acquisition costs.

Furthermore, Coreo Göttingen Residential UG (limited liability) & Co. KG was acquired (formerly: HS Wohnen in Göttingen GmbH & Co. KG) with a purchase agreement dated April 3, 2018. The special succession in law was not registered until July 4, 2018. Advance payments were made for the purchase of the company up to June 30, 2018.

Coreo AG took over only 94 % of the limited partnership shares of the KG, the remaining 6 % will be held by a former limited partner (shareholder) for the next 5 years and then transferred to Coreo AG. In this context, Coreo AG founded „Coreo Göttingen AM UG (haftungsbeschränkt = limited liability)“ and thus replaces the current general partner in the KG. Coreo AG thus has full control.

The company holds a residential portfolio of 432 units, distributed over 12 apartment buildings, most of which are partially owned. They are almost exclusively micro-apartments with a very high occupancy rate in good to very good city locations. A total of around 13,300 m² of rentable living space is available.

Associated companies

Coreo AG holds 21.4 % of the shares in Lumiphore Inc. the original acquisition costs amounted to TEUR 624. In 2016, an extraordinary depreciation to the lower fair value of EUR 1.00 was made. The reasons for the impairment of value continue to exist in the current financial year.

Affiliated companies

Coreo AG holds interests in the following companies:

in TEUR	06/30/2018	12/31/2017	Company's headquarters
Nanosys Inc.	0	0	Milpitas, USA
NanoDimension LP	500	500	Kayman Islands
MagForce AG	9,258	11,516	Berlin, Germany
Total	9,758	12,016	

Interim financial statements (IFRS)

The investment in Nanosys Inc. an unscheduled write-down to the lower fair value was made in 2016. The reasons for the impairment continue to exist in the current financial year.

An depreciation of TEUR 2,258 was credited to the investment in MagForce AG. The fair value thus corresponds to the share price on the balance sheet date. They are thus measured at their current fair value. The fair value of TEUR 1,188 is below the original acquisition cost now. This amount was transferred as neutral to the revaluation reserve and presented accordingly in the statement of comprehensive income.

NanoDimension is a participation in a fund. It is measured alternatively at amortised cost, as a fair value cannot be reliably determined.

Loans

The loans relate to a loan to the affiliated company Erste Coreo Immobilien VVG mbH in the amount of TEUR 1,170. The loan was used to purchase a property.

3.1.4 Deferred taxes

At the present time, deferred taxes result from the write-up under equity of the participation in MagForce AG, with no effect on profit or loss.

According to current legislation, sales of shares to stock corporations are tax-free in accordance with § 8b KStG (German Corporation Tax Act). Only 5 % are considered as non-deductible operating expenses and are subject to corporation and trade tax. Write-downs have to be considered as non tax deductible due to § 8b KStG.

The tax rate is calculated as follows:

Tax rate in %	2018	2017
Corporation tax	15.0	15.0
Solidarity surcharge	5.5	5.5
Trade tax	16.1	16.1
Total	31.925	31.925

In accordance with IAS 12.34, the tax effect from a loss carried forward existing on the balance sheet date (according to the tax balance) has to be capitalised if it is likely that sufficient taxable profit will be available to offset losses.

The following criteria apply to determine the probability of a corresponding utilisation of the loss:

- Sufficient deferred tax liabilities exist against which previously unused loss carryforwards can be claimed from the same company and the same tax authority before they expire.
- With probability – proven by corresponding forecasts – the Company achieves sufficient profits to offset against losses carried forward before they expire.
- The losses carried forward have arisen from events that are unlikely to recur.
- There are tax structuring possibilities for the utilisation of the loss within a possible expiry period.

Based on the available forecasts, over a period of five years, Coreo AG is not expected to generate sufficient profits to allow losses to be offset.

Deferred tax assets do not include tax losses carried forward of EUR 14 million and trade tax losses of EUR 13 million, as on the basis of the above-mentioned forecast, utilisation currently does not appear to be likely.

Deferred tax assets and liabilities have to be reported on a net basis if they can be offset (for the taxable entity concerned) against the same tax authority, otherwise they are reported separately (cf. IAS 12.74).

Interim financial statements (IFRS)

3.2 Current assets**3.2.1 Receivables and other current assets**

Receivables and other current assets are composed as follows:

In TEUR	06/30/2018	12/31/2017
Receivables from affiliated companies	9,116	1,770
Trade receivables, accounts receivable from affiliated companies	328	1
Accounts receivables trade	7	0
Receivables from VAT	125	84
Miscellaneous	29	22
Total	9,605	1,877

The receivables from affiliated companies relate to short-term loan receivables from the subsidiaries Zweite and Dritte Coreo Immobilien VVG mbH and Coreo Göttingen Residential UG & Co. KG, the Coreo Solo UG & Co. KG and Coreo Han UG & Co. KG for the financing of the real estate objects.

Trade receivables from affiliated companies relate to receivables from services provided to Zweite und Dritte Coreo Immobilien VVG mbH and Coreo Göttingen Residential UG & Co. KG.

Receivables and current assets were measured at amortised cost. No value adjustment was necessary.

3.2.2 Cash and cash equivalents

Cash and cash equivalents „includes cash and short-term bank deposits“.

4.4 Notes to the balance sheet – LIABILITIES**4.1 Stockholder equity**

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

4.1.1 Subscribed capital

The subscribed capital of the Company amounted to EUR 9,360,000 as of the balance sheet date and is divided into 9,360,000 no-par value bearer shares.

In accordance with the resolution passed by the Board and the Supervisory Board of 25 November 2016, the share capital of the Company was increased by 3,120,000.00 euro by issuing new bearer shares.

The share capital of Coreo AG is thus divided into 9,360,000 shares which are all made out to the bearer.

According to the resolution of the Annual General Meeting on 28 August 2013, the Board of Directors is authorised to increase the share capital of the Company until 27 August 2018 with the approval of the Supervisory Board one time or multiple times by up to a total of EUR 3,120,000.00 by issuing new bearer shares for cash or investment in kind (authorised capital 2013/I). In fiscal year 2016, the Supervisory Board resolved on 25 November, 2016 to increase the share capital from authorised capital in the amount of EUR 3,120,000.00.

The Management Board is authorised by a resolution of the General Meeting to increase the share capital up to 6 February 2022, with the approval of the Supervisory Board, once or several times by up to EUR 4,680,000.00, for cash and/or non-cash contributions (including mixed non-cash contributions), by issuing up to 4,680,000 new individual bearer shares (authorised capital 2017). The new shares participate, from the beginning of the financial year, in the profits of the year for which, at the time they are issued, no resolution of the General Meeting concerning the use of the net retained earnings has yet been resolved. Existing shareholders shall essentially be granted pre-emptive rights. The new shares may also be subscribed to by one or several credit institutions, subject to the condition that they are offered for subscription to the shareholders (indirect subscription right). However, the Board is authorised to exclude legal subscription rights, with the approval of the Supervisory Board, in the following cases:

- for fractional amounts;
- If the capital is increased against cash contributions and the issue price of the new shares is not materially less than the stock exchange quotation of shares and the shares to

Interim financial statements (IFRS)

be issued with exclusion of existing shareholders from subscription rights do not exceed a total of 10% of the share capital, either at the time of the coming into effect or at the time of the exercise of this authorisation. If the Company decides to make use of this authorisation, the exclusion of subscription rights on account of other authorisations in a direct or mutatis mutandis application to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz, AktG) should be observed.

- in the event of a capital increase in exchange for a contribution in kind for the purpose of the acquisition of companies, shares of companies, participations in companies (including the increase of existing participations) or of acquiring outstanding debts against the Company.

The Board is authorised to determine the further details of the capital increase from the authorised capital 2017 and its implementation with the approval of the Supervisory Board.

The Supervisory Board is authorised to amend the Articles of Association after complete or partial implementation of the capital increase from the authorised capital 2017 in accordance with the amount of the capital increase from the authorised capital 2017 or after the expiry of the authorised period.

The share capital was increased by resolution of the shareholder meeting of 19 June 2018 by up to 3,432,000.00 euro (contingent capital 2018/I). The purpose of the conditional capital is to grant option rights and/or option obligations and/or conversion rights and/or conversion obligations.

4.1.2 Capital reserve

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

4.1.3 Retained earnings

Retained earnings result from retained profits from previous financial years.

4.1.4 Revaluation reserve

The revaluation reserve for financial instruments is comprised of the changes in the value of financial assets categorised as „Financial asset available for sale“ and recognised with no effect on profit or loss, and all the adjustments to deferred taxes and provisions in connection with the measurement of those assets.

The revaluation reserve of TEUR -1,188 relates to the devaluation of the investment in MagForce AG.

4.2 Long-term liabilities

4.2.1 Provisions

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

4.3. Current liabilities

4.3.1 Provisions

Short-term provisions are composed as follows:

in TEUR	01/01/2018	Consumption	Disposal	Addition	06/30/2018
Personnel-related provision	3	3	0	17	17
Annual financial statement and auditing	47	44	0	52	55
Director's remuneration	0	0	0	21	21
General Meeting	28	28	0	14	14
Pending invoices	159	0	56	121	224
Total	237	75	56	225	331

Interim financial statements (IFRS)

4.3.2 Liabilities

Short-term liabilities have a remaining term of less than twelve months, medium-term liabilities have a remaining term between one to five years. Valuation is based on the nominal amount.

Current liabilities are composed as follows:

in TEUR		06/30/2018	
	Total	Remaining term of less than 1 year	Remaining term between 1 and 5 years
Accounts payable trade	107	107	0
Liabilities from wage and church taxes	14	14	0
Bond	5,833	833	5,000
Liabilities to affiliated companies	5	5	0
Liabilities from social insurance	1	1	0
Total	5,960	960	5,000

in TEUR		12/31/2017	
	Total	Remaining term of less than 1 year	Remaining term between 1 and 5 years
Accounts payable trade	81	81	0
Liabilities from wage and church taxes	10	10	0
Bond	0	0	0
Liabilities to affiliated companies	0	0	0
Liabilities from social insurance	3	3	0
Total	94	94	0

Bond

To finance Coreo AG's further growth, an option bond was issued at the end of January 2018. The option bond contains a combination of a bond with a volume of EUR 20 million with a coupon of 10 % p. a. and 624,000 options on a corresponding number of shares in the company at an exercise

price of EUR 2.50 per option/share. The option bond was completely placed with investors of Serengeti Asset Management LP, an investment company registered with the United States Securities and Exchange Commission (SEC).

Of the total volume of the bond, only EUR 5 million had been called by the closing date of June 30, 2018. Liabilities from the loan currently amount to EUR 5.8 million.

5. Notes to the statement of comprehensive income

5.1 Revenue

Sales mainly relate to the services provided by Coreo AG to the subsidiaries in the area of Management, administration, consulting and marketing.

5.2 Other operating revenues

Other operating revenues mainly relates to the following items:

in TEUR	06/30/2018	06/30/2017
Proceeds from sale of property, plant and equipment	0	0
Proceeds from sales of financial assets	0	818
Revenues write-up financial assets	0	0
Revenues reversal of provisions	56	85
Other income	2	0
Revenues from non-cash benefits	13	8
Total	71	911

5.3 Personnel costs

The personnel costs are structured as follows:

in TEUR	06/30/2018	06/30/2017
Wages and salaries	258	152
Social security contributions	28	10
Other personnel expenses	30	14
Total	316	176

Interim financial statements (IFRS)

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

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

5.4 Depreciation

Depreciation relates to intangible assets and fixed assets and amounts to TEUR 9 (previous year: TEUR 5).

5.5 Other operating charges

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

in TEUR	06/30/2018	06/30/2017
Third-party services and third-party work	13	111
Room costs	32	18
Insurances	14	15
Maintenance costs	4	0
Vehicle expenses	13	11
Advertising expenses	0	3
Travel expenses	8	1
Office charges	14	14
Training expenses	3	0
Legal and consulting costs	116	80
Year-end and audit costs	56	26
Incid. costs of monet. transact./ bank comm.	7	1
Remuneration Supervisory Board	21	14
Losses on sales of financial assets	0	0
Other expenses	86	15
Total	387	309

5.6 Financial income

Interest revenues for the financial year amounts to TEUR 224 (previous year: TEUR 9) and results from loans to subsidiaries.

5.7 Financial expenses

Interest expenditures for the current financial year amount to TEUR 871 (previous year: TEUR 0). Thereof TEUR 833 for interest expenses for the warrant bond.

5.8 Current taxes

There was a negative result in the first half of 2018, so that no current taxes accrued.

6. Notes to the cash flow statement

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

The negative result for the period was mainly due to refinancing costs of the investment in the real estate portfolio of the subsidiaries.

The year-on-year increase of approximately EUR 8 million in the negative cash flow from ongoing activities is due to the granting of loans to affiliated companies.

The stronger change of the cash flow from the financing activities results from the issue of a bond.

7. Other explanations and notes

7.1 Related parties

Related parties of the Company include the members of the Board and Supervisory Board and the executive bodies of subsidiaries, in each case including their close family members, as well as those companies over which members of the Board or Supervisory Board of the Company or their close family members can exercise significant influence or in which they hold a significant proportion of voting rights. In addition, related companies include those companies with which the

Interim financial statements (IFRS)

Company forms an association or in which it holds an equity interest that enables it to exert a significant influence on the business policy of the associated company as well as on the main shareholders of the Company including its affiliated companies.

The main shareholder is BF Holding GmbH, Kulmbach, with a 36 % stake. Another major shareholder is Apeiron Investment Group Ltd, Malta, with a 31 % stake.

As of the balance sheet date, Coreo AG directly held more than 20 percent of the voting rights in the following companies:

	Capital share in %	Equity 12/31/2017
Lumiphore Inc., Berkeley, USA	21.4 TUSD	-300 TUSD
Erste Coreo Immobilien VVG mbH	100.0 TEUR	41 TEUR
Zweite Coreo Immobilien VVG mbH	100.0 TEUR	21 TEUR
Dritte Coreo Immobilien VVG mbH	100.0 TEUR	36 TEUR
Vierte Coreo Immobilien VVG mbH	100.0 TEUR	23 TEUR
Coreo Göttingen AM UG*	100.0 TEUR	
Coreo Solo AM UG*	100.0 TEUR	
Coreo Han AM UG*	100.0 TEUR	
Coreo Solo UG & Co. KG*	100.0 TEUR	
Coreo Han UG & Co. KG*	100.0 TEUR	

* The companies were newly founded in 2018.
The stockholders' equity equates the nominal capital.

Coreo AG had the following business relationships with related parties:

- Loan agreement Erste Coreo Immobilien VVG mbH

In 2017, Coreo AG granted Erste Coreo Immobilien VVG mbH a long-term framework loan totalling TEUR 3,150 to finance the purchase price of the property in Bad Köstritz. The term of the loan is linked to the repayment of the loan from Erste Coreo Immobilien VVG mbH to Sparkasse Gera (term until 30 August 2022). The loan is granted until the end of the calendar year in which all liabilities to Sparkasse Gera-Greiz have been fully repaid. Accordingly, the loan is extended by one year, unless terminated at the end of the year with one month's notice. The interest rate is 3.5% p. a. The interest is

due in full. Erste Coreo Immobilien VVG mbH made use of TEUR 1,150 of this framework loan as of the closing date.

- Loan agreement Zweite Coreo Immobilien VVG mbH

The total framework loan from 1 August 2017 in the amount of TEUR 500 bears as of 1 January 2018 interest at 10 % p. a. Interests are payable every three months on a retroactive basis. The credit line will initially be made available until the end of the year. Thereafter, the loan is extended by one year in each case, unless terminated at the end of the year with one month's notice. As of the balance sheet date, TEUR 275 were drawn down.

- Loan agreement Dritte Coreo Immobilien VVG mbH

The framework loan from 15 August 2017 in the amount of TEUR 1,500 bears as of 1 January 2018 interest at 4 % p. a. Of this amount, TEUR 1,495 has been drawn down to date. The credit line will initially be made available until the end of the year. Thereafter, the loan is extended by one year in each case, unless terminated at the end of the year with one month's notice.

- Loan agreement Coreo Solo UG (limited liability) & Co. KG

In accordance with the loan agreement dated 03 May 2018, a framework loan of TEUR 5,500 was granted to Coreo Solo UG (limited liability) & Co. KG for the purpose of acquiring a property. TEUR 500 of the loan was drawn down in the current financial year. The loan has a term of one year and is automatically renewed for another year, unless terminated by one of the parties. The interest rate is 11 % p.a., with the first due date being 31 December 2018, thereafter payable semi-annually. No securities were provided for the loan.

- Loan agreement Coreo Han UG (limited liability) & Co. KG

In accordance with the loan agreement dated 03 May 2018, a framework loan of TEUR 17,000 was granted to Coreo Han UG (limited liability) & Co. KG for the purpose of acquiring a property. TEUR 1,700 of the loan was drawn down in the current fiscal year. The loan has a term of one year and is automatically renewed for another year, unless terminated by one of the parties. The interest rate is 11 % p.a., with the first due date being 31 December 2018, thereafter payable semi-annually. No securities were provided for the loan.

Interim financial statements (IFRS)

- Loan agreement Coreo Göttingen Residential UG (limited liability) & Co. KG (former HS Wohnen in Göttingen GmbH & Co. KG)

In accordance with the loan agreement dated 5 April 2018, shareholder loans of TEUR 2,900 and TEUR 2,050 were granted to Coreo Han UG (limited liability) & Co. KG for the purpose of acquiring a property. The loans bear interest at 10 % p. a. No securities were provided for the loans.

All transactions with related parties were conducted on the same terms as with third parties.

7.2 Notes on leases

In the past fiscal year, there was a leasing agreement for one vehicle. In addition, there was a rental agreement for office space.

The rental and leasing contracts concluded qualify as operating leases, so that the leased asset is attributable to the lessor. Therefore, no accounting has been prepared at Coreo AG.

Financial obligations of TEUR 13 with a remaining term of 13 months result from the existing lease agreement.

The current sublease agreement for office space has a remaining term of 12 months. The resulting financial obligation amounts to TEUR 39.

Further notes on these contracts is immaterial overall and will therefore not be further explained.

7.3 Segment reporting

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

7.4 Guarantees, securities and other financial commitments

In the current and previous financial year, a letter of comfort for Zweite Coreo Immobilien VVG mbH was issued to Dero Bank to secure the loan liability in the amount of TEUR 3,050 from the financing of an acquired property. In the letter of comfort, Coreo AG undertakes vis-à-vis Dero Bank AG to enable its subsidiary, Zweite Coreo Immobilien VVG mbH, to meet its obligations under the loan at all times.

Coreo AG issued an option bond at the end of January 2018 to finance the company's further growth. The warrant bond contains a combination of a EUR 20 million bond with a coupon of 10 % p. a. and 624,000 warrants for a corresponding number of shares in the company with an issuing price of EUR 2.50 per warrant/share. The warrant bond has been placed in full with investors of Serengeti Asset Management LP, an investment advisor registered with the United States Securities and Exchange Commission (SEC).

To secure the bond, the share deposit of Coreo AG was pledged.

In addition the following business shares were pledged:

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

* The purchase agreement of the company's acquisition was concluded on 3rd of April, 2018. The registration of the legal succession took place on 4th of July, 2018. As of the balance sheet date, Coreo AG had no further contingent liabilities or financial obligations to third parties.

Interim financial statements (IFRS)

7.5 Stock option programme

On October 7, 2016, 265,000 stock options were issued to employees at a subscription price of EUR 2.

Only members of the Board and employees of the Company as well as members of the management and employees of affiliated companies ("entitled persons") are entitled to acquire subscription rights. The exact group of entitled persons and the scope of the subscription rights to be granted to them in each case shall be determined by the Company's Board with the consent of the Supervisory Board. If members of the Board of the Company are to receive preemptive rights, their determination will be the sole responsibility of the Supervisory Board.

The total volume of subscription rights is distributed among the entitled groups of persons as follows:

- A maximum of 75 % of the subscription rights shall be issued to the members of the Board of the Company.
- A maximum of 2.5 % of the subscription rights shall be issued to the members of the management of affiliated companies.
- A maximum of 20 % of the subscription rights shall be issued to employees of the Company.
- A maximum of 2.5 % of the subscription rights shall be issued to employees of affiliated companies.

The General Meeting resolved to create a conditional capital (conditional capital 2016/II) of up to EUR 485,000.00 for the exercise of stock options; the resolution was entered in the company's commercial register on July 28, 2016.

The aim of the stock option programme is to create a further incentive for the Management and employees of the Company and of affiliated companies to actively promote the increase of the long-term Company value in the interest of shareholders.

Each subscription right grants the holder the right to acquire one no-par value bearer share of the Company with an arithmetical share in the share capital of EUR 1.00 each against payment of the subscription price.

The subscription rights may, at the Company's discretion, also be fulfilled by way of a cash settlement or terminated against cash settlement. The cash settlement payment per subscription right is calculated from the weighted average share price of the Company, calculated on the basis of the weighted average closing price of a share of the Company in Xetra trading (or a comparable successor system) during the last 60 trading days prior to the exercise date less the subscription price.

The subscription rights may only be issued within a period of 15 banking days, beginning (a) on the fourth banking day following the Company's General Meeting, (b) on the fourth banking day following publication of the Company's semi-annual report. Subscription rights may also be issued to beneficiaries who conclude a service or employment contract with the Company or an affiliated company („employment relationship" or „employment contract") for the first time within three months of the beginning of the employment relationship or the expiry of a trial period; in such cases, the commitment to issue subscription rights may already be included in the employment contract. If the company or an affiliated company acquires a company or a company division and an employment relationship is thereby established for the first time by law or agreement, a person who thereby becomes the beneficiary may also acquire subscription rights within three months of the establishment of the employment relationship; in this case, the commitment to issue subscription rights may also be made prior to the establishment of the employment relationship provided that it will take effect at the earliest with the establishment of the employment relationship. Subscription rights may also be issued to a credit institution provided that the credit institution passes on the subscription rights to the beneficiaries.

The term of the subscription rights is ten (10) years from the issue date („term"). Subscription rights that have not been exercised by the end of the term expire without compensation. Subject to further exercise conditions, a subscription right can only be exercised if it has become non-expirable under the option conditions and has not expired or been terminated.

Interim financial statements (IFRS)

The subscription rights can only be exercised to the following extent and only if the following performance targets are met:

(a) Performance targets I

Each beneficiary may exercise up to 50 % of his subscription rights if the stock exchange price of the Company's share was increased by at least 50 % during the period from the issue date until the expiry of two years after the issue date („reference period I“).

Each beneficiary may exercise up to 60 % of his subscription rights if the stock exchange price of the Company's share rose by at least 60 % during reference period I.

Each beneficiary may exercise up to 80 % of his subscription rights if the stock exchange price of the Company's share rose by at least 80 % during reference period I.

Each beneficiary may exercise up to 100 % of his subscription rights if the stock exchange price of the Company's share rose by at least 100 % during reference period I.

(b) Performance targets II

If no performance target I is achieved, subscription rights may nevertheless be exercised to the following extent and if the following performance targets II are met:

Each beneficiary may exercise up to 50 % of his subscription rights if the stock market price of the Company's shares increased by at least 75 % during the period from the issue date until the expiry of three years after the issue date („reference period II“).

Each beneficiary may exercise up to 60 % of his subscription rights if the stock exchange price of the Company's share rose by at least 100 % during reference period II.

Each beneficiary may exercise up to 80 % of his subscription rights if the stock exchange price of the Company's share rose by at least 125 % during reference period II.

Each beneficiary may exercise up to 100 % of his subscription rights if the stock exchange price of the Company's share rose by at least 150 % during reference period II.

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

To determine the increase in the stock exchange price of the Company's share, the stock exchange price of the Company's share on the issue date have to be compared with the stock exchange price on the day after the end of the reference period I or II. The stock market price of the Company's shares is calculated on the issue date or on the day after expiry of reference periods I or II (respectively: „Balance sheet date“) the weighted average closing price of a share of the Company in the XETRA trading system (or a comparable successor system) during the last 30 trading days prior to the balance sheet date.

Subscription rights that cannot be exercised after expiry of reference period II in accordance with the above performance targets expire without compensation or substitution.

7.6 Average number of employees during the financial year

The average number of employees in the company during the financial year was 6.

7.7 Corporate bodies

Members of the board of directors were in the business year the following person:

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

In the current financial year, the Company's Board has only received short-term remuneration. The total amount amounted to TEUR 104 (previous year: TEUR 110).

Interim financial statements (IFRS)

In the business year 2018, the following persons were member of the Supervisory Board:

- Herr Stefan Schütze, Lawyer (LL.M. in Mergers and Acquisitions), Frankfurt am Main, (Chairman),
- Herr Axel-Günter Benkner, Diplom-Ökonom (Graduate Economist) and Diplom-Kaufmann (Business Graduate), Nidderau, (Vice Chairman),
- Herr Dr. Friedrich Schmitz, Managing Director CE Asset Management AG Meilen, Munich/Germany

Supervisory Board remuneration of TEUR 21 (previous year: TEUR 14) was recognised as an expense for members of the Supervisory Board in the year under review.

Events after the balance sheet date

No significant events took place after the balance sheet date.

Frankfurt am Main, August 31, 2018

The Chairman



Marin N. Marinov



Interim financial statements (HGB)
as of June 30, 2018

Interim financial statements (HGB)

Balance sheet as of June 30, 2018 (HGB)

assets

in EUR	06/30/2018	12/31/2017
A. Fixed assets		
I. Intangible assets		
Concessions, industrial and similar rights and assets, and licenses to such rights and assets	15,112.04	19,068.00
II. Tangible assets		
Property, plant and equipment	5,737.38	7,139.00
III. Financial assets		
1. Shares in affiliated companies	908,000.00	100,000.00
2. Loans to affiliated companies	1,170,125.03	1,160,246.74
3. Investments	10,945,304.07	10,945,304.07
	13,044,278.52	12,231,757.81
B. Current assets		
I. Receivables and other assets		
1. Accounts receivables	7,000.00	0.00
2. Amounts due from affiliated companies	9,444,158.95	1,771,265.52
3. Other assets	125,060.96	83,981.16
II. Cash and bank balances	768,826.80	4,488,678.41
	10,345,046.71	6,343,925.09
C. Deferred income	28,849.69	21,741.21
	23,418,174.92	18,597,424.11

Interim financial statements (HGB)

Balance sheet as of June 30, 2018 (HGB)

liabilities

in EUR	06/30/2018	12/31/2017
A. Equity		
I. Subscribed capital	9,360,000.00	9,360,000.00
- thereof conditional capital: EUR 4,680,000.00 (previous year: EUR 3,120,000.00)		
II. Capital reserves	19,826,080.86	19,826,080.86
III. Retained earnings	12,544,585.38	12,544,585.38
IV. Loss carried forward	-23,469,937.82	-26,461,140.98
V. Net loss/income	-1,139,388.18	2,991,203.16
	17,121,340.24	18,260,728.42
B. Accruals		
Other provisions	336,720.00	242,320.00
	336,720.00	242,320.00
C. Liabilities		
I. Warrant bond	5,833,333.33	0.00
II. Trade payables	106,538.01	81,427.95
III. Liabilities to affiliated companies	5,000.00	0.00
IV. Other current liabilities	15,243.34	12,947.74
- thereof for taxes: EUR 13,828.86 (previous year: EUR 9,987.94)		
- thereof for social security costs: EUR 1,414.48 (previous year: EUR 2,959.80)		
	5,960,114.68	94,375.69
	23,418,174.92	18,597,424.11

Interim financial statements (HGB)

Income statement (HGB)

January 1 to June 30, 2018

in EUR	01/01/ – 06/30/2018	01/01/ – 12/31/2017
1. Sales revenues	148,771.62	58,956.77
2. Other operating income	70,697.91	4,100,685.74
3. Personal costs		
a) Wages and salaries	-285,563.24	-345,068.04
b) Social charges and costs for pension and other benefits of which for pensions - thereof for pensions: EUR 1,320.00 (previous year: EUR 2,376.00)	-30,179.29	-24,992.41
4. Depreciation		
a) of intangible assets and property, plant and equipment	-9,352.35	-10,070.08
5. Other operating costs	-386,754.51	-820,683.80
6. Other expenses and similar earnings - thereof from affiliated companies: EUR 223,874.70 (previous year: EUR 47,828.96)	223,874.70	47,777.34
7. Interests and similar expenses	-870,883.02	-14,957.11
8. Taxes on income and profit	0.00	-0.28
9. Result after taxes	-1,139,388.18	2,991,648.13
10. Other taxes	0.00	-444.97
11. Net loss/income	-1,139,388.18	2,991,203.16
12. Loss carried forward	-23,469,937.82	-26,461,140.98
13. Balance sheet loss	-24,609,326.00	-23,469,937.82

Notes to the interim financial statements (HGB) as of 30 June, 2018

General

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

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

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

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

Accounting and valuation methods

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

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

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

The **financial investments** are valued at cost or at fair value if lower. Extraordinary depreciations are only carried out for financial assets because a lasting reduction in value is to be expected. Write-ups will follow, if the reason for previously taken depreciations lapses.

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

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

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

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

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

Interim financial statements (HGB)

Disclosures and explanations with regard to items of the balance sheet

Fixed assets

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

Disclosures of shareholdings	Capital share	Equity	Result	Year
Lumiphore Inc., Berkeley, USA	21.4 %	-300 TUSD	-101 TSUD	2017
Erste Coreo Immobilien VVG mbH Frankfurt a. M., Germany	100 %	41 TEUR	16 TEUR	2017
Zweite Coreo Immobilien VVG mbH Frankfurt a. M., Germany	100 %	21 TEUR	-4 TEUR	2017
Dritte Coreo Immobilien VVG mbH Frankfurt a. M., Germany	100 %	36 TEUR	11 TEUR	2017
Vierte Coreo Immobilien VVG mbH Frankfurt a. M., Germany	100 %	23 TEUR	-2 TEUR	2017
Coreo Göttingen AM UG* (limited liability) Frankfurt a. M., Germany	100 %	2 TEUR	-	
Coreo Solo AM UG* (limited liability) Frankfurt a. M., Germany	100 %	2 TEUR	-	
Coreo Han AM UG* (limited liability) Frankfurt a. M., Germany	100 %	2 TEUR	-	
Coreo Solo UG (limited liability) & Co. KG* Frankfurt a. M., Germany	100 %	1 TEUR	-	
Coreo Han UG (limited liability) & Co. KG* Frankfurt a. M., Germany	100 %	1 TEUR	-	

* The companies were founded in 2018.

Interim financial statements (HGB)

Assets analysis (HGB)

in EUR	Cost of acquisition/manufacture					Depreciation					Carrying value	
	01/01/2018	Additions	Reclassification	Divestures	06/30/2018	01/01/2018	Additions	Attributions	Divestures	06/30/2018	06/30/2018	12/31/2017
I. Intangible assets												
1. Acquired concessions, commercial property rights and similar rights and values as well as licences at such rights and values	34,569.23	0.00	0.00	0.00	34,569.23	15,501.23	3,955.96	0.00	0.00	19,457.19	15,112.04	19,068.00
II. Tangible assets												
1. Factory and office equipment	84,196.31	3,994.77	0.00	0.00	88,191.08	77,057.31	5,396.39	0.00	0.00	82,453.70	5,737.38	7,139.00
III. Financial assets												
1. Shares in related companies	100,000.00	808,000.00	0.00	0.00	908,000.00	0.00	0.00	0.00	0.00	0.00	908,000.00	100,000.00
2. Interests in other companies	12,401,308.29	0.00	0.00	0.00	12,401,308.29	1,456,004.22	0.00	0.00	0.00	1,456,004.22	10,945,304.07	10,945,304.07
3. Loans to companies with which a shareholding relationship exists	1,160,246.74	20,125.02	0.00	10,246.73	1,170,125.03	0.00	0.00	0.00	0.00	0.00	1,170,125.03	1,160,246.74
	13,661,555.03	828,125.02	0.00	10,246.73	14,479,433.32	1,456,004.22	0.00	0.00	0.00	1,456,004.22	13,023,429.10	12,205,550.81
	13,780,320.57	832,119.79	0.00	10,246.73	14,602,193.63	1,548,562.76	9,352.35	0.00	0.00	1,557,915.11	13,044,278.52	12,231,757.81

Interim financial statements (HGB)

Addition to shares in affiliated companies constitute of an advanced payment for the acquisition of Coreo Göttingen Residential UG & Co. KG (previously: HS Wohnen in Göttingen GmbH & Co. KG) in the amount of TEUR 800. The company was acquired in accordance to the purchase agreement of 3rd April 2018. The registration of the legal succession took place on 4th July 2018. Due to that, the Company is not presented as affiliated investment in the interim financial statements of 30.06.2018.

Equity

In accordance with the resolution passed by the Board and the Supervisory Board of 25 November 2016, the share capital of the Company was increased by EUR 3,120,000.00 by issuing new bearer shares.

The share capital of Coreo AG is thus divided into 9,360,000 shares which are all made out to the bearer.

The Board of Managing Directors is authorised to determine the further details of the capital increase from the Authorised Capital 2017 and its implementation with the approval of the Supervisory Board.

The Supervisory Board is authorised by a resolution of the General Meeting to increase the share capital up to 6 February 2022, with the approval of the Supervisory Board, once or several times by up to EUR 4,680,000.00 for cash and/or non-cash contributions (including mixed non-cash contributions), by issuing up to 4,680,000 new individual bearer shares (authorised capital 2017). The new shares participate, from the beginning of the financial year, in the profits of the year for which, at the time they are issued, no resolution of the General Meeting concerning the use of the net retained earnings has yet been resolved. Existing shareholders shall essentially be granted preemptive rights. The new shares may also be subscribed to by one or several credit institutions, subject to the condition that they are offered for subscription to the shareholders (indirect subscription right). However, the Chairman is authorised to exclude legal subscription rights, with the approval of the Supervisory Board, in the following cases:

- for fractional amounts;
- if the capital is increased against cash contributions and the issue price of the new shares is not materially less than the stock exchange quotation of shares and the shares to be issued with exclusion of existing shareholders from subscription rights do not exceed a total of 10 % of the share capital, either at the time of the coming into effect or at the

time of the exercise of this authorisation. If the Company decides to make use of this authorisation, the exclusion of subscription rights on account of other authorisations in a direct or mutatis mutandis application to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz, AktG) should be observed.

- in the event of a capital increase in exchange for a contribution in kind for the purpose of the acquisition of companies, shares of companies, participations in companies (including the increase of existing participations) or of acquiring outstanding debts against the Company.

The Chairman is authorised to determine the further details of the capital increase from the authorised capital 2017 and its implementation with the approval of the Supervisory Board.

The Supervisory Board is authorised to amend the articles of association after complete or partial implementation of the capital increase from the authorised capital 2017 in accordance with the amount of the capital increase from the authorised capital 2017 or after the expiry of the authorised period.

Provisions

The other provisions principally concern provisions for outstanding holidays, costs of the annual financial statements, legal advices, legal fees and costs for the shareholder meeting.

Liabilities

in TEUR	06/30/2018			12/31/2017	
	Total	Residual maturity up to 1 year	Residual maturity 1 – 5 years	Total	Residual maturity up to 1 year
Bond with warrants	5,833	833	5,000	0	0
Liabilities from deliveries and services	107	107	0	81	81
Liabilities to affiliated companies	5	5	0	0	0
Other liabilities	15	15	0	13	13
Total	5,960	960	5,000	94	94

Coreo AG issued an option warrant bond at the end of January 2018 to finance the Company's further growth. The warrant bond contains a combination of a EUR 20 million bond with a coupon of 10 % p. a. and 624,000 warrants for a correspon-

Interim financial statements (HGB)

ding number of shares in the Company with an issuing price of EUR 2.50 per warrant/share. The warrant bond has been placed in full with investors of Serengeti Asset Management LP, an investment advisor registered with the United States Securities and Exchange Commission (SEC).

To secure the bond, the share deposit of Coreo AG was pledged.

In addition the following business shares were pledged:

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

* The purchase agreement of the company's acquisition was concluded on 3rd of April, 2018. The registration of the legal succession took place on 4th of July, 2018.

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

Other operating revenues

The other operating revenues essentially contain settled miscellaneous non-cash compensations.

Other operating charges

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

Other information

Liability limitations

Coreo AG submitted for its subsidiary, Zweite Coreo Immobilien VVG mbH, a letter of comfort to Dero Bank to cover credit liabilities in the amount of TEUR 3,050 for financing real estate acquisitions. In the letter of comfort, Coreo AG guarantees that its subsidiary, Zweite Coreo Immobilien VVG mbH, will meet the obligations of the credit agreement with Dero Bank at any time.

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

Average number of employees during the financial year

The average number of employees in the Company during the financial year was 6.

Bodies of the company

Chief operation officer in the business year was:

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

Member of the supervisory board in the business year 2018 were:

- Mr Stefan Schütze, Lawyer (LL.M. in Mergers and Acquisitions), Frankfurt am Main, (Chairman),
- Mr Axel-Günter Benkner, Diplom-Ökonom (Graduate Economist) and Diplom-Kaufmann (Business Graduate), Nidderau, (Vice Chairman),
- Dr. Friedrich Schmitz, Managing Director CE Asset Management AG Meilen, Munich.

Frankfurt am Main, August 22, 2018



Marin N. Marinov
The Chairman

Confirmation of Auditors

We have audited the interim statements, comprising the balance sheet, the income statement and the notes to the interim statements, together with the bookkeeping system, and the management report of Coreo AG, Frankfurt am Main, Germany, for the fiscal year from 1 January to 30 June 2018. The maintenance of the books and records and the preparation of the interim statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the interim statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the interim statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the interim statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the interim statements and the management report are examined primarily on a test basis within the framework of the audit. We get an insight of the for the final audit relevant internal control system to plan audit procedures, which might be appropriate under certain circumstances, not though to judge the effectiveness of the internal control system. The audit includes assessing the accounting principles used and significant

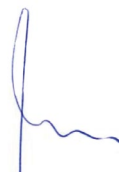
estimates made by management, as well as evaluating the overall presentation of the interim statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the interim statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the interim statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks relating to future development.

Hofheim am Taunus, August 23, 2018

VOTUM AG
Auditing company
Tax consulting firm



Alexander Leoff
Auditor



ppa. Christoph Lehnert
Auditor



corêo®

real estate

Coreo AG
Grüneburgweg 18
D-60322 Frankfurt am Main

T +49 (0) 69 . 2193 96 0
F +49 (0) 69 . 2193 96 150
info@coreo.de