

Prospectus dated May 11, 2021



Prospectus

for the admission to trading

on the regulated market (*regulierter Markt*)
of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (General Standard)

of

6,056,666 existing ordinary bearer shares with no-par value (*Stückaktien*)

— each such share with a notional value of €1.00
and full dividend rights from January 1, 2021 —

of

Linus Digital Finance AG

International Securities Identification Number (ISIN): DE000A2QRHL6

German Securities Code (*Wertpapierkennnummer (WKN)*): A2QRHL

Ticker Symbol: LDF

Listing Agent

Berenberg

Warning regarding the validity of this Prospectus

The validity of this prospectus will expire upon the time when trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (General Standard) commences, which is currently expected to be May 19, 2021. The obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this prospectus is no longer valid.

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I. SUMMARY OF THE PROSPECTUS

A. – Introduction and Warnings

This prospectus (the “**Prospectus**”) relates to shares of Linus Digital Finance AG (formerly Linus GmbH, the “**Company**” and, together with its consolidated subsidiaries, “**LINUS**”, “**we**”, “**us**” or “**our**”), Alexanderstraße 7, 10178 Berlin, Federal Republic of Germany (“**Germany**”) (telephone: +49 (0)30 629 3968 10, website: www.linus-finance.com), legal entity identifier (“**LEI**”) 8945005ERTYEKPYE7N23, each such share having the International Securities Identification Number (“**ISIN**”) DE000A2QRHL6.

Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany (telephone: +49 (0)40 350 600; website: www.berenberg.de), LEI 529900UC2OD7II24Z667, (“**Berenberg**”) is acting as listing agent (the “**Listing Agent**”). Linus Digital Finance AG and Joh. Berenberg Gossler & Co. KG assume responsibility for the contents of this Prospectus.

On May 11, 2021, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (“**BaFin**”), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone: +49 (0)228 4108-0, website: www.bafin.de), approved this Prospectus as the competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the “**Prospectus Regulation**”).

This summary should be read as an introduction to this Prospectus. Investors should base any decision to invest in the shares on the review of this Prospectus as a whole. Investors in the Company’s shares may lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the shares.

B. – Key Information on the Issuer

B.1 – Who is the Issuer of the Securities?

Issuer Information – The Company has its registered seat in Berlin, Germany, the LEI 8945005ERTYEKPYE7N23, and is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under docket number HRB 225909 B. The Company is a German stock corporation (*Aktiengesellschaft*) incorporated in and governed by the laws of Germany.

Principal Activities – We believe we are the first German digital real estate finance platform for institutional-grade real estate investments, *i.e.*, investment opportunities with a class and quality that usually attract attention from large national or international investors, and related services. Through our scalable digital offering, we open up to (smaller) institutional and semi-professional investors (*professionelle und semiprofessionelle Anleger*) within the meaning of section 1(19) no. 32 and no. 33 of the German Capital Investment Code (*Kapitalanlagegesetzbuch*) an asset class with what we believe are high-yield investment opportunities that offer higher returns compared to other asset classes with a similar risk profile for which they would in a traditional financing scenario need to make significantly larger investments, thereby introducing new distribution channels for investment products in general. At the same time, we provide digital financing solutions to real estate sponsors (“**Sponsors**”), such as project developers or real estate investors, which can be adjusted to the individual Sponsors’ needs. The projects presented on our platform are professionally curated through our thorough screening process, which combines our investment professionals’ expertise with a data and technology-driven assessment on the basis of a standardized due diligence process involving third-party service providers.

At \$9.6 trillion as of 2019 (*source*: MSCI) real estate is by far the world’s largest asset class. Loan books for European commercial real estate exceeded \$1 trillion as of 2017 (*source*: CBRE), thus making it one of the largest financing markets in Europe. As institutional investors and affluent semi-professional investors are in pursuit of yield, the real estate sector has seen significant capital inflows. Yet, we estimate that commercial real estate finance in particular is still predominantly a non-transparent offline market with multiple layers and strong competition. However, we believe that a growing number of Sponsors, investors and other stakeholders are interested in faster and more efficient online transactions in the real estate sector. We expect this change in attitude combined with technological and regulatory advances to transform real estate from a purely physical to an increasingly digital asset. In our opinion, the restrictions

on offline businesses resulting from the COVID-19 pandemic have also favored an increasing shift from offline to online business models. We believe that there is significant potential for digitalization in real estate finance, including transparent, yet more targeted, faster, and more efficient processes involving fewer intermediaries.

We offer institutional and semi-professional investors exclusive access as co-investors to a broad variety of real estate investments typically featuring financing volumes in a range of approximately €3 million to €100 million and financing terms in a range of approximately 6 to 48 months for (i) new buildings (ground-up developments), (ii) development projects on existing objects in good or prime locations to raise their quality level and asset value (so-called value-add and manage to core) and (iii) acquisitions of land with the aim of holding it for future profitable use (land-banking). These projects are spread across all types of real estate classes during all project phases with a focus on debt and mezzanine financing for residential, office and logistics developments as well as operator-managed properties (hotels, elderly care / nursing homes), primarily in A-cities in Germany, *i.e.*, Germany's top 7 cities Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Munich, and Stuttgart, and, to a lesser extent, in German B- as well as C-cities, which describe bigger cities with national and regional importance (B-cities) or larger cities with limited national importance, but broad regional influence (C-cities), and in the United Kingdom (currently only A-cities, *i.e.*, major cities of national and international importance). In sourcing new projects we rely on our growing network of independent Sponsors with significant experience and track records in their local markets and asset classes. In the United Kingdom, we also co-operate with experienced and reputable debt brokers to source new development projects. Besides a curated investment selection we offer tech-supported portfolio and asset management, controlling and reporting for (smaller) institutional and semi-professional investors.

Our digital approach allows us to conduct a level and quality of due diligence on investment projects that, in a traditional offline scenario, would be reserved to larger transactions. Therefore, we can offer an institutional-grade level of transparency and in-depth information to our co-investors. Our digital platform provides for a seamless online process covering the entire value chain from co-investor sign-up to quick access and monitoring of all relevant information regarding investment opportunities, including detailed descriptions and figures on the property development as well as a proper data room, to the actual investment process via digital signatures. Consequently, we are able to offer our co-investors an end-to-end digital solution which increases our co-investors' convenience, makes it easier for them to complete the investment process and thereby helps to drive their conversion rate. Investment amounts start at €200,000 for semi-professional (€50,000 for professional investors) and €5,000,000 for institutional investors. To participate in a project, a co-investor acquires shares in a special purpose vehicle specifically set up for that project in the form of a closed-end special alternative investment fund ("**Special AIF**") and holding the project loan, which is secured by the property under development. As an alternative to participating in real estate financing for individual projects, we offer our co-investors the possibility to invest into a selection of approximately 10 projects at once through a Special AIF.

Through its wholly-owned subsidiary, Linus Capital Management GmbH, a capital management company (*Kapitalverwaltungsgesellschaft*) registered with BaFin, the Company manages a real estate debt fund in the form of a Special AIF (Linus Debt Invest DACH I GmbH & Co. KG, the "**LINUS Fund**"). The Company holds 3% of the equity limited partnership interest (*Kommanditanteile*) in the LINUS Fund. The remaining 97% are held by external investors, including an affiliate of our majority shareholder. We set up the LINUS Fund at the end of 2018 to secure what we believe are attractive investment opportunities in high-quality projects, which combine experienced Sponsors and attractive locations with a sound business case for the real estate, at higher returns by providing initial financing commitments to Sponsors. The LINUS Fund commits to the full investment amount before any co-investors join, thereby allowing for a faster process and increased transaction security for Sponsors. Following syndication with co-investors, the LINUS Fund retains a significant stake of usually at least 25% in the equity of the Special AIF set up to hold the loan over the entire term of the loan. Accordingly, we participate in the risks and rewards of our projects, which aligns our interests with those of our co-investors.

We generate revenues and finance income from a combination of transaction fees payable by the borrower and interest on our participation in the individual financing projects. In addition, the Company charges administrative fees for managing the LINUS Fund.

We believe that the following competitive strengths have been the primary drivers of our success in the past and will continue to set us apart from our competitors in the future:

- Our unique digital approach to institutional-grade real estate financing;
- Tech-supported analytics allowing for thorough and efficient due diligence;
- Our access to high-quality real estate projects through strong network;
- Our additional credibility for financing projects through co-investments by the LINUS Fund; and

- A founder-led management team with proven track record.

To achieve continued success and to further expand our competitive position, we plan to:

- Capture the digital real estate financing market by continuously enhancing our own digital investment platform;
- Deliver high-quality deals through tech-supported underwriting approach;
- Continuously improve investor-experience on our platform;
- Expand into other European markets;
- Develop new debt and equity products; and
- Grow our co-investor and Sponsor base as well as our brand recognition through targeted marketing.

Major Shareholders – As of the date of this Prospectus, Arvantis Group Holding GmbH, Schönefeld, Germany, directly holds 61.96%, DJNEU I. Beteiligungs und Verwaltungs GmbH, Berlin, Germany, directly holds 9.35% and Brodi GmbH, Berlin, Germany, directly holds 4.12% of the shares in the Company.

Controlling Shareholders – As of the date of this Prospectus, the Company is controlled by Arvantis Group Holding GmbH, Schönefeld, Germany, which in turn is controlled by Alexander Samwer, Munich, Germany, who thus indirectly controls the Company.

Management Board – The members of the Company’s management board are David Neuhoff (Chief Executive Officer and Founder) and Frederic Olbert (Chief Financial Officer).

Statutory Auditors – The Company’s statutory auditor is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin branch office, Friedrichstraße 140, 10117 Berlin, Germany.

B.2 – What is the Key Financial Information regarding the Issuer?

The selected consolidated financial information and key operating data of LINUS contained in the following tables is taken or derived from the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), and the Company’s internal accounting records or reporting systems.

Where financial information in the following tables is labelled “audited”, this means that it has been taken from the audited consolidated financial statements mentioned above. The label “unaudited” is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but has been taken from the Company’s internal accounting records or reporting systems, or has been calculated based on figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the tables below is shown in thousands of Euro (in € thousand). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables below may not add up to the aggregate amounts in such tables (sum totals or sub totals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. A dash (“–”) signifies that the relevant figure is not available or zero, while a zero (“0.0”) signifies that the relevant figure has been rounded to zero.

Selected Consolidated Financial Information of LINUS

Selected Information from the Consolidated Statement of Comprehensive Income

	For the fiscal year ended December 31,		
	2018	2019	2020
		(audited)	
		(in € thousand)	
Revenues from contracts with customers.....	1,400.2	6,577.1	8,854.1
Other operating income.....	1.7	15.6	30.3

	For the fiscal year ended December 31,		
	2018	2019	2020
		(audited)	
		(in € thousand)	
Employee benefits expense	(538.4)	(1,553.6)	(2,333.5)
Other operating expenses	(433.1)	(2,250.6)	(3,939.2)
Share of profit of associates and joint ventures	–	898.8	1,305.2
EBITDA	430.4	3,687.4	3,917.0
EBIT	381.6	3,521.2	3,701.2
Finance result	(8.7)	221.2	1,256.6
Profit before tax	372.8	3,742.4	4,957.8
Profit for the year	295.7	2,656.5	3,319.1
<i>thereof attributable to equity holders of the parent</i>	297.3	2,657.7	3,367.1

Selected Information from the Consolidated Statement of Financial Position

	As of December 31,		
	2018	2019	2020
		(audited)	
		(in € thousand)	
Non-current assets	500.8	54,174.6	84,400.5
Current assets	729.6	14,223.4	52,675.1
Total assets	1,230.4	68,398.0	137,075.6
Equity	191.0	2,853.1	5,777.7
Equity attributable to equity holders of the parent	186.4	2,849.7	5,825.2
Non-current liabilities	148.4	60,738.1	96,908.6
Current liabilities	890.9	4,806.8	34,389.3

Selected Information from the Consolidated Statement of Cash Flows

	For the fiscal year ended December 31,		
	2018	2019	2020
		(audited)	
		(in € thousand)	
Net cash flows from operating activities	147.4	6,621.0	3,039.0
Net cash flows used in investing activities	(184.7)	(3,794.0)	(584.5)
Net cash flows from financing activities	76.5	251.1	(1,554.4)

Key Operating Data

	For the fiscal year ended December 31,		
	2018	2019	2020
		(unaudited)	
Number of new projects	4	14	14
Investment volume provided (in € million)	37	242	274

B.3 – What are the Key Risks that are Specific to the Issuer?

- Negative developments in global and local economic conditions in our markets, including the COVID-19 pandemic if it continues, could reduce the value of and the demand for real estate and real estate financing.
- Any rise in interest rates could adversely affect the value of real estate, possibly leading to defaults on existing real estate financing and could make future real estate financing less attractive for investors.
- Digitalized real estate finance is not yet firmly established in the market and we cannot reliably predict the long-term profitability and sustainability of our business model.
- In order to be able to quickly secure attractive investment opportunities, we fully commit to finance new projects through the LINUS Fund before onboarding co-investors and a lack of sufficient capital available in the LINUS Fund or any failure to extend or replace the fund after its initial investment period may jeopardize the continued success of our business model.
- We may not be able to attract a sufficient number of co-investors.

- Our co-investors may not provide the funds they committed.
- Our historical performance may not be indicative of our future results or the results of future projects.
- We may not be able to secure debt financing on attractive terms or at all which could impair our ability to successfully implement our growth strategy.
- We may not be able to identify and secure a sufficient number of real estate projects on attractive terms or at all.
- The due diligence process that we undertake on financing projects may not reveal all relevant facts which may increase the credit default risk.
- Sponsors may not repay the financing we provide in time or at all.
- We are subject to a variety of regulations, specifically with respect to capital investment and anti-money laundering laws, and future regulations and international expansions might impose additional requirements and other obligations on our business.
- The existing registration of our subsidiary Linus Capital Management GmbH with BaFin as a capital management company (*Kapitalverwaltungsgesellschaft*) may turn out to be or become invalid or insufficient for our current or future operations.

C. – Key Information on the Securities

C.1 – What are the Main Features of the Securities?

The Company applied for the admission to trading of its 6,056,666 existing ordinary bearer shares with no-par value (*Stückaktien*) on the General Standard segment of the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the “**Listing**”).

Number and Nature of Shares – As of the date of this Prospectus, 6,056,666 shares are issued. All shares are bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00.

ISIN and Denomination – The ISIN of the shares is DE000A2QRHL6 and the shares are denominated in Euro.

Rights Attached to the Shares and Transferability – All shares carry full dividend rights from January 1, 2021. Each share carries one vote at the Company’s shareholders’ meeting. The shares are subordinated to all other securities and claims in case of an insolvency of the Company and freely transferable in accordance with the legal requirements for bearer shares.

Dividend Policy – The Company has not paid any dividends in the past and currently intends to retain all available funds and any future earnings to support operations and to finance the growth and development of its business. The Company does not intend to pay dividends in the foreseeable future.

C.2 – Where will the Securities be traded?

All shares are expected to be admitted to trading on the General Standard segment of the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

C.3 – What are the Key Risks that are Specific to the Securities?

- Our shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for these shares will develop.
- Our share price could fluctuate significantly, and investors could lose all or part of their investment.

D. – Key Information on the Offer of the Securities and/or the Admission to Trading on a Regulated Market

D.1 – Under which Conditions and Timetable can I invest in this Security?

Listing and Closing Listing approval is expected to be granted on May 18, 2021 and trading is expected to commence on May 19, 2021.

D.2 – Who is the Offeror and/or the Person asking for Admission to Trading?

Admission to Trading..... The Company, together with Berenberg, applied for the admission of its 6,056,666 shares to trading on the General Standard segment of the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

D.3 – Why is this Prospectus being Produced?

Reasons for the Listing The Company intends to pursue the Listing to gain access to the capital markets. The Company believes that this access will benefit its future growth and expand its financing options.

Material Conflicts of Interest..... There are no conflicting interests with respect to the admission to trading.

II. PROSPEKTZUSAMMENFASSUNG

A. – Einleitung mit Warnhinweisen

Dieser Prospekt (der „**Prospekt**“) bezieht sich auf Aktien der Linus Digital Finance AG (ehemals Linus GmbH, die „**Gesellschaft**“ und zusammen mit ihren konsolidierten Tochterunternehmen „**LINUS**“, „**wir**“, „**uns**“ oder „**unser**“), Alexanderstraße 7, 10178 Berlin, Bundesrepublik Deutschland („**Deutschland**“) (Telefon: +49 (0)30 629 3968 10, Website: www.linus-finance.com), Rechtsträgerkennung („**LEI**“) 8945005ERTYEKPYE7N23, wobei jede dieser Aktien die internationale Wertpapier-Identifikationsnummer („**ISIN**“) DE000A2QRHL6 hat.

Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Deutschland (Telefon: +49 (0)40 350 600; Website: www.berenberg.de), LEI 529900UC2OD7II24Z667 („**Berenberg**“) fungiert als Listing Agent (der „**Listing Agent**“). Die Linus Digital Finance AG und Joh. Berenberg Gossler & Co. KG übernehmen die Verantwortung für den Inhalt dieses Prospekts.

Die Bundesanstalt für Finanzdienstleistungsaufsicht, Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland (Telefon: +49 (0)228 4108-0, Website: www.bafin.de) („**BaFin**“), als die zuständige Behörde nach der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist und zur Aufhebung der Richtlinie 2003/71/EG, in der jeweils gültigen Fassung („**Prospektverordnung**“), hat diesen Prospekt am 11. Mai 2021 gebilligt.

Diese Zusammenfassung sollte als Prospektinleitung verstanden werden. Anleger sollten sich bei jeder Entscheidung, in die Aktien zu investieren, auf diesen Prospekt als Ganzes stützen. Die Anleger könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die diese Zusammenfassung samt etwaiger Übersetzungen vorbereitet haben, und dies auch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien für die Anleger eine Entscheidungshilfe darstellen würden.

B. – Basisinformationen über die Emittentin

B.1 – Wer ist die Emittentin der Wertpapiere?

Angaben zur Emittentin – Die Gesellschaft hat ihren eingetragenen Sitz in Berlin, Deutschland, die LEI 8945005ERTYEKPYE7N23 und ist im Handelsregister des Amtsgerichts Charlottenburg unter der Nummer HRB 225909 B eingetragen. Die Gesellschaft ist eine deutsche Aktiengesellschaft. Sie ist in Deutschland gegründet und unterliegt deutschem Recht.

Haupttätigkeiten – Wir glauben, dass wir die erste deutsche digitale Immobilienfinanzierungsplattform für Immobilieninvestitionen mit institutionellem Charakter, d.h. Investitionsmöglichkeiten mit einer Klasse und Qualität, die üblicherweise die Aufmerksamkeit großer nationaler oder internationaler Investoren auf sich ziehen, und damit verbundene Dienstleistungen, sind. Durch unser skalierbares digitales Angebot öffnen wir uns für (kleinere) institutionelle und semiprofessionelle Anleger im Sinne von § 1 Abs. 19 Nr. 32 und Nr. 33 Kapitalanlagegesetzbuch eine Anlageklasse mit unserer Ansicht nach renditestarken Investitionsmöglichkeiten, die im Vergleich zu anderen Anlageklassen mit einem ähnlichen Risikoprofil höhere Renditen bieten, für die sie in einem traditionellen Finanzierungsszenario deutlich größere Investitionen tätigen müssten, und eröffnen damit neue Vertriebswege für Anlageprodukte im Allgemeinen. Gleichzeitig bieten wir digitale Finanzierungslösungen für Immobiliensponsoren, wie z.B. Projektentwickler oder andere Immobilieninvestoren („**Sponsoren**“), die an die individuellen Bedürfnisse des jeweiligen Sponsors angepasst werden können. Die auf unserer Plattform präsentierten Projekte werden professionell durch unseren gründlichen Screening-Prozess ausgewählt, der die Expertise unserer Investment-Experten mit einer daten- und technologiegetriebenen Bewertung auf Basis eines standardisierten Due-Diligence-Prozesses unter Einbeziehung von Drittdienstleistern kombiniert.

Mit \$ 9,6 Billionen im Jahr 2019 (*Quelle*: MSCI) sind Immobilien die mit Abstand größte Anlageklasse Europas. Die Kreditvergabe für europäische Gewerbeimmobilien überstieg im Jahr 2017 \$ 1 Billion (*Quelle*: CBRE) und ist damit einer der größten Finanzierungsmärkte in Europa. Da institutionelle Investoren und zahlungskräftige semiprofessionelle Anleger auf der Suche nach Rendite sind, verzeichnete der Immobiliensektor erhebliche

Kapitalzuflüsse. Dennoch schätzen wir, dass insbesondere die gewerbliche Immobilienfinanzierung immer noch überwiegend ein intransparenter, vielschichtiger Offline-Markt mit starkem Wettbewerb ist. Wir glauben jedoch, dass eine wachsende Zahl von Sponsoren, Investoren und anderen Stakeholdern an schnelleren und effizienteren Online-Transaktionen im Immobiliensektor interessiert ist. Wir gehen davon aus, dass dieser Mentalitätswandel in Kombination mit technologischen und regulatorischen Fortschritten Immobilien von einem rein physischen zu einem zunehmend digitalen Vermögenswert verwandeln wird. Auch die aus der COVID-19-Pandemie resultierenden Einschränkungen für Offline-Geschäfte haben unserer Meinung nach eine zunehmende Verlagerung von Offline- zu Online-Geschäftsmodellen begünstigt. Wir sind der Auffassung, dass es signifikantes Potential für Digitalisierung in der Immobilienfinanzierung gibt, einschließlich transparenter, dabei gezielterer, schnellerer und effizienterer Prozesse mit einer geringeren Zahl an Intermediären.

Wir bieten institutionellen und semiprofessionellen Investoren exklusiven Zugang als Co-Investoren zu einer breiten Palette von Immobilieninvestitionen typischerweise mit Finanzierungsvolumina von ca. € 3 Mio. bis € 100 Mio. und Finanzierungslaufzeiten von ca. 6 bis 48 Monaten für (i) Neubauten (*Ground-up Developments*), (ii) Entwicklungsprojekte an bestehenden Objekten in guten oder erstklassigen Lagen zur Steigerung des Qualitätsniveaus und der Werthaltigkeit (sog. *Value-Add* und *Manage-to-Core*) und (iii) Akquisitionen von Grundstücken mit dem Ziel, diese für eine zukünftige profitable Nutzung zu halten (*Land-Banking*). Diese Projekte erstrecken sich über alle Arten von Immobilienklassen in allen Projektphasen mit einem Schwerpunkt auf Fremd- und Mezzanine-Finanzierungen für Wohn-, Büro- und Logistikentwicklungen sowie betreibergeführte Objekte (Hotels, Alten-/Pflegeheime), vornehmlich in A-Städten in Deutschland, d.h., in Deutschlands Top-7-Städten Berlin, Düsseldorf, Frankfurt, Hamburg, Köln, München und Stuttgart, und in geringerem Umfang in deutschen B- sowie C-Städten, also größeren Städten mit nationaler und regionaler Bedeutung (B-Städte) oder größeren Städten mit begrenzter nationaler Bedeutung, aber breitem regionalen Einfluss (C-Städte), sowie im Vereinigten Königreich (derzeit nur A-Städte, d. h. Großstädte mit nationaler und internationaler Bedeutung). Bei der Beschaffung neuer Projekte stützen wir uns auf unser wachsendes Netzwerk unabhängiger Sponsoren mit großer Erfahrung und Erfolgsbilanz in ihren lokalen Märkten und Assetklassen. Im Vereinigten Königreich arbeiten wir außerdem mit erfahrenen und renommierten Kreditmaklern zusammen, um neue Entwicklungsprojekte zu beschaffen. Neben einer geprüften Investmentauswahl bieten wir technikgestütztes Portfolio- und Asset-Management, Controlling und Reporting für (kleinere) institutionelle und semiprofessionelle Investoren.

Unser digitaler Ansatz ermöglicht es uns, ein Niveau und eine Qualität der Due Diligence bei Investitionsprojekten durchzuführen, die in einem traditionellen Offline-Szenario größeren Transaktionen vorbehalten wären. Daher können wir unseren Co-Investoren Transparenz und tiefgreifende Informationen auf institutionellem Niveau anbieten. Unsere digitale Plattform sorgt für einen nahtlosen Online-Prozess, der die gesamte Wertschöpfungskette abdeckt – von der Anmeldung der Co-Investoren über den schnellen Zugriff und die Überwachung aller relevanten Informationen zu den Investitionsmöglichkeiten, einschließlich detaillierter Beschreibungen und Zahlen zur Immobilienentwicklung sowie eines richtigen Datenraums, bis hin zum eigentlichen Investitionsprozess über digitale Unterschriften. So können wir unseren Co-Investoren eine durchgängig digitale Lösung anbieten, die den Komfort für unsere Co-Investoren erhöht, ihnen den Abschluss des Investmentprozesses erleichtert und damit zur Steigerung der Konversionsrate beiträgt. Die Investitionsbeträge beginnen bei € 200.000 für semiprofessionelle (€ 50.000 für professionelle Investoren) und € 5.000.000 für institutionelle Investoren. Um sich an einem Projekt zu beteiligen, erwirbt ein Co-Investor Anteile an einer eigens für dieses Projekt gegründeten Zweckgesellschaft in Form eines geschlossenen alternativen Spezialfonds („**Spezial-AIF**“), die den Projektkredit hält, der durch die zu entwickelnde Immobilie besichert ist. Als Alternative zur Beteiligung an Immobilienfinanzierungen für einzelne Projekte bieten wir unseren Co-Investoren die Möglichkeit, über einen Spezial-AIF in eine Auswahl von ca. 10 Projekten auf einmal zu investieren.

Über ihre 100-prozentige Tochtergesellschaft Linus Capital Management GmbH, eine bei der BaFin registrierte Kapitalverwaltungsgesellschaft, verwaltet die Gesellschaft einen Immobilienkreditfonds in Form eines Spezial-AIF (Linus Debt Invest DACH I GmbH & Co. KG, der „**LINUS-Fonds**“). Die Gesellschaft hält 3 % der Kommanditanteile an dem LINUS-Fonds. Die restlichen 97 % werden von externen Investoren gehalten, darunter eine Tochtergesellschaft unseres Mehrheitsaktionärs. Wir haben den LINUS-Fonds Ende 2018 aufgelegt, um unserer Ansicht nach attraktive Investitionsmöglichkeiten in qualitativ hochwertige Projekte, die erfahrene Sponsoren und attraktive Standorte mit einem soliden Geschäftsszenario für die Immobilie kombinieren, zu höheren Renditen zu sichern, indem wir Sponsoren erste Finanzierungszusagen geben. Der LINUS-Fonds verpflichtet sich, den vollen Investitionsbetrag zu übernehmen, bevor sich Co-Investoren anschließen, was einen schnelleren Prozess und eine höhere Transaktionssicherheit für Sponsoren ermöglicht. Nach der Syndizierung mit Co-Investoren behält der LINUS-Fonds einen signifikanten Anteil von in der Regel mindestens 25 % am Eigenkapital des Spezial-AIF, der zum Halten des Kredits über dessen gesamte Laufzeit gegründet wurde. Dementsprechend partizipieren wir an den Risiken und Chancen unserer Projekte, was unsere Interessen mit denen unserer Co-Investoren in Einklang bringt.

Wir erzielen Umsatzerlöse und Finanzerträge aus einer Kombination von Transaktionsgebühren, die vom Darlehensnehmer zu zahlen sind, und Zinsen für unsere Beteiligung an den einzelnen Finanzierungsprojekten. Zudem berechnet die Gesellschaft Gebühren für die Verwaltung des LINUS-Fonds.

Wir glauben, dass die folgenden Wettbewerbsstärken in der Vergangenheit die Haupttreiber unseres Erfolges waren und uns auch in Zukunft von unseren Mitbewerbern abheben werden:

- unser einzigartiger digitaler Ansatz für die Finanzierung von Immobilien in institutioneller Qualität;
- technologie-gestützte Analytik, die eine gründliche und effiziente Due Diligence ermöglicht;
- unser Zugang zu hochwertigen Immobilienprojekten durch ein starkes Netzwerk;
- unsere zusätzliche Glaubwürdigkeit bei der Finanzierung von Projekten durch Co-Investitionen des LINUS-Fonds; und
- ein gründergeführtes Management-Team mit nachgewiesener Erfolgsbilanz.

Um weiterhin erfolgreich zu sein und unsere Wettbewerbsposition weiter auszubauen, planen wir:

- den digitalen Immobilienfinanzierungsmarkt zu erobern, indem wir unsere eigene digitale Investmentplattform kontinuierlich weiterentwickeln;
- hochwertige Transaktionen durch einen technologiegestützten Underwriting-Ansatz zu liefern;
- das Anlegererlebnis auf unserer Plattform kontinuierlich zu verbessern;
- in andere europäische Märkte zu expandieren;
- neue Fremd- und Eigenkapitalprodukte zu entwickeln; und
- unsere Co-Investoren- und Sponsorenbasis sowie unsere Markenbekanntheit durch gezieltes Marketing auszubauen.

Hauptanteilseigner – Zum Datum dieses Prospekts halten Arvantis Group Holding GmbH, Schönefeld, Deutschland, unmittelbar 61,96 %, DJNEU I. Beteiligungs und Verwaltungs GmbH, Berlin, Deutschland, unmittelbar 9,35 % und Brodi GmbH, Berlin, Deutschland, unmittelbar 4,12 % der Aktien an der Gesellschaft.

Beherrschende Anteilseigner – Zum Datum dieses Prospekts wird die Gesellschaft von der Arvantis Group Holding GmbH, Schönefeld, Deutschland beherrscht, die ihrerseits von Herrn Alexander Samwer, München, Deutschland beherrscht wird, der damit indirekt die Gesellschaft beherrscht.

Vorstand – Die Mitglieder des Vorstands der Gesellschaft sind David Neuhoff (Chief Executive Officer und Gründer) und Frederic Olbert (Chief Financial Officer).

Abschlussprüfer – Der Abschlussprüfer der Gesellschaft ist Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Zweigniederlassung Berlin, Friedrichstraße 140, 10117 Berlin, Deutschland.

B.2 – Welches sind die wesentlichen Finanzinformationen über die Emittentin?

Die in den nachfolgenden Tabellen enthaltenen ausgewählten Konzernfinanzinformationen und wesentlichen operativen Kennzahlen von LINUS wurden dem geprüften Konzernabschluss der Gesellschaft für die zum 31. Dezember 2020, 31. Dezember 2019 und 31. Dezember 2018 endenden Geschäftsjahre, erstellt in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind (IFRS), sowie der internen Buchhaltung oder dem internen Berichtswesen der Gesellschaft entnommen oder daraus abgeleitet.

Die Kennzeichnung von Finanzinformationen in den folgenden Tabellen mit „geprüft“ bedeutet, dass diese dem oben angeführten geprüften Konzernabschluss entnommen wurden. Mit der Kennzeichnung „ungeprüft“ werden in den folgenden Tabellen Finanzinformationen bezeichnet, die nicht dem oben angeführten geprüften Konzernabschluss, sondern der internen Buchhaltung oder dem internen Berichtswesen der Gesellschaft entnommen oder auf Grundlage von Zahlen aus den vorhergenannten Quellen berechnet wurden.

Die in den untenstehenden Tabellen aufgeführten Finanzinformationen werden in Tausend Euro (tsd. €) gezeigt, soweit nicht anders angegeben. Bestimmte Finanzinformationen, einschließlich von Prozentsätzen wurden kaufmännisch gerundet. Daher entsprechen die gerundeten Zahlen in den untenstehenden Tabellen möglicherweise

nicht in allen Fällen den Gesamtwerten (Summen oder Zwischensummen) in diesen Tabellen, die auf Basis von ungerundeten Zahlen berechnet werden. Zudem werden Differenzen und Verhältniszahlen auf Basis gerundeter Zahlen berechnet und können daher von den ungerundeten Differenzen oder Verhältniszahlen, die an anderer Stelle in diesem Prospekt erscheinen, abweichen.

Bei in Klammern angegebenen Finanzinformationen handelt es sich um den negativen Wert der gezeigten Zahlen. Ein Gedankenstrich („-“) zeigt an, dass die jeweilige Zahl nicht verfügbar ist oder Null beträgt, während eine Null („0,0“) bedeutet, dass die jeweilige Zahl auf Null gerundet wurde.

Ausgewählte Konzernfinanzinformationen von LINUS

Ausgewählte Informationen aus der Konzern-Gesamtergebnisrechnung

	Für das zum 31. Dezember endende Geschäftsjahr		
	2018	2019	2020
		(geprüft)	
		(in tsd. €)	
Umsatzerlöse aus Verträgen mit Kunden	1.400,2	6.577,1	8.854,1
Sonstige betriebliche Erträge	1,7	15,6	30,3
Aufwendungen für Leistungen an Arbeitnehmer	(538,4)	(1.553,6)	(2.333,5)
Sonstige betriebliche Aufwendungen	(433,1)	(2.250,6)	(3.939,2)
Anteile am Ergebnis assoziierter Unternehmen und Gemeinschaftsunternehmen	–	898,8	1.305,2
EBITDA	430,4	3.687,4	3.917,0
EBIT	381,6	3.521,2	3.701,2
Finanzergebnis	(8,7)	221,2	1.256,6
Ergebnis vor Steuern	372,8	3.742,4	4.957,8
Periodenergebnis	295,7	2.656,5	3.319,1
<i>Davon entfallen auf Anteilseigner des Mutterunternehmens</i>	<i>297,3</i>	<i>2.657,7</i>	<i>3.367,1</i>

Ausgewählte Informationen aus der Konzernbilanz

	Zum 31. Dezember		
	2018	2019	2020
		(geprüft)	
		(in tsd. €)	
Langfristige Vermögenswerte	500,8	54.174,6	84.400,5
Kurzfristige Vermögenswerte	729,6	14.223,4	52.675,1
Bilanzsumme	1.230,4	68.398,0	137.075,6
Eigenkapital	191,0	2.853,1	5.777,7
Auf die Anteilseigner des Mutterunternehmens entfallendes Eigenkapital	186,4	2.849,7	5.825,2
Langfristige Verbindlichkeiten	148,4	60.738,1	96.908,6
Kurzfristige Verbindlichkeiten	890,9	4.806,8	34.389,3

Ausgewählte Informationen aus der Konzernkapitalflussrechnung

	Für das zum 31. Dezember endende Geschäftsjahr		
	2018	2019	2020
		(geprüft)	
		(in tsd. €)	
Cashflow aus der betrieblichen Tätigkeit	147,4	6.621,0	3.039,0
Cashflows aus der Investitionstätigkeit	(184,7)	(3.794,0)	(584,5)
Cashflows aus der Finanzierungstätigkeit	76,5	251,1	(1.554,4)

Wesentliche operative Kennzahlen

	Für das zum 31. Dezember endende Geschäftsjahr		
	2018	2019	2020
		(ungeprüft)	
Anzahl neuer Projekte	4	14	14

	Für das zum 31. Dezember endende Geschäftsjahr		
	2018	2019 (ungeprüft)	2020
Ausgereichtes Investitionsvolumen (in Mio. €)	37	242	274

B.3 – Welches sind die zentralen Risiken, die für die Emittentin spezifisch sind?

- Negative Entwicklungen der globalen und lokalen wirtschaftlichen Bedingungen in unseren Märkten, einschließlich der COVID-19-Pandemie, falls diese anhält, könnten den Wert von und die Nachfrage nach Immobilien und Immobilienfinanzierungen verringern.
- Jeder Zinsanstieg könnte sich negativ auf den Wert von Immobilien auswirken, möglicherweise zu Ausfällen bei bestehenden Immobilienfinanzierungen führen und zukünftige Immobilienfinanzierungen für Investoren weniger attraktiv machen.
- Die digitalisierte Immobilienfinanzierung ist noch nicht fest im Markt etabliert, und wir können die langfristige Profitabilität und Nachhaltigkeit unseres Geschäftsmodells nicht zuverlässig vorhersagen.
- Um schnell attraktive Investitionsmöglichkeiten sichern zu können, verpflichten wir uns, neue Projekte vollständig über den LINUS-Fonds zu finanzieren, bevor wir Co-Investoren einbeziehen, und ein Mangel an ausreichend verfügbarem Kapital in dem LINUS-Fonds oder ein Scheitern der Verlängerung oder des Ersatzes des Fonds nach seiner anfänglichen Investitionsperiode könnte den weiteren Erfolg unseres Geschäftsmodells gefährden.
- Wir sind möglicherweise nicht in der Lage, eine ausreichende Anzahl von Co-Investoren zu gewinnen.
- Unsere Co-Investoren stellen möglicherweise nicht die von ihnen zugesagten Mittel zur Verfügung.
- Unsere historische Performance ist möglicherweise kein Indikator für unsere zukünftigen Ergebnisse oder die Ergebnisse zukünftiger Projekte.
- Wir sind möglicherweise nicht in der Lage, Fremdfinanzierungen zu attraktiven Konditionen oder überhaupt zu erhalten, was unsere Fähigkeit zur erfolgreichen Umsetzung unserer Wachstumsstrategie beeinträchtigen könnte.
- Wir sind möglicherweise nicht in der Lage, eine ausreichende Anzahl von Immobilienprojekten zu attraktiven Konditionen oder überhaupt zu identifizieren und zu sichern.
- Der Due-Diligence-Prozess, den wir im Zusammenhang mit unseren Investments durchführen, deckt möglicherweise nicht alle relevanten Fakten auf, was das Kreditausfallrisiko erhöhen kann.
- Sponsoren zahlen die von uns bereitgestellte Finanzierung möglicherweise nicht rechtzeitig oder gar nicht zurück.
- Wir unterliegen einer Vielzahl von Vorschriften, insbesondere in Bezug auf Kapitalanlagen und Gesetze zur Bekämpfung von Geldwäsche, und künftige Vorschriften und internationale Expansionen könnten zusätzliche Anforderungen und andere Verpflichtungen für unser Geschäft mit sich bringen.
- Die bestehende Registrierung unserer Tochtergesellschaft Linus Capital Management GmbH als Kapitalverwaltungsgesellschaft bei der BaFin könnte sich als ungültig oder unzureichend für unsere gegenwärtige oder zukünftige Geschäftstätigkeit erweisen oder werden.

C. – Basisinformationen über die Wertpapiere

C.1 – Welches sind die wichtigsten Merkmale der Wertpapiere?

Die Gesellschaft hat die Zulassung ihrer 6.056.666 bestehenden auf den Inhaber lautenden Stückaktien zum Handel im General Standard-Segment des regulierten Markts der Frankfurter Wertpapierbörse beantragt (die „Börsennotierung“).

Anzahl und Art der Aktien – Zum Datum dieses Prospekts sind 6.056.666 Aktien ausgegeben. Alle Aktien sind auf den Inhaber lautende Stückaktien mit einem rechnerischen Anteil am Grundkapital von je €1,00.

ISIN und Währung – Die ISIN der Aktien lautet DE000A2QRHL6, und die Aktien sind in Euro denominated.

Mit den Aktien verbundene Rechte und Übertragbarkeit – Alle Aktien sind voll dividendenberechtigt ab dem 1. Januar 2021. Jede Aktie gewährt eine Stimme in der Hauptversammlung der Gesellschaft. Die Aktien sind gegenüber allen anderen Wertpapieren und Forderungen nachrangig im Falle einer Insolvenz der Gesellschaft und nach den gesetzlichen Bestimmungen für Inhaberaktien frei übertragbar.

Dividendenpolitik – Die Gesellschaft hat in der Vergangenheit keine Dividenden gezahlt und beabsichtigt gegenwärtig, alle verfügbaren Mittel und alle zukünftigen Erträge zur Unterstützung der Geschäftstätigkeit und zur Finanzierung des Wachstums und der Entwicklung seines Unternehmens einzubehalten. Die Gesellschaft hat nicht die Absicht, in absehbarer Zukunft Dividenden zu zahlen.

C.2 – Wo werden die Wertpapiere gehandelt?

Es wird erwartet, dass alle Aktien zum Handel im General Standard-Segment des regulierten Markts der Frankfurter Wertpapierbörse zugelassen werden.

C.3 – Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Unsere Aktien wurden bisher nicht öffentlich gehandelt; es gibt keine Garantie, dass ein aktiver und liquider Markt für diese Aktien entstehen wird.
- Unser Aktienkurs könnte erheblichen Schwankungen unterliegen, und Investoren könnten ihre gesamte oder Teile ihrer Investition verlieren.

D. – Basisinformationen über das Angebot der Wertpapiere und/oder die Zulassung zum Handel an einem geregelten Markt

D.1 – Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Börsennotierung und Vollzug..... Die Zulassung zur Börsennotierung wird voraussichtlich am 18. Mai 2021 erteilt und der Handel wird voraussichtlich am 19. Mai 2021 aufgenommen.

D.2 – Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

Zulassung zum Handel Die Gesellschaft hat gemeinsam mit Berenberg die Zulassung ihrer 6.056.666 Aktien zum Handel im General Standard Segment des regulierten Marktes an der Frankfurter Wertpapierbörse beantragt.

D.3 – Weshalb wird dieser Prospekt erstellt?

Gründe für die Börsennotierung..... Die Gesellschaft strebt die Börsennotierung an, um Zugang zu den Kapitalmärkten zu erhalten. Die Gesellschaft ist davon überzeugt, dass dieser Zugang ihr zukünftiges Wachstum begünstigen und ihre Finanzierungsmöglichkeiten erweitern wird.

Wesentliche Interessenkonflikte..... In Bezug auf die Zulassung zum Handel bestehen keine Interessenkonflikte.

1. RISK FACTORS

This prospectus (the “Prospectus”) relates to the admission to trading of all 6,056,666 existing shares in LINUS Digital Finance AG (formerly Linus GmbH, the “Company” and, together with its consolidated subsidiaries, “LINUS”, the “Group”, “we”, “us” or “our”) on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) (General Standard) (the “Listing”). An investment in the shares of the Company is subject to risks. According to article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the “Prospectus Regulation”), the risk factors featured in a prospectus must be limited to risks which are specific to the issuer and/or to the securities and which are material for taking an informed investment decision. Therefore, the following risks are limited to risks that are both (1) specific to LINUS and/or to the Company’s shares and (2) material for taking an informed investment decision.

The following risk factors are categorized into subcategories based on their respective nature. In each category the two most material risk factors are mentioned first based on the Company’s current assessment with respect to the probability of their occurrence and the expected magnitude of their negative impact. The remaining risk factors in each category are not ordered by materiality.

1.1 Risks Related to the Industry in Which We Operate

1.1.1 Negative developments in global and local economic conditions in our markets, including the COVID-19 pandemic if it continues, could reduce the value of and the demand for real estate and real estate financing.

Via our digital platform we provide real estate financing to mid-cap real estate sponsors (“Sponsor(s)”), such as project developers or real estate investors, and offer institutional-grade investment opportunities to (smaller) institutional and semi-professional investors (*professionelle und semiprofessionelle Anleger*) within the meaning of section 1(19) no. 32 and no. 33 of the German Capital Investment Code (*Kapitalanlagegesetzbuch*) (“KAGB”). The real estate development projects range from residential to office, logistics, retail and operator-managed properties with a focus on the Federal Republic of Germany (“Germany”) and to a smaller extent on the United Kingdom (“UK”). Before onboarding co-investors, Linus Debt Invest DACH I GmbH & Co. KG (the “LINUS Fund”) commits to the full financing amount. The LINUS fund is a special alternative investment fund mainly sponsored by external investors, including an affiliate of our majority shareholder, which the Company manages through its wholly-owned subsidiary Linus Capital Management GmbH, a capital management company (*Kapitalverwaltungsgesellschaft*) registered pursuant to sections 2(4), 44 KAGB. We generate revenues and finance income from a combination of transaction fees payable by the borrower and interest on our participation in the individual financing projects. In addition, the Company charges administrative fees for managing the LINUS Fund. Therefore, the success of our business ultimately depends on the demand for financing of real estate project development and real estate investments, especially in Germany. This demand and the liquidity of the real estate market are affected by local and global economic conditions beyond our control, most of which have been subject to varying degrees of volatility in recent years. These conditions include:

- supply and demand of real estate, as well as special factors in the local markets where we invest and offer investments,
- general economic trends, especially the level of interest rates for the financing of real estate acquisitions,
- availability and creditworthiness of (commercial) tenants,
- availability of potential real estate investors and their financial resources,
- the regulatory environment for the commercial utilization of real estate, especially with regard to socio-political developments such as the introduction of rent caps (*Mietobergrenzen*) or limitations on rent increases (*Mietpreisbremse*) in certain areas of Germany,
- changes in tax laws and laws in general,
- investment activities of companies,
- the attractiveness of Germany and the UK as locations in comparison to other countries and global markets,

- cyclical fluctuations of the real estate market, and
- demographic developments.

Any change in these factors can adversely affect the demand for new financing projects and thus our offering. Furthermore, they can impact existing financing projects and thus our and our co-investors investments. For example, Sponsors may not be able to make repayments in time or at all. Any changes in the aforementioned local and global economic conditions could therefore have a material adverse effect on our results of operations, business activities and prospects.

Moreover, the ongoing pandemic of a strain of the coronavirus and the infectious disease caused by it (“**COVID-19**”) as well as the intensified governmental counter-measures, including lock-downs, and lasting changes in work or shopping patterns could adversely affect the demand for and the value of (commercial) real estate. While the COVID-19 pandemic has not significantly impacted the existing financing portfolio managed by us, we saw a noticeable decrease in new projects at the beginning of the pandemic in the spring of 2020. Even though the demand for real estate financing recovered in the course of 2020, we cannot rule out that there will be additional downturns. For example, further significant COVID-19-related travel restrictions, imposition of quarantines, shutdowns of “non-essential” businesses or other social distancing measures as well as a shift from office work to work-from-home could reduce the demand for hotels, office space and retail properties and thus for our financing services and have a negative effect on the fair values of real estate projects such as hotels and retail and might therefore also affect the fair values of our loan portfolio. In addition, these measures could result in counterparty risks in the form of payment defaults or terminations by purchasers or tenants of these properties, which could in turn lead to a rise in payment defaults on our financing. Any such defaults would negatively impact our reputation with our co-investors and revenues and finance income from the LINUS Fund’s investments and could have a material adverse effect on our business, net assets, financial condition, cash flows and results of operations.

1.1.2 Any rise in interest rates could adversely affect the value of real estate, possibly leading to defaults on existing real estate financing and could make future real estate financing less attractive for investors.

In recent years, policymakers, such as the European Central Bank (“**ECB**”), lowered interest rates and provided cheap liquidity through asset purchases (*quantitative easing*) to support economic development after the financial crisis. Low interest rates and the availability of inexpensive financing have supported the demand for real estate. In addition, the low interest rate environment has increased the popularity of the acquisitions of assets that are perceived to provide stable and largely predictable cash flows, including real estate in Germany. The availability of inexpensive financing and the increased interest in real estate has resulted in increased property prices and increased development activities in the real estate sector.

In December 2020, the ECB increased its pandemic emergency purchase program (PEPP) by €500 billion to a total of €1,850 billion, extended certain other stimulus measures and announced its expectation that key ECB interest rates will remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, two per cent within its projection horizon, and such convergence has been consistently reflected in underlying inflation dynamics. However, eventually, the ECB may return to a policy of monetary tightening, including through progressive increases in base interest rates. When interest rates rise, the value of real estate could be adversely affected due to increases in the discount rate and a reduction in the availability of attractive financing options. A sudden drop of real estate prices could even lead to defaults on existing real estate financing. Higher interest rates could also increase investors’ interest in other assets and decrease their interest in real estate. Any of these developments would make our service offering less attractive and could have a material adverse effect on our business, net assets, financial condition, cash flows and results of operations.

1.1.3 We are exposed to significant competition for new real estate financing projects as well as for co-investors.

The real estate financing market is highly competitive, fragmented and non-transparent for both real estate sponsors seeking financing and investors seeking investment opportunities with attractive returns amid a low-interest macro-economic environment. When searching for new investments or potential co-investors, we face significant competition from local and international brokers, banks, funds and other investors. In particular, we compete with local and international investment and mortgage banks, institutional real estate investment funds or other institutional real estate investors such as insurance companies, pension funds and sovereign wealth funds as well as with family offices, private investors and crowd-investing companies. In addition, competition for co-

investors includes providers of other alternative investments, such as hedge funds, private equity funds or other forms of investments in infrastructure or commodities.

Many of these competitors may have comparatively greater name recognition, a broader customer base, a larger or more diversified development project portfolio, substantially greater financial, technical and marketing resources or better access to new investments. These competitors might increase their market presence through greater use of advertising or by making more attractive offers to Sponsors and co-investors. In the future, other significant competitors for relevant financing projects and co-investors, which may have greater financial, technical and/or marketing resources as well, could enter the market. Any inability to secure a sufficient number of financing projects could have a highly adverse effect on the successful implementation of our growth strategy and thus our future business and prospects.

The competition to which we are currently exposed and the potential future increase of competition, especially in the digital real estate financing market, may lead to a substantial increase of financing costs or force us to reduce our interest rates and interest spread, any of which could result in lower margins and/or loss of market share, thus jeopardizing our growth strategy, cash flows and results of operations.

1.1.4 Real estate prices in Germany have risen significantly in recent years and any slowdown or reversal of this trend or a sudden drop in real estate prices could negatively affect the demand for real estate and real estate financing.

German real estate prices have risen significantly in recent years with growth in sales prices significantly exceeding rental increases. The real estate market in Germany has been supported in recent years by the strength of the overall German economy and the favorable interest rate environment. The German residential real estate market also benefits from demographic and socioeconomic trends that have contributed to demand for residential real estate in key metropolitan regions. Housing prices in these key metropolitan regions have increased significantly as a result of population growth and a general trend towards urbanization. It is not certain that this trend will continue or that the current price level is sustainable. Any slowdown or reversal of this trend or a sudden drop in real estate prices could negatively affect the demand for or attractiveness of real estate and real estate financing, which could have a material adverse effect on our business, results of operations and prospects.

As in many other countries, the gross domestic product in Germany significantly declined in 2020 as a result of the COVID-19 pandemic and the measures taken to combat its spread. These measures have resulted in a substantial slowdown in the above-mentioned favorable economic activity and may continue further into 2021 and beyond. In addition to short-term risks, which could result in negative demographic and socioeconomic developments with a significant impact on demand especially for commercial real estate in the medium- to long-term, influencing the type, functionality and locations that are likely to be popular. Furthermore, political initiatives or developments such as the introduction of rent caps (*Mietobergrenzen*), limitations on rent increases (*Mietpreisbremse*), increased quotas for subsidized housing and higher government subsidies for rural areas at the expense of metropolitan regions could also reduce demand for residential real estate in Germany's key metropolitan regions.

As a real estate financing platform, which generates its revenues from transaction fees arising from new projects and from the size of the portfolio it manages, we depend on a continued demand for real estate financing. A reduction in such demand may result in a loss of revenues and thus adversely affect our ability to further pursue our business strategy. Additionally, when providing mezzanine capital or whole loans with high leverage through the LINUS Fund, a drop in the real estate market or its mid-cap segment on which we focus would disproportionately affect us compared to pure real estate financing brokers without own investments.

1.2 Risks Related to Our Business Activities

1.2.1 Digitalized real estate finance is not yet firmly established in the market and unless we attract a loyal customer base we cannot reliably guarantee the long-term profitability and sustainability of our business model.

To date, real estate financing remains largely non-digital. Established real estate investors such as investment or mortgage banks and brokers, which finance most of the larger real estate development projects and have built up a solid and loyal customer base in this respect, still rely on non-digital processes. In recent years, crowd-investment platforms have emerged in the real estate sector. They offer digital real estate funding, typically in the form of mezzanine financing, but are primarily aimed at smaller Sponsors and private, non-professional investors. However, the majority of real estate financing services remains offline. Since we offer real estate

financing to mid-cap Sponsors and institutional-grade investment opportunities to (smaller) institutional and semi-professional investors, we are exposed to the risk that these target groups (mid-cap Sponsors as well as semi-professional and especially (smaller) institutional investors) might not, or might only slowly, respond positively to our digitalized offer, which may have a material adverse effect on the successful implementation of our growth strategy and thus the achievement of our business plan.

On our platform, we connect sponsors and investors and generate revenues and finance income from a combination of transaction fees and asset management fees as well as interest spreads and interest on the LINUS fund's participation in the individual financing projects. All these cash flows relate to a specific transaction and end once the related project has been completed. Since we do not have ongoing cash flows and cannot contractually secure recurring business, we cannot ensure a lasting revenue stream and have to build a loyal and recurring base of Sponsors and investors which adapts to our digital business model. Therefore, we cannot reliably forecast the long-term profitability and sustainability of our business model, which focuses solely on digital real estate financing.

1.2.2 *In order to be able to quickly secure attractive investment opportunities, we fully commit to finance new projects through the LINUS Fund before onboarding co-investors and a lack of sufficient capital available in the LINUS Fund or any failure to extend or replace the fund after its initial investment period may jeopardize the continued success of our business model.*

Our business strategy relies on our ability to present potential co-investors with an investment portfolio of high-quality financing projects. In order to be able to quickly secure what we believe are attractive investment opportunities in high-quality projects, which combine experienced Sponsors and attractive locations with a sound business case for the real estate, at higher returns, we have set up the LINUS Fund, which we use to fully commit to finance new projects before onboarding co-investors. To provide the required investment amount the fund relies on equity investments contributed by selected external investors, including an affiliate of our majority shareholder, which hold 97% of the equity limited partnership interest (*Kommanditanteile*) in the LINUS Fund. The LINUS Fund is set up with an investment period until December 31, 2022, after which we would have to agree with the investors to extend the investment period or set up or find alternative financing structures. However, even prior to that date, the LINUS Fund investors could terminate the management agreement with us for cause, *e.g.*, in case of our violation of the required investment process. In addition, they could not participate in a capital call to provide funds to the LINUS Fund for a specific project, *e.g.*, if they are unable or unwilling to contribute additional funds. All of these cases would negatively affect the availability of equity. Any failure to provide the LINUS Fund with sufficient funding or available equity as well as any inability to extend the LINUS Fund's initial investment period or find an alternative financing structure to secure attractive investments could adversely affect our ability to grow the investment portfolio managed by us, attract co-investors and pursue our business strategy.

1.2.3 *We may not be able to attract a sufficient number of co-investors.*

Our business model is based on the connection of Sponsors with investors. While we do front the entire investment through the LINUS Fund in order to secure an, in our opinion, attractive investment opportunity, we heavily depend on finding co-investors to generate fees and make our business model viable. Our ability to find co-investors for our projects depends on a number of factors, including market-driven factors that are outside our control. Investors may choose to invest in assets other than real estate or in other real estate projects than ours. Poor performance of our projects may also make it more difficult for us to raise more co-investments. Our ability to find co-investors for new projects may similarly be hampered if the general appeal of alternative investments, such as real estate, were to decline. Alternative investments may fall into disfavor as a result of concerns about liquidity and short-term performance. Additionally, if we fail to offer sufficiently attractive investment projects on our platform or if our curation process does not present relevant projects to potential co-investors or if the investment process is considered inconvenient, our platform may not be appealing for co-investors. In turn, the failure to attract a sufficient number of co-investors may render our platform less relevant for Sponsors and we could lose new investment opportunities. Furthermore, we present investment opportunities to potential co-investors only after we agreed with the Sponsor to finance the project. If we are unable to identify and secure sufficient capital from existing or new co-investors, we would still need to provide the financing committed to the Sponsor by the LINUS Fund and thus finance a larger share of a project than intended or even the whole project which would expose us to higher risks for the specific project and could limit our ability to commit ourselves to new projects and to make further investments due to a lack of available capital. We may therefore not be able to secure the number of projects we planned to implement, which could have a highly adverse effect on the successful implementation of our growth strategy and thus our future business and prospects.

1.2.4 Our co-investors may not provide the funds they committed.

Our co-investment model involves general risks such as potential disputes with our co-investors in connection with the performance of their obligations under the relevant agreements or conflicts with the policies or objectives adopted by us. Each of our project financings is structured to reduce risks stemming from a potential or temporary default on a payment obligation of its co-investors by including contractual sanctions to protect the interests of the parties involved. However, if a co-investor is unable or unwilling to perform its financial obligations and ultimately defaults, the LINUS Fund is still obliged to provide the agreed financing to the Sponsor. Frequent or continued delays or defaults in co-investors' performances of their financial obligations may therefore ultimately limit our capacity for further investments, which may inhibit our growth strategy and our ability to generate revenues.

1.2.5 Our historical performance may not be indicative of our future results or the results of future projects.

We have a limited operative history with significant growth in recent years. Our revenues from contracts with customers grew from €1.4 million in 2018, to €6.6 million in 2019 and €8.9 million in 2020, and our profit for the year was €0.3 million in 2018, €2.7 million in 2019 and €3.3 million in 2020. However, these results are no guarantee that we will be able to remain profitable in the future, especially as we expect to continue to make investments and incur significant costs to strengthen brand awareness, further enhance customer experience as well as expand and improve our operations. In addition, our historical performance may have been impacted by favorable investment opportunities and positive economic market conditions which only existed in the historical period and may not exist in future periods. In the event of weak economic and market conditions in the future, we may not be able to identify and invest in profitable projects, which in turn may have an adverse effect on the appeal of our platform to semi-professional and institutional co-investors and ultimately our revenues and results of operations.

1.2.6 We may not be able to maintain or grow our revenues, finance income or our business.

We currently generate our revenues and finance income from a combination of transaction fees, interest spreads and interest on our investment, all of which depend on the number and volume of our financing projects and the investments made by our co-investors. However, the number of attractive real estate projects is limited. In case we do not manage to secure sufficient high-quality projects for ourselves or the number of available attractive real estate projects is reduced, there can be no assurance that we will be able to further implement our growth strategy.

We experienced significant growth in revenues from contracts with customers in the past, increasing from €1.4 million for the financial year ended December 31, 2018 to €8.9 million for the financial year ended December 31, 2020, corresponding to a 2018-2020 compound annual growth rate ("CAGR") of 151%. While we signed four financing projects in the financial year ended December 31, 2018, this number has grown to 14 projects in the financial year ended December 31, 2020. However, there can be no assurance that our growth will be sustainable and that we will continue to experience significant above-market growth or any growth at all. In addition, we anticipate that our growth rate will decline over time as we achieve higher market penetration rates in all markets in which we operate.

To the extent our growth rate slows, our business performance will become increasingly dependent on our ability to, *inter alia*, use our operating leverage, increase our fulfilment efficiencies and decrease marketing costs in relation to our revenues. We have made and are continuing to make investments in optimizing our platform, analytics capabilities, customer experience and IT infrastructure. However, there is no assurance that these efforts will be sufficient to grow our revenues or business in total or in relation to the costs we incur, which may have a material adverse effect on the successful implementation of our business strategy.

Additionally, our current performance and growth has been dependent on a small number of institutional investors. In order to further grow, we depend on our ability to significantly broaden our co-investor base both in the institutional as well as in the semi-professional segment. Any failure to do so may result in a stagnation of our growth and thus have an adverse effect on our future business and prospects.

1.2.7 We may not be able to manage our growth effectively.

Our continued success depends on our ability to grow our business effectively. For example, we will need to continue to upgrade our infrastructure to deal with greater scale. An expansion of our online platform, including our IT infrastructure, an increase in the number of investment projects and a growing workforce will

make our operations more complex and challenging. There is no guarantee that we will be able to meet such challenges and the risk of disruptions and compliance violations may increase.

The anticipated growth may also place significant demands on our management and key employees, which will need to increase productivity. However, our existing teams may not be adequately staffed to handle an increase in the workload or our workforce management may prove insufficient for our expanding business and growth plans. Our ability to hire a sufficient number of new employees, especially IT experts, to manage our expanding operations in a timely manner depends on the overall availability of qualified employees and our ability to offer them sufficiently attractive employment terms compared to other employers. There is no guarantee that we will be able to hire the required number of employees in a timely manner and on acceptable terms.

An inability to manage future growth efficiently could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.8 *We may not be able to secure debt financing on attractive terms or at all which could impair our ability to successfully implement our growth strategy.*

We are currently debt free but may require debt financing in the future to successfully implement our growth strategy. We are seeking to continuously grow our business and to firmly establish our brand as the leading digital real estate financing platform. To this end, we are constantly working on improving our platform and our services, establishing new products, broadening our customer base and the investment portfolio managed by us. In order to pursue such or similar measures in furtherance of our growth strategy, debt capital may be necessary in the future. Our offering strongly relies on the availability of high-quality investments, which we secure through the LINUS Fund. As the LINUS Fund has a limited investment period, we may in the future require debt financing to secure investment opportunities.

If we chose to raise capital through debt financing, such financing may require us to post collateral in favor of the relevant lenders or impose other restrictions on our business and financial position (*e.g.*, in the form of covenants). Such restrictions may adversely affect our operations and ability to grow our business as intended. A breach of the relevant covenants or other contractual obligations contained in our external financing agreements may trigger immediate prepayment obligations or may lead the relevant lenders to seize collateral posted by us, all of which may adversely affect our business. In addition, if we raise capital through equity or debt financing (see “1.4.4 *Future offerings of equity or equity-linked debt securities by us could adversely affect the market price of our shares and future capitalization measures could substantially dilute the interests of our existing shareholders.*”) on unfavorable terms, this could adversely affect our operational flexibility and profitability.

An inability to obtain capital on economically acceptable terms, or at all, could prevent us from a successful implementation of our growth strategy, have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.9 *We may not be able to maintain our current fee structure as a result of poor project performance, general industry trends or changes in our business mix.*

We generate revenues and finance income from a combination of transaction fees payable by the borrower and interest on our participation in the individual financing projects. In addition, the Company charges administrative fees for managing the LINUS Fund. For a number of reasons, including project returns and market developments, we may not be able to maintain this current fee structure. Investors typically consider our administrative fees in the context of the historical return on our projects. In case any financing project does not perform as anticipated, it is possible that, with regard to future projects, we will not be able to maintain our current administrative fee structure. Downward pressure especially on transaction fees may result from general industry trends such as the growth and evolution of alternatives to our financing offers. Additionally, our business mix may change in the future to include a higher proportion of industry segments in which fees are generally lower. Moreover, if the LINUS Fund were to be terminated or not extended beyond its current investment period until December 31, 2022 (*cf.* “1.2.2 *In order to be able to quickly secure attractive investment opportunities, we fully commit to finance new projects through the LINUS Fund before onboarding co-investors and a lack of sufficient capital available in the LINUS Fund or any failure to extend or replace the fund after its initial investment period may jeopardize the continued success of our business model.*”), we would lose administrative fees for the management of the fund. As a result of any of these factors, we may be unable to maintain our current fee structure and may be forced to reduce our fees in order to remain attractive for Sponsors and investors. Fee reductions for existing and future projects would adversely affect our revenues from these projects and thereby our financial results.

1.2.10 Our investments to increase brand awareness, to generate platform visitors and to build and retain a loyal Sponsor and co-investor base may not be effective.

The success of our business largely depends on maintaining and enhancing our brand awareness, acquiring new customers online and offline, and increasing the number of customer visits to our website as well as the number and quality of transactions. To this end, we have made, and will continue to make, significant investments in our marketing efforts. The allocation of our marketing investments is driven by analyzing the data we collect from relevant traffic to our website as well as investments made by our customers. We may, however, not be able to accurately measure the effectiveness of our marketing expenses. Consequently, there can be no assurance that our assumptions regarding required customer acquisition costs and resulting revenues as well as the marketing needed to secure and expeditiously offer an attractive investment portfolio will prove to be correct and achieve the desired results.

In addition, we cannot guarantee that our current marketing channels will continue to be effective, permissible and generally available to us in the future as our customers may turn away from, or new regulation, *e.g.* on data protection or the use of social media, may adversely affect our use of, these channels. We also rely on third-party marketing services, search engines and social media, all of which might fail to deliver sufficient visits or impressions. In particular, the popularity of social media channels tends to fluctuate, making it difficult to predict which channels are best suited to reach the audience relevant for us.

In order to reach our ambitious growth targets we will, however, need to drive our customer acquisition at a much larger scale, which might increase our customer acquisition costs and negatively affect our unit economics and profitability. Additionally, if the third parties we rely on for our marketing were to increase the fees they charge for classified advertisements or prevent us from listing on their websites (*e.g.*, to prevent us from establishing a competing consumer offering), our marketing costs may increase as well and adversely affect our ability to successfully market our “LINUS Digital Finance” offering to a large number of customers.

Furthermore, visitors to our platform may not make the anticipated investments. Any failure to attract sufficient traffic to our website, translate a sufficient number of visits into transactions, build and maintain a loyal customer base and expand our relevance in the market for digital real estate financing could adversely affect our future growth and competitive position.

1.2.11 Our business depends on our reputation as trustworthy platform, which we might not be able to maintain or enhance, and unfavorable investor or Sponsor feedback or negative publicity could adversely affect our reputation.

Maintaining an excellent reputation is key in the real estate financing sector as this segment involves significant investment decisions which require a high level of trust not only in the specific project but also in the agent presenting the project. Consequently, the recognition and reputation of our platform, “LINUS Digital Finance”, among existing and potential Sponsors and co-investors are critical for the growth and continued success of our business as well as for our competitiveness in our target markets.

Any failure to secure high-quality investment opportunities with attractive risk / return profiles, provide a quality customer experience and customer service and comply with applicable laws and regulations could damage our reputation and brand and result in the loss of customers. Any negative publicity may be accelerated through social media (*e.g.*, Facebook, Instagram and Twitter) due to its immediacy and accessibility as a means of communication. Social media and websites immediately publish posts from users, often without filters or checks on the accuracy of the content posted. New and existing customers value readily available information concerning digital offerings and often act on such posts without further investigation or authentication. Allegations against us may be posted on social media, in Internet chat rooms or on blogs or websites by anyone on an anonymous basis. In addition, we may be the target of harassment or other detrimental conduct by third parties, including from our competitors. Any negative publicity, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brands, undermine the trust and credibility we have established, have a negative impact on our ability to attract new or retain existing customers and require us to spend significant time and money to address such negative publicity, which could have a highly adverse effect on our business and financial condition.

1.2.12 *Our offering is focused on mid-cap real estate financing projects and any decrease in the demand for such projects or economic downturns affecting their location could severely jeopardize our business model.*

As part of our business model, we target a specific asset class of mid-cap real estate projects with an investment volume of up to €100 million currently with a focus on locations primarily in A-cities in Germany and, to a lesser extent, in German B- as well as C-cities and currently A-cities in the UK. The limited diversification in terms of investment size and reliance on one asset class means that we are dependent on demand for these specific assets and any decrease in the demand for such projects would negatively affect the demand for our services and our business model may no longer be viable. Every location is exposed to individual regional risks that we cannot influence and that are beyond our control.

Additionally, while the smallest we invest in are usually B-cities, we occasionally invest in project developments in up-and-coming C-cities in Germany. These smaller cities outside the major metropolitan areas often heavily depend on a few companies for their economic growth. The insolvency, closure or relocation of one of these companies could have a significant adverse impact on the economic growth of the relevant location. Such factors are present at all locations in various forms and could each have adverse consequences for our financing projects. An economic downturn could reduce the value of financed projects and thus returns for Sponsors, potentially resulting in delayed or defaulted repayments to us, which could have a highly adverse effect on our business, results of operations, financial condition and prospects.

1.2.13 *We may enter into new geographic markets and business segments or offer new products, each of which may result in additional risks and uncertainties for our business.*

We intend to grow our business and may expand into new geographic markets and business segments in the real estate industry where there might be lower levels of creditor protection in comparison to Germany and in which we have little or no experience. For example, we may add a secondary trading platform or establish new investment structures or products (e.g., real estate equity) to attract additional co-investors. If such new investment structure or product is not successful, this could not only affect our revenues and financial condition but also our reputation. To the extent that we make (strategic) investments in new geographic markets or enter into joint ventures or other (strategic) initiatives, we may face numerous risks and uncertainties including, but not limited to, the required investment of capital and other resources and the possibility that we may have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risks. If these initiatives generate insufficient revenues or if we are unable to efficiently manage the expanded operations, this could have a material adverse effect on our businesses, financial condition and results of operations and result in reputational damage.

1.2.14 *We may from time to time pursue acquisitions, any of which could result in significant additional expenses, fail to achieve anticipated benefits, or fail to be properly integrated.*

As part of our business strategy to expand into other European countries, we may engage in opportunistic acquisitions of other companies, businesses or assets. Acquisitions involve numerous risks, any of which could harm our business, including but not limited to:

- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- failure to realize the anticipated benefits or synergies of a transaction;
- failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance, accounting practices or employee or customer issues;
- risks of entering new markets in which we have limited or no experience;
- potential loss of key employees, customers and suppliers from either our current business or an acquired company's business;
- inability to generate sufficient net revenue to offset acquisition costs;
- additional costs or equity dilution associated with funding the acquisition; and
- potential write-offs or impairment charges relating to acquired businesses.

If, in the context of any future acquisition, we fail to properly assess the merits of the acquisition target, incur costs that later prove to be unjustified, fail to integrate the acquisition into our business properly and in a cost-efficient manner, or incur liabilities that prove to be larger than anticipated, it could have a material adverse effect on our business, financial condition and results of operations.

1.2.15 We may not be able to identify and secure a sufficient number of real estate projects on attractive terms or at all.

We frequently seek to identify and secure attractive new real estate projects. However, we may not be able to regularly secure such attractive new real estate projects at the most suitable time or on attractive terms or at all. Our ability to do so depends on various factors such as the availability of suitable projects, financing and options for syndication, demand for rental space, the competitive situation, but also certain public legal matters such as the issuance of required permits. In fact, the number of attractive real estate projects is limited and there is fierce competition for investment opportunities, especially since we rely on independent Sponsors as larger listed Sponsors often have their own access to the capital market or large-scale financing. If we are unable to secure a sufficient number of financing projects on a regular basis, our platform could become less attractive for investors which could have a material adverse effect on our revenue streams as well as the future success of our business.

1.2.16 The due diligence process that we undertake on financing projects may not reveal all relevant facts which may increase the credit default risk.

Before the decision to commit to finance a new development project through the LINUS Fund, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we evaluate complex business, financial, tax, accounting, environmental, technical and legal issues. External consultants, legal advisors or accountants may be involved in the due diligence process to varying degrees depending on the type and volume of the relevant investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the Sponsor and third-party service providers, which may be incorrect or incomplete. Therefore, the due diligence investigation may not reveal all relevant facts that may be necessary or helpful in evaluating the investment. In some cases, we may only be able to conduct a limited due diligence investigation and, accordingly, may not be able to identify all risks associated with the investment opportunities we secure. Such risks typically include the credibility of the Sponsor, structural, technical and environmental defects of the development project as well as the validity of required permits to implement the envisaged project.

Any such unidentified circumstances and risks could subject us to unexpected liabilities, greater indebtedness, higher interest expenses and a default risk higher than initially anticipated, which could have a material adverse effect on our financial condition and results of operations.

1.2.17 We may misjudge the attractiveness and profitability of certain real estate projects.

As a provider of real estate financing services we are subject to certain real estate risks, *i.e.* potential negative changes in the value of the real estate projects we invest in through the LINUS Fund. Due to the illiquid nature of real estate, the valuation of real estate is inherently subjective and thus subject to uncertainty. A property's reported valuation depends on the factors considered during the valuation and on the valuation method used. In addition to considering expected rental income in relation to a particular property, the property's condition as well as its historical vacancy level, a property appraiser may consider other factors such as real estate tax rates, operating expenses, potential claims for environmental liabilities and the risks associated with certain construction materials. All such property valuations are made on the basis of assumptions which may not be correct. An adverse change in one of the assumptions used or factors considered can considerably decrease the assessed value of the property. Moreover, a change in the factors considered may cause valuation results to differ significantly.

There is no guarantee that the valuations will reflect actual sale or market prices (even where any such sales occur shortly after the relevant valuation date) or that the estimated rental yield and annual rental income of any property will actually be attained by the responsible Sponsor. During times of limited transactions in the real estate market in general or in particular market segments thereof, market prices for properties may be especially difficult to assess. These factors could result in the values ascribed to certain properties to be higher than the amounts that could be obtained through a sale of such property by the responsible Sponsor or in case of the liquidation of those properties by us. In addition, property values may decline over time and assumptions for their

valuation may change. Any misjudgments of property values could therefore lead to lower than expected returns of the responsible Sponsors, potentially resulting in delayed or defaulted repayments to us.

All of the above could have a highly adverse effect on the successful implementation of our growth strategy as well as our financial results and condition.

1.2.18 Sponsors may not repay the financing we provide in time or at all.

If the assets managed by us do not perform as expected, the risk of default would not only affect our co-investors, but also the LINUS Fund, which retains a significant stake in each project and in which the Company holds a 3% equity interest.

So far, Sponsors have, with one exception, complied with their repayment obligations. Even though we perform a thorough due diligence and follow-on process with regard to Sponsors, there can be no assurance that there will be no further delays or defaults in the future. Sponsors face significantly higher risk compared to owners and operators of real estate portfolios and projects may stagnate or be delayed for various reasons. The period from the start of development to completion can extend over several years for complex projects. However, the income from a property can generally be obtained only after completion. Volatility in the markets or other unforeseeable events or circumstances that occur or become known during the development phase can affect the expected return of the Sponsor. These include unknown environmental risks, soil discoveries of all types that delay construction progress or errors in planning.

The risks associated with the further development of projects also arise from possible disputes with building authorities and delayed and defective performance by the general and sub-contractors commissioned, or their insolvency, as well as from unplanned increases in construction costs, or a resulting delay in initial sale or leasing. Additionally, project developments may be subject to forces of nature (*e.g.*, floods) that could cause damages to supply lines, IT infrastructure or building damages. In the case of construction activities that involve the design of a property, under certain circumstances, architects could apply for injunctions against the Sponsor or third parties commissioned for the construction activities, to assert their copyright and thereby hinder or prevent construction. Any of these obstacles could lead to delays in the realization of projects or to their complete failure. As a result, Sponsors may be late or default in their repayments to us and to our co-investors. If Sponsors are in default, any collateral may turn out to be insufficient to cover the financing we provided.

Any default or delayed payment would significantly impact our reputation and negatively affect the LINUS Fund's investment. If a default occurred prior to syndication of the loan, the LINUS Fund would have to bear the full loss to the extent not covered by collateral. If, in addition, the collateral for such delayed or defaulted payments turns out to be insufficient, the LINUS Fund may in fact lose parts or even all of its investments, which could have a highly adverse impact on our ability to implement our business strategy and our financial condition.

1.2.19 Real estate investments are relatively illiquid, which may affect our ability to change, dispose of or liquidate any investments if necessary.

One of our guiding principles is to always have the LINUS Fund invest alongside our co-investors and to have it remain invested until repayment. Real estate investments, however, are relatively illiquid, especially due to the complex nature of real estate sale procedures, the need for due diligence in the course of such transactions and a varying market demand. Such illiquidity may therefore affect the LINUS Fund's ability to dispose of or liquidate investments in a timely fashion and at satisfactory prices, if intended, *e.g.*, as a result of default in repayment of the responsible Sponsor. The illiquidity of the real estate market may therefore have a negative impact on the value – or at least on the return that can be realized within a reasonable timeframe – of the responsible properties as collateral for our financing projects. As a result, such collateral may turn out to be insufficient and thereby lead to a loss of parts or even all of the LINUS Fund's investments, which could have a highly adverse impact on our ability to implement our business strategy and our financial condition.

1.2.20 If our techniques for managing operational or compliance risks are ineffective, we may be exposed to material unanticipated losses of revenues, litigation, sanctions or fines.

In order to manage the risks inherent to our business, we maintain policies, procedures and systems that enable us to identify, monitor and control our exposure to operational, legal and reputational risks. If our risk management efforts are ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise, we may suffer significant losses. Additionally, we may be subject to litigation, particularly from our co-investors, and sanctions or fines from regulators if our risk management system

is deemed to be insufficient. Our procedures for managing risks may not fully mitigate our risk exposure in all economic or market environments, or against all types of risk, including risks that we might fail to identify or anticipate. In such events, we may be exposed to material unanticipated operational losses and severe reputational damage, potentially resulting in Sponsors or co-investors refraining from our platform, which could have a highly adverse effect on our business, results of operations, financial condition and prospects.

1.2.21 We depend on the members of our management team.

We depend on the relationships, skills, expertise and experience in the real estate markets of the members of our management team. The loss of their services or our inability to attract and retain additional key personnel could impair our operations and growth. Our management team is responsible, among other things, for the sourcing and implementation of projects and co-investments and the execution of our strategies. Therefore, our future success will depend to a significant extent on the continued service of the members of our management team and our ability to attract and retain experienced key personnel. Competition for such personnel is intense and we may not be able to successfully attract and retain such personnel. The loss of any of our key personnel may limit our ability to successfully execute our business strategy and may prevent us from sustaining the level of performance our previous projects have achieved, which may adversely affect our ability to retain existing co-investors and attract new co-investors and thus our business and growth strategy.

1.2.22 Our management team has limited experience managing a public company, and publicly traded company reporting and compliance requirements could divert resources from the day-to-day management of our business.

Our management team has only limited experience in managing a public company, interacting with public investors and complying with the increasingly complex laws pertaining to public companies (*e.g.*, reporting obligations, public disclosure requirements, corporate governance and accounting standards). Any obligations applicable to us require substantial attention from our management and could divert resources away from the day-to-day management of LINUS' business.

There is no guarantee that we will be able to fully comply with all applicable requirements and our current human resources may prove insufficient to ensure compliance. Any non-compliance could result in significant fines or other penalties. To secure compliance it may become necessary to hire further employees or purchase outside services which may in turn interfere with our lean organizational set-up and increase its costs. The above risk may have a material adverse effect on our business, results of operations, financial condition and prospects.

1.2.23 Our insurance coverage may not be sufficient.

We carry a number of group insurance policies, containing market standard exclusions and deductibles, which are customary in our industry and cover all of our entities. We are, however, not fully insured against all possible risks, nor are all such risks insurable. Thus, there is no guarantee that we will not suffer any losses for which no insurance coverage is available or that the losses will not exceed the amount of insurance coverage under existing insurance policies, which may have a highly adverse effect on our financial condition.

1.2.24 Any failure to operate, maintain, integrate and scale our network and mobile infrastructure and our other technology could result in customer dissatisfaction, loss of revenues or subject us to claims for damages or regulatory fines.

As provider of a digital real estate financing platform, we are dependent on the reliable functioning of our financial, accounting, information and other data processing systems (“**IT systems**”), especially our internet and mobile infrastructure. The operation of our IT system is expensive and complex and could result in operational failures, and there is a risk that systems are undersized and functionally maladjusted. Any interruptions in, failures of or damage to our IT systems based on malfunction, incorrect use, attacks from unauthorized persons or otherwise could lead to delays or interruptions to our business processes. We cannot guarantee that malfunctions or security deficits can be avoided by preventive security measures in every case. Delays and interruptions to our IT systems could lead to increased costs and may result in lost revenues. Additionally, if, *e.g.*, due to security breaches, cyber-attacks from unauthorized persons or similar, malfunctions of our systems result in the disclosure of private data or trade secrets of our clients to unauthorized individuals or even to the public, this could, besides causing substantial reputational damage, subject us to significant claims for damages and regulatory fines, which could have an adverse effect on our financial condition.

1.2.25 *We are exposed to the risk of security breaches, including cyber-attacks, and unauthorized use of our website, databases, online security systems or computerized logistics management systems.*

Given that the digital offering of real estate financing is at the core of our business, we depend on the efficient and uninterrupted operation of our online platform. The same is true for other key functions such as marketing, logistics, forecasting and accounting. We also store data in our data centers (e.g., proprietary information regarding investments and customer behavior). Such data is essential to our business and our ability to connect investors with suitable investment opportunities. We also employ third party service providers that store, process and transmit such information on our behalf. Furthermore, we rely on encryption and authentication technology licensed from third parties to securely transmit sensitive and confidential information.

While we take steps to protect the security, integrity and confidentiality of sensitive and confidential information (e.g., password policies and firewalls), our security practices may be insufficient and third parties may breach our systems (e.g., through Trojans, spyware, ransomware or other malware attacks, or breaches by our employees or third party service providers), which may result in unauthorized use or disclosure of information. Such attacks might lead to blackmailing attempts, forcing us to pay substantial amounts to release our captured data or resulting in the unauthorized release of such data. Given that techniques used in these attacks change frequently and often are not recognized until launched against a target, it may be impossible to properly secure our systems. In addition, technical advances or a continued expansion and increased complexity of our platform could increase the likelihood of security breaches.

Any leakage of sensitive information could lead to a misuse of data. Inefficient management of administrator and user accounts may increase the risk of fraud and malfunctions. In addition, any such breach could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, negative publicity, subject us to fines or damages and adversely affect our business and reputation. As a result, our relevant insurance coverage may be inadequate or become unavailable to us. We may need to devote significant resources to protect ourselves against security breaches or to address such breaches and there is no guarantee that our resources will be sufficient to do so. Furthermore, we provide certain information to third party service providers who help us assess the performance of our business. Consequently, we only have limited control over the protection of such information by the relevant third-party service providers and may be adversely affected by breaches and disruptions of their IT systems.

Security breaches and disruptions could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.26 *Ineffective protection of confidential information might materially weaken our market position.*

Our key employees and officers have access to sensitive confidential information relating to our business, especially relating to the functioning of our digital finance platform. While we have confidentiality agreements in place we cannot assure that third parties or the general public never gain access to such information. Any ineffective protection of such information relating to our business might materially weaken our market position and thus adversely affect our business and operations.

1.3 Risks Related to Regulatory, Legal and Tax Matters

1.3.1 *We are subject to a variety of regulations, specifically with respect to capital investment and anti-money laundering laws, and future regulations and international expansions might impose additional requirements and other obligations on our business.*

Our operations are subject to a wide range of laws and regulations, specifically with respect to capital investment and anti-money laundering laws as well as the use of the Internet in general, online payments, consumer protection, data protection and employment matters, and the application of such laws and regulations by local authorities may vary. Key laws applicable to our business and operations, including our digital platform, include the KAGB, the Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (“GDPR”) and German Act on the Tracing of Profits from Serious Crimes (*Geldwäschegesetz*) (“GWG”).

Any changes in the laws and regulations applicable to our business and operations as well as our platform, specifically concerning the regulations governing the granting of loans and distribution of investment products, or changes to the application and interpretation of such laws and regulations by authorities and courts, may give

rise to substantial compliance costs, adjustment expenses and other costs in connection with our business activities, or prevent us from executing our strategy as planned. Even legislative initiatives and the corresponding public debates could result in significant uncertainty, regardless of whether such initiatives ultimately become law.

Additionally, we may face further legal complexity with different local jurisdictions due to the international expanse of our business operations. Furthermore, regulations that would apply to our operations in jurisdictions other than those in which we currently operate could be so burdensome as to make our entry into those markets unfeasible on reasonable economic terms. Any (perceived) compliance failure with applicable laws and regulations could result in damage to our reputation and a loss of revenues as well as liability, fines and charges.

1.3.2 The existing registration of our subsidiary Linus Capital Management GmbH with the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) as a capital management company (Kapitalverwaltungsgesellschaft) may turn out to be or become invalid or insufficient for our current or future operations.

In order to provide financing to Sponsors and to admit co-investors to participate, we must operate a capital management company (*Kapitalverwaltungsgesellschaft*) which is registered with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (“**BaFin**”). While we believe our wholly-owned subsidiary Linus Capital Management GmbH is validly and sufficiently registered, this registration may turn out invalid or insufficient for our existing business due to adverse change in the provisions governing the granting of loans and distribution of investment products or a change in legal application of such provisions by public authorities or legal rulings or as a result of our growth, entering new geographic markets or offering new products, *e.g.*, secondary trading. In this case, we would need to complete additional registrations or obtain regulatory authorizations, permits or approvals, which we may fail to do or receive. Any liabilities or regulatory sanctions resulting from business activities without any required registration, authorization, permit or approval and/or requirements for new or further registrations, authorizations, permits or approvals may impair our business operations and could have a material adverse effect on our business, financial condition and results of operations.

1.3.3 We may face liability claims from co-investors and investors in the LINUS Fund if they incur any damages in connection with investments in our projects or the LINUS Fund and feel they were wrongly or inadequately advised.

On our digital investment platform or through tailored offering we present investment opportunities and a variety of information to potential investors which they may use as part of their investment decision. If co-investors incur any damages in connection with a real estate project financed via our platform these investors may claim they were wrongly or inadequately advised or informed, including with respect to disclosure of our fees and participation, which could lead to significant liability claims against us.

Additionally, we offer external investors the opportunity to invest in the LINUS Fund. If investors in our fund incur any damages in connection with the LINUS Fund we may face significant claw-backs or liability claims based on alleged wrong or inadequate advice or information, including with respect to the risks and success of the relevant development project the fund commits to finance, which could have a material adverse effect to our reputation and financial condition.

1.3.4 Standard terms and conditions used by us may be invalid.

We use standardized documents, contracts and terms and conditions, which must comply with the statutory laws on general terms and conditions in the countries in which we operate. We cannot guarantee that all standardized terms and conditions we use currently comply and will continue to comply with the relevant requirements. Even if terms and conditions are prepared with legal advice, it is impossible for us to guarantee that they are valid, given that changes may continue to occur in the laws applicable to such terms and conditions and/or their interpretation by the courts. If clauses in our standardized documents, contracts or terms and conditions are found to be void, this could have a material adverse effect on our business, financial condition, results of operations and prospects as well as cause a reputational damage.

1.3.5 Due to our activities in real estate financing, we are exposed to risks in connection with potential violations of anti-money laundering and anti-terrorist financing laws and regulations.

Our business is subject to anti-money laundering and anti-terrorist financing regulations. The requirements under applicable regulations are detailed and demand substantial resources, internal routines and guidelines. Furthermore, this legal framework is subject to ongoing policy discussion on an international level and has frequently been substantially revised. It is possible that new or amended requirements would require us to further adapt our practices and procedures.

For example, any time a new co-investor intends to invest funds with us, we are required to conduct comprehensive know-your-customer and anti-money laundering investigation procedures in order to obtain all necessary information to verify the background of the co-investor and the source of its funds. However, despite our best efforts to comply with the applicable regulations and requirements, there remains a certain risk that a co-investor's background is not properly assessed during the course of our know-your-customer and anti-money laundering investigation procedures.

Any alleged or actual violation or breach of these laws and regulations could affect our overall reputation and expose us to administrative or judicial proceedings, which could result in significant fines and other costs and thus have a material adverse effect on our financial condition and results of operations.

1.3.6 Adverse changes in the legal framework for real estate project development could increase our costs of operations.

As a real estate financing platform we offer funding to professional Sponsors, which are subject to strict regulatory requirements. These relate, among others, to land use, planning, developing, building (requiring, for example, fire, health and safety protection measures), environmental protection, consumer protection and employment. German key law relating to development projects include the German Building Code (*Baugesetzbuch*), the real estate agent and developer ordinance (*Makler- und Bauträgerverordnung*), the German Trade Regulation (*Gewerbeordnung*), the German Construction Tendering and Contract Regulation – Part B (*Vergabe- und Vertragsordnung für Bauleistungen – Teil B*) and the German Civil Code (*Bürgerliches Gesetzbuch*) as well as special regulations applicable to contracts in the construction industry.

Such laws and regulations are critical to project developments and the marketing of the properties. Any changes in relevant laws and regulations, or their application and interpretation by authorities and courts, may give rise to substantial compliance, remediation and other costs as well as fines in connection with project development activities. Furthermore, legislative initiatives and the corresponding public debates could result in significant planning uncertainty and increased development costs, even if such initiatives do not ultimately become law.

For example, there is an ongoing debate in Germany as to how future increases of rents for residential real estate can be limited. A law limiting the increase of rental fees under certain conditions (*Mietpreisbremse*) has recently been introduced. Additionally, various political parties and private initiatives are calling for a strict rent cap (*Mietobergrenze*), a concept that has already been enacted in Berlin. Any legislation to limit rents for residential real estate could adversely affect rent developments, the attractiveness of the German residential real estate market overall as well as the prices Sponsors can achieve for their projects.

The additional costs for Sponsors resulting from changes in laws and regulations could increase our financing expenses and therefore adversely affect our business operations while marketing hindrances could negatively impact our revenue stream.

1.3.7 Non-compliance with data protection laws could result in in legal liability and reputational harm to our business while adverse changes in the applicable legal framework could increase our costs of operations.

By processing sensitive customer data (including banking information, names and addresses) as part of our business, we must comply with strict data protection and privacy laws. For example, we are subject to German and European laws and regulations on privacy, information security and data protection, the main and most relevant of which relate to the collection, protection and use of personal and business data, including the GDPR. The costs of complying with the GDPR are increasing, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. Any failure to comply with privacy, data protection and

information security laws, such as the GDPR, could result in potentially significant regulatory or governmental investigations or actions, litigation, fines, sanctions and damage to our reputation.

Additionally, privacy related regulation could interfere with our strategy to collect and use personal information as part of our data driven approach. For example, the use of “cookies” and similar (tracking) technologies, especially for behavioral advertising and other tracking and analytics purposes (e.g., Google Analytics), requires any user’s explicit consent. Data protection laws and rules also impose certain standards of protection and safeguarding on our ability to collect and use personal information relating to customers and potential customers and could make us liable in the event of a loss of control of such data or as a result of unauthorized third-party access. Unauthorized data disclosure could occur through cyber security breaches as a result of human error, external hacking, malware infection, malicious or accidental user activity, internal security breaches, and physical security breaches due to unauthorized personnel gaining physical access.

Changes in the economic or political framework may lead to changes in these or other regulations governing data protection or changed interpretation of existing laws as well as the enactment of stricter laws and regulations governing data protection, which could increase our costs of operations due to increased compliance measures and have an adverse effect on our results of operations.

1.3.8 The control and prevention mechanisms of our compliance structure might not be sufficient to adequately protect us from all legal or financial risks.

To protect us against legal risks and other potential harm, we are in the process of formally setting up a group-wide written code of conduct which will harmonize and comprehend our existing rules, procedures and mechanisms. This binding policy will formally address conduct, corruption prevention, conflicts of interest, information and data protection, discrimination, environmental protection and protection of company property and applies to all employees and the members of the management board and the supervisory board. Legal and compliance risks are addressed by our risk management procedures. Furthermore, we are currently setting up procedures which will be intended to provide a reasonable basis for our management to make proper judgments as to the financial position and prospects of the Group. There can be no assurance, however, that the aforementioned current and future compliance arrangements and the oversight of our internal compliance and legal departments will be sufficient to completely prevent all unauthorized practices, legal infringements, corruption, fraud or other legal or financial risks. Further, the risks exist that a competent regulatory authority requires amendments or modifications to our current or future compliance structure which may result in increased costs. Any failure of our current or future compliance structure or regulatory changes affecting our current or future compliance structure could result in unanticipated losses, significant fines or similar adverse administrative measures from public regulatory authorities as well as in severe reputational damage, all of which may have an adverse effect on our financial condition as well as lead to reputational damages and thus have adverse effect on our business.

1.3.9 Future litigation against us, which may arise in the ordinary course of our business, could be costly and time consuming to defend.

We may become the subject of legal disputes, administrative proceedings or government investigations. Such legal disputes, proceedings and investigations may arise from our relationships with Sponsors, co-investors, employees, building contractors and other contractual counterparties of us or of the Sponsors financed by us and public authorities alleging breaches of contract, tort or failure to comply with applicable laws and regulations. We may be required to pay damages or fines or to take, or to refrain from taking, certain actions. There may also be investigations by public authorities or criminal proceedings into circumstances of which we are currently not aware or which will arise in the future. If we were to be found liable under any such claims or even if complaints, lawsuits or investigations brought against us are unsuccessful, this could result in significant liabilities, further costs and substantial legal fees. In addition, any future litigation, even if brought against us without merit, may significantly divert management's attention and resources and harm our reputation and have material adverse effects on our business prospects as well as on our financial condition.

1.3.10 As a result of changes in tax laws or their application or construction, our tax burden may rise.

Our business is subject to the general tax environment in the jurisdictions in which we operate. Our ability to use tax loss carryforwards and other favorable tax provisions depends on national tax laws and their interpretation in these countries. Changes in tax legislation, administrative practices or case law could increase our tax burden or affect the tax treatment of dividend payments and such changes might even occur retroactively. Furthermore, tax laws may be interpreted differently by the competent tax authorities and courts, and their

interpretation may change at any time, which could lead to an increase of our tax burden. In addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create significant uncertainty, which may have an adverse effect on our financial condition.

1.3.11 We might be unable to adequately protect our intellectual property rights.

We have developed and obtained proprietary software, processes, know-how and other intellectual property, including copyrights, brands, trademarks and trade secrets, and such intellectual property is of key importance to our operations. Our online platform thus forms the backbone of our digital real estate financing operations. There is, however, no guarantee that applicable laws and regulations and the funds available to us will allow us to effectively protect such intellectual property. If these laws and regulations were to change, this could make it even more difficult to protect our intellectual property effectively. Furthermore, some of our intellectual property could be challenged or found invalid through administrative processes or litigation, and third parties may independently develop or otherwise acquire equivalent or superior intellectual property.

We may be required to spend significant funds on monitoring and protecting our intellectual property and we may not be able to discover all infringements, misappropriations or other violations of our intellectual property. If we initiate litigation against infringements of our intellectual property, such litigation may prove costly and there is no guarantee that it will ultimately be successful and that the rulings we obtain will adequately remedy the damage we have suffered. In addition, we provide certain information to third party service providers who help us assess the performance of our business. Consequently, we only have limited control to ensure that such information is not misused by such service providers or passed on to third parties, including our competitors.

Should we be unable to protect our intellectual property, we may not be able to profit from the advantages connected to our intellectual property rights, which could lead to a reduction in our future results of operations. This could affect our competitive position and any resulting reduction in revenues would have a material adverse effect on our business, financial condition and results of operations.

1.3.12 Third parties might accuse us of infringing their intellectual property rights.

As we utilize a variety of intellectual property for our business, customers, regulatory authorities or other third parties may allege that we infringe on their intellectual property, and we may therefore become subject to allegations and litigation against us. Legal claims regarding intellectual property rights are subject to inherent uncertainties due to the oftentimes complex issues involved. Even unfounded allegations of infringement may adversely affect our reputation and business and may require significant resources to defend against. Moreover, we cannot exclude the possibility that we may in fact infringe intellectual property rights of third parties. This may result in the prohibition of certain business actions or us being forced to purchase licenses, or pay royalties or damages. In addition to litigation from rights owners, we may become subject to regulatory, civil or criminal proceedings and penalties, all of which may lead to both significant unanticipated losses and, even if brought against us without merit, severe reputational damage and could furthermore significantly divert management's attention and resources.

Furthermore, some of the agreements we enter into with third parties may contain clauses regarding the protection of their intellectual property licensed to us. A violation of these clauses (*e.g.*, the unauthorized sub licensing or disclosure of a confidential source code) may require us to pay significant penalties, prevent us from utilizing such intellectual property in the future and result in litigation against us. In addition, some of our proprietary technology was developed on the basis of proprietary and non-proprietary software licensed from third parties. If these licenses were to be challenged or found invalid through litigation or other proceedings, we may not be able to continue to utilize such proprietary technology. In addition, the licensors or other third parties may claim that the use of such technology is outside the scope of the relevant license and therefore infringes upon their intellectual property, which may have a material adverse effect on our business, profitability and financial position.

1.4 Risks Related to Our Shareholder Structure and the Shares

1.4.1 Our shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for these shares will develop.

Our shares have never been publicly traded and there is no guarantee that an active and liquid market for our shares will develop and persist. Such lack of trading history will make it harder for investors to assess the

future volatility of the Company's share price. The price of these shares may turn out to be volatile and investors may lose all or part of their investments.

1.4.2 *Our share price could fluctuate significantly, and investors could lose all or part of their investment.*

Securities markets in general and shares of companies in the real estate sector in particular have been volatile in the past. For example, the rapid spread of the COVID-19 pandemic adversely impacted global economic activity and contributed to significant volatility and negative pressure in financial markets in early 2020. Hence, the market price and trading volume of our shares may fluctuate significantly. Some of the factors that could negatively affect the share price of our shares or result in fluctuations in the price or trading volume of our shares include, for example, changes in our actual or projected results of operations or those of our competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the strategy described in this Prospectus, as well as the evaluation of the related risks, changes in general economic conditions and changes in our shareholder base and liquidity as well as an exclusion from indices. General fluctuations in share prices, particularly the price of shares in other companies in the real estate financing sector, or a general deterioration in capital markets, may lead to pressure on the price of our shares, and these fluctuations in share price may not necessarily be based on our business operations or earnings prospects. If our share price or the trading volume in our shares decline as a result of the realization of any or all of these events, investors could lose part or all of their investment in our shares. The above risks may have a material adverse effect on the investment of potential investors.

1.4.3 *Following the Listing, our majority shareholder, Arvantis Group Holding GmbH, will retain a significant interest in our Company and Arvantis' interests may conflict with our interests or those of our other shareholders and we will not be able to implement our strategy without support from Arvantis.*

Following successful completion of the Listing, our existing majority shareholder, Arvantis Group Holding GmbH ("**Arvantis**"), will continue to own at least 62% of LINUS' share capital. Consequently, the majority shareholder will retain a significant influence over the Company following the Listing. Arvantis' interests may deviate from our interests or those of other shareholders. Certain measures and transactions as well as dividend payments may be implemented by Arvantis despite opposition from other shareholders and certain other measures and transactions may be impossible to implement without Arvantis' approval as shareholder, which may have a highly adverse effect on LINUS' future share price. Additionally, without the support from Arvantis we will not be able to implement our business strategy, which would have a material adverse effect on the overall success of our business.

1.4.4 *Future offerings of equity or equity-linked debt securities by us could adversely affect the market price of our shares and future capitalization measures could substantially dilute the interests of our existing shareholders.*

In order to finance our business operations and acquisitions or to repay our existing debt we may require additional capital in the future. We may seek to raise such capital through the issuance of additional shares or debt securities with conversion rights (*e.g.*, convertible bonds and option rights). An issuance of additional shares or debt securities with conversion rights could potentially reduce the market price of our shares and we currently cannot predict the amounts and terms of such future offerings.

If such offerings of equity or debt securities with conversion rights are made without granting subscription rights to our existing shareholders, these offerings would dilute the economic and voting rights of our existing shareholders. In addition, such dilution may arise from the acquisition or investments in companies in exchange, fully or in part, for newly issued shares of LINUS options granted to our business partners as well as from the exercise of stock options by our employees in the context of existing or future stock option programs or the issuance of shares to employees in the context of existing or future employee participation programs.

The shareholders thus bear the risk that any future offerings could reduce the market price of the Company's shares and/or dilute their shareholdings which may have a highly adverse effect on any dividend payments.

1.4.5 *Future sales of shares by Arvantis may adversely affect our share price.*

Future sales of a substantial number of shares by Arvantis in the public market following the successful completion of the Listing, or the perception that such sales might occur, could depress the market price of our

shares and could impair our ability to raise capital through the sale of additional equity securities, which could have a material adverse effect on our financial condition and implementation of our business strategy.

1.4.6 *We may not be able to or may decide not to pay dividends and the size of any dividend payments may fluctuate.*

Under German corporate law, dividends may only be distributed from the unappropriated profit (*Bilanzgewinn*) of a Company. The unappropriated profit is calculated based on the Company's (unconsolidated) annual financial statements prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Such accounting principles differ from International Financial Reporting Standards, as adopted by the European Union, in material respects.

Our ability to pay dividends therefore depends upon the availability of sufficient unappropriated profit. Additionally, the size of any dividend payment may fluctuate due to changes in the unappropriated profit. Any determination to pay dividends in the future will be at the discretion of our management board and will depend upon our results of operations, financial condition, contractual restrictions, including restrictions imposed by existing or future financing agreements, restrictions imposed by applicable laws and other factors management deems relevant. Consequently, we may not be able to or may decide not to pay dividends in the foreseeable future, or at all, which could have a material adverse effect on the return on investors' investments.

1.4.7 *Claims of shareholders are subordinated to claims by all other third parties, including creditors, employees and debt investors, so that shareholders may not be able to recover parts or all of their investments in case of an insolvency of our Company.*

In case of an insolvency of the Company, investments in the Company's shares are not secured by collateral and the claims of shareholders are subordinated to claims by all other third parties, including creditors, employees and debt investors. This means that only after the claims of other third parties have been paid, any remaining assets may be distributed to shareholders. Accordingly, in case of an insolvency of the Company it is highly likely that investors would lose a significant part or all of their investment.

2. GENERAL INFORMATION

2.1 Responsibility Statement

Linus Digital Finance AG (formerly Linus GmbH, the “**Company**” and, together with its consolidated subsidiaries, “**LINUS**”, the “**Group**”, “**we**”, “**us**” or “**our**”), with its registered office at Alexanderstraße 7, 10178 Berlin, Federal Republic of Germany (“**Germany**”) (telephone: +49 (0)30 629 3968 10, website: www.linus-finance.com), legal entity identifier (“**LEI**”) 8945005ERTYEKPYE7N23, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under docket number HRB 225909 B together with Joh. Berenberg, Gossler & Co. KG, with its registered office at Neuer Jungfernstieg 20, 20354 Hamburg, Germany (telephone: +49 (0)40 350 600; website: www.berenberg.de), LEI 529900UC2OD7II24Z667 (“**Berenberg**” or the “**Listing Agent**”) assume responsibility for the contents of this prospectus (the “**Prospectus**”) pursuant to section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) in conjunction with article 11 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the “**Prospectus Regulation**”), and declare that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts, and that this Prospectus makes no omission likely to affect its import.

2.2 General Disclaimers

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the “**EEA**”).

The information contained in this Prospectus will not be supplemented subsequent to the date hereof, except for any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the shares and which arises or is noted between the time when this Prospectus is approved and the time when trading of the Company’s shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (General Standard) commences, which will be disclosed in a supplement to this Prospectus pursuant to article 23 of the Prospectus Regulation without undue delay. The obligation to supplement the Prospectus pursuant to article 23 of the Prospectus Regulation will no longer apply following the expiration of the validity of this Prospectus at the end of the first day of trading in the Company’s shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), currently expected to occur on May 19, 2021.

2.3 Competent Authority Approval

This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (“**BaFin**”), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, www.bafin.de, as the competent authority under the Prospectus Regulation. BaFin has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Company’s shares and investors should make their own assessment as to the suitability of investing in the Company’s shares.

2.4 Purpose of this Prospectus

This Prospectus relates to the admission to trading of the Company’s entire share capital, *i.e.* 6,056,666 existing ordinary bearer shares with no par value (*Stückaktien*), on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (General Standard) (the “**Listing**”).

2.5 Information on the Shares

2.5.1 Current and Future Share Capital; Form of the Shares

As of the date of this Prospectus, the share capital of the Company amounts to €6,056,666.00 and is divided into 6,056,666 ordinary bearer shares with no-par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up.

2.5.2 Certification of the Shares

The Company's shares will be represented by one or more global share certificates, which will be deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("Clearstream").

§ 5.2 of the Company's articles of association (the "**Articles of Association**") excludes the shareholders' right to receive individual share certificates and dividend coupons to the extent permitted by law and unless mandated by the rules of a stock exchange to which the shares are admitted. The management board of the Company (the "**Management Board**") determines, with the consent of the supervisory board of the Company (the "**Supervisory Board**"), the form of the share certificates.

2.5.3 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.

2.5.4 Dividend and Liquidation Rights

Each share in the Company carries full dividend rights from January 1, 2021. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

2.5.5 Currency of the Securities Issue

The Company's shares are denominated in Euro.

2.5.6 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN)	DE000A2QRHL6
German Securities Code (<i>Wertpapierkennnummer (WKN)</i>).....	A2QRHL
Ticker Symbol	LDF

2.5.7 Transferability of Shares and Limitations on Disposal

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. There are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

2.6 Reasons for the Listing

The Company intends to list its shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (General Standard) to gain access to the capital markets. The Company believes that this access will benefit its future growth and expand its financing options.

2.7 Costs of the Listing

The costs related to the Listing of the shares are expected to total approximately €1.7 million. Investors will not be charged expenses by the Company or the Listing Agent. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

2.8 Admission to Trading

The Company, together with Berenberg, applied for the admission of its 6,056,666 shares to trading on the General Standard segment of the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on May 3, 2021. The listing approval (admission decision) for the Company's shares is expected to be granted on May 18, 2021; however, there can be no guarantee for such approval. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on May 19, 2021.

2.9 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which LINUS operates are based on the Company's assessments. These assessments, in turn, are based in part on internal market observations and on various market studies.

The following sources were used in the preparation of this Prospectus:

- CBRE, European Commercial Real Estate Finance – 2017 Update, last accessed on May 10, 2021, <https://www.cbre.com/research-and-reports/European-Commercial-Real-Estate-Finance-2017-Update> (“**CBRE**”);
- Destatis, German Federal Statistical Office, building permits for building construction in Germany, as at March 18, 2021, <https://www.destatis.de/EN/Themes/Economic-Sectors-Enterprises/Construction/Tables/permits.html> (“**Destatis**”);
- MSCI, Real Estate Market Size 2019, published in June 2020, https://www.msci.com/documents/1296102/19878845/MSCI_Real_Estate_Market_Size_2020.pdf/06a13e2c-0230-f253-26fa-3318cecb1c59 (“**MSCI**”);
- PwC and Urban Land Institute, “Emerging Trends in Real Estate: Europe 2021 – An uncertain impact”, published November 2020, <https://www.pwc.com/gx/en/asset-management/emerging-trends-real-estate/assets/emerging-trends-in-real-estate-europe-2021.pdf> (“**PwC**”);
- Real Estate Capital via FAP Finance GmbH, “Why Germany is a lonely place for debt funds”, published July 3, 2017, <https://www.fap-finance.com/media/27659/rec82.pdf> (“**Real Estate Capital**”).

It should be noted, in particular, that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Prospective investors are, nevertheless, advised to consider this data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action with respect to, shares in the Company.

In addition, some of the sources of market data included in this Prospectus were prepared before the pandemic spread of a strain of the coronavirus and the infectious disease caused by it (“**COVID-19**”), and have not been updated for the potential effects of this pandemic. The Company is not able to determine whether the third parties who have prepared such sources will revise their estimates and projections due to the potential impact of COVID-19 on future market developments.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Listing Agent (see “*2.1 Responsibility Statement*”), neither the Company nor the Listing Agent have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Listing Agent make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. In addition, prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.10 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available on the Company's website www.linus-finance.com under the “Investor Relations” section:

- the Articles of Association;

- the audited consolidated financial statements of the Company (prior to its changes in legal form and name, Linus GmbH) as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“**IFRS**”);
- the audited (unconsolidated) annual financial statements of the Company (prior to its changes in legal form and name, Linus GmbH) as of and for the fiscal year ended December 31, 2020 prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*) (“**HGB**”) (“**German GAAP**”).

The Company’s future consolidated financial statements, (unconsolidated) annual financial statements and condensed interim consolidated financial statements will be available from the Company on its website and the paying agent designated in this Prospectus (see “9.9 *Announcements, Paying Agent*”). The Company’s consolidated financial statements and (unconsolidated) annual financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company’s website www.linus-finance.com and information accessible via this website is neither part of, nor incorporated by reference into, this Prospectus.

2.11 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on LINUS’ future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which LINUS is exposed. Statements made using words such as “predicts”, “forecasts”, “projects”, “plans”, “intends”, “endeavors”, “expects” or “targets” generally indicate forward-looking statements.

The forward-looking statements contained in this Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company’s present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause LINUS’ actual results, including its financial condition and profitability, to differ materially from those expressed or implied in the forward-looking statements. These expressions can be found wherever information is contained in this Prospectus regarding the Company’s plans, intentions, beliefs, or current expectations relating to LINUS’ future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand for its residential units as well as the economic and regulatory environment which LINUS is subject to.

In light of these uncertainties and assumptions, future events mentioned in this Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party sources could prove to be inaccurate (for further information on the third-party sources used in this Prospectus, see “2.9 *Sources of Market Data*”).

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that neither the Company nor the Listing Agent assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

In the context of forward-looking statements, investors should consider the risks described in section “1. *Risk Factors*”, in particular where such statements relate to the development of LINUS’ business, financial condition, cash flows, results of operations and prospects.

2.12 Currency Presentation

In this Prospectus, “**Euro**”, “**EUR**” and “**€**” refer to the single European currency adopted by certain participating member states of the European Union, including Germany, \$ refers to U.S. dollar and GBP refers to pound sterling.

2.13 Presentation of Financial Information

Where financial information in the tables included this Prospectus is labeled “audited”, this means that it has been taken from the Company’s audited financial statements mentioned in Section “2.10 Documents Available for Inspection”. The audited consolidated financial statements of the Company have been prepared in accordance with IFRS. The audited (unconsolidated) annual financial statements of the Company have been prepared in accordance with German GAAP. The label “unaudited” indicates financial information in the tables included this Prospectus that has not been taken from the audited financial statements mentioned above, but was taken from the Company’s accounting records or internal reporting system, or is based on calculations of figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables or graphics included in this Prospectus may not add up to 100% or to the aggregate amounts in such tables or graphics (sum totals or sub totals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Prospectus. To compare a certain figure over more than two periods, a compound annual growth rate (CAGR) may be shown, which indicates the annual mean rate of growth for each year of the relevant period.

Financial information presented in parentheses denotes the negative of such number presented. A dash (“-”) signifies that the relevant figure is not available or zero, while a zero (“0.0”) signifies that the relevant figure has been rounded to zero.

2.14 Material Interests, including Conflicts of Interest

Berenberg or any of its affiliates may enter into financing arrangements, including swaps or contracts for differences, pursuant to which Berenberg or its affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

Berenberg or its affiliates have, and may from time to time in the future continue to have, business relations with LINUS and the existing shareholders of the Company, including lending activities, or may perform services for LINUS or the existing shareholders of the Company in the ordinary course of business.

None of the aforementioned interests constitute a conflict of interests or a potential conflict of interests with respect to the admission to trading. Consequently, there are no conflicts of interest with respect to the admission to trading.

3. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE

3.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a German stock corporation (*Aktiengesellschaft*) under the laws of Germany, the distribution of dividends for any given fiscal year and the amount and payment date thereof are resolved by the Company's shareholders' meeting (*Hauptversammlung*) in the subsequent fiscal year, based upon either a joint proposal by the Management Board and the Supervisory Board or upon the Management Board's or the Supervisory Board's proposal. The shareholders' meeting must generally be held within the first eight months of each fiscal year. As a consequence of the COVID-19 pandemic, the German legislator however adopted a legislative act on March 27, 2020 (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) providing for several temporary exemptions from certain statutory rules for the year 2020 which were extended into 2021 by the Act on the Further Reduction of the Procedure for the Relief of Remaining Debt (*Gesetz zur weiteren Verkürzung des Restschuldbefreiungsverfahrens*) dated December 22, 2020 (together, the "**COVID-19 Mitigation Act**"). Under the COVID-19 Mitigation Act, the shareholders' meeting of a German stock corporation (*Aktiengesellschaft*) may be held within the whole fiscal year of the relevant entity, but in any case by the end of 2021, based on a decision of the management board in conjunction with the supervisory board's approval.

Dividends may only be distributed from the unappropriated profit (*Bilanzgewinn*) of the Company. The unappropriated profit is calculated based on the Company's (unconsolidated) annual financial statements prepared in accordance with German GAAP. German GAAP differs from IFRS in material respects.

When determining the unappropriated profit, the net income or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for retained profit/loss carryforwards (*Gewinn-/Verlustvorträge*) from the previous fiscal year and withdrawals from, or appropriations, to reserves (retained earnings). Certain reserves must be set aside by law and deducted when calculating the unappropriated profit available for distribution.

The Management Board must prepare (unconsolidated) annual financial statements (balance sheet, income statement and notes to the annual financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation. At the same time, the Management Board must present a proposal for the allocation of the Company's unappropriated profit to the Supervisory Board pursuant to section 170(2) of the German Stock Corporation Act (*Aktiengesetz*) ("**AktG**"). According to section 171 AktG, the Supervisory Board must review the annual financial statements, the Management Board's management report and the proposal for the allocation of the unappropriated profit and report to the shareholders' meeting in writing on the results of such review.

The shareholders' meeting resolves on the allocation of the unappropriated profit by a simple majority of votes cast. Pursuant to § 22 of the Articles of Association, the shareholders' meeting may also adopt a resolution that dividends be distributed partially or entirely in kind (*e.g.*, as a distribution of treasury shares if such shares are held by the Company at that time). Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) without undue delay after the shareholders' meeting.

The COVID-19 Mitigation Act provides in deviation from general rules that the Management Board may, with the consent of the Supervisory Board, decide to pay an interim dividend from the retained profits to shareholders. The relevant provisions under the COVID-19 Mitigation Act currently apply only to shareholders' meetings held in and interim dividends paid out until the end of 2021.

Dividends resolved by the shareholders' meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant shareholders' meeting, unless a later date is specified in the dividend resolution or the Articles of Association. Since all of the Company's dividend entitlements are evidenced by the global share certificate deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under an obligation to distribute these funds to their customers. Shareholders using a custodian bank located outside of Germany must inquire at their respective bank about the terms and conditions applicable in their case. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholders' rights to receive such dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid.

Any dividends not claimed within three years become time-barred. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Company.

3.2 Dividend Policy and Dividends per Share

The Company was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) on July 27, 2016, was converted into a stock corporation (*Aktiengesellschaft*) on February 10, 2021 and has not paid any dividends or made any other distributions from inception up to and including the date of this Prospectus.

The Company currently intends to retain any funds available and any potential future earnings to support its operations and to finance the growth and development of its business. The Company does currently not intend to pay dividends in the foreseeable future. Any future determination to pay dividends will be made in accordance with applicable laws and will depend upon, among other factors, its results of operations, financial condition, contractual restrictions and capital requirements. The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or future preferred securities.

There is no guarantee that sufficient unappropriated profit will be available to pay dividends in any envisaged amount, or at all. The results set out in the Company's financial statements may not be indicative of future dividend payments by the Company.

4. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables show LINUS' capitalization and indebtedness as of February 28, 2021 derived from the Company's internal accounting records or reporting systems.

Investors should read the following tables in conjunction with the Section "5. Management's Discussion and Analysis of net assets, financial condition and results of operations", the Company's consolidated financial statements included in this Prospectus, including the related notes thereto, and additional financial information contained elsewhere in this Prospectus.

4.1 Capitalization

	As of February 28, 2021 (unaudited) (in € million)
Total current debt (including current portion of non-current debt)	35.8
Thereof guaranteed.....	–
Thereof secured.....	–
Thereof unguaranteed/unsecured.....	35.8
Total non-current debt (excluding current portion of non-current debt)	81.8
Thereof guaranteed.....	–
Thereof secured.....	–
Thereof unguaranteed/unsecured.....	81.8
Total shareholders' equity⁽¹⁾	14.1
Share capital.....	0.1
Legal reserve(s) ⁽²⁾	8.5
Other reserves ⁽³⁾	5.5
Total⁽⁴⁾.....	131.7

(1) Sum of share capital, legal reserve(s) and other reserves disregarding any profit or loss or other comprehensive income for the period since December 31, 2020.

(2) Contains capital reserves including proceeds from capital increases.

(3) Contains retained earnings and other components of equity disregarding any profit or loss or other comprehensive income for the period since December 31, 2020.

(4) Sum of total current debt, total non-current debt and total shareholders' equity disregarding any profit or loss or other comprehensive income for the period since December 31, 2020.

4.2 Indebtedness

	As of February 28, 2021 (unaudited) (in € million)
A. Cash.....	9.6
B. Cash equivalents.....	–
C. Other current financial assets	47.0
D. Liquidity (A)+(B)+(C).....	56.6
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt).....	31.7
F. Current portion of non-current financial debt	–
G. Current financial indebtedness (E)+(F)	31.7
H. Net current financial indebtedness (G)-(D).....	(24.9)
I. Non-current financial debt (excluding current portion and debt instruments).....	81.3
J. Debt instruments	–
K. Non-current trade and other payables.....	0.5
L. Non-current financial indebtedness (I)+(J)+(K)	81.8
M. Total financial indebtedness (H)+(L).....	56.9

4.3 Contingent and Indirect Liabilities

As of February 28, 2021, there were no contingent or indirect liabilities of LINUS.

As of February 28, 2021, LINUS' other contractual obligations consisted of rental and lease agreements (including incidental rental expenses) in an amount of €32 thousand.

4.4 Statement on Working Capital

In the Company's opinion, LINUS' working capital is sufficient to meet its present requirements over at least the next twelve months from the date of this Prospectus.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial information contained in the following tables is taken or derived from the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 and the Company's internal accounting records or reporting systems.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin branch office, Friedrichstraße 140, 10117 Berlin, Germany, has audited in accordance with section 317 HGB and German generally accepted standards for financial statement audits and issued German language unqualified independent auditor's reports (uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers) on the consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018, prepared in accordance with IFRS, as well as on the German language (unconsolidated) annual financial statements of the Company as of and for the fiscal year ended December 31, 2020 prepared in accordance with German GAAP. The aforementioned audited consolidated financial statements as well as an English language translation of the (unconsolidated) audited annual financial statements of the Company and English language translations of the independent auditor's reports thereon are included in this Prospectus.

Where financial information in the tables included in this Prospectus is labeled "audited", this means that it has been taken from the audited financial statements of the Company mentioned above. The label "unaudited" indicates financial information in the tables included in this Prospectus that has not been taken from the audited financial statements mentioned above, but was taken from the accounting records or internal reporting system of the Company, or is based on calculations of figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in thousands of Euro (in € thousand). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables included in this Prospectus may not add up to the aggregate amounts in such tables (sum totals or subtotals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Prospectus. Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

Certain information in the discussion and analysis set forth below and elsewhere in this Prospectus includes forward looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in these forward looking statements. See "1. Risk Factors" and "2. General Information" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward looking statements contained in this Prospectus. This discussion and analysis should also be read in conjunction with the financial statements described above, including the notes thereto, and financial information appearing in "2.13 Presentation of Financial Information".

5.1 Overview

We believe we are the first German digital real estate finance platform for institutional-grade real estate investments, *i.e.*, investment opportunities with a class and quality that usually attract attention from large national or international investors, and related services. Through our scalable digital offering, we open up to (smaller) institutional and semi-professional investors an asset class with what believe are high-yield investment opportunities that offer higher returns compared to other asset classes with a similar risk profile for which they would in a traditional financing scenario need to make significantly larger investments, thereby introducing new distribution channels for investment products in general. At the same time, we provide digital financing solutions to real estate sponsors, such as project developers or real estate investors ("**Sponsors**"), which can be adjusted to the individual Sponsor's needs. The projects presented on our platform are professionally curated through our thorough screening process, which combines our investment professionals' expertise with a data and technology-driven assessment on the basis of a standardized due diligence process involving third-party service providers.

We offer institutional and semi-professional investors exclusive access as co-investors to a broad variety of real estate investments typically featuring financing volumes in a range of approximately €3 million to €100 million. To participate in a project, a co-investor acquires shares in a special purpose vehicle specifically set up for that project in the form of a closed-end special alternative investment fund ("**Special AIF**") and holding the project loan, which is secured by the property under development. As an alternative to participating in real estate

financing for individual projects, we offer our co-investors the possibility to invest into a selection of approximately 10 projects at once through a closed-end special alternative investment fund.

The Company holds 3% of the equity limited partnership interest (*Kommanditanteile*) in Linus Debt Invest DACH I GmbH & Co. KG, the (“**LINUS Fund**”), a real estate debt fund in the form of a Special AIF. The Company manages the LINUS Fund through its wholly-owned subsidiary, Linus Capital Management GmbH, a capital management company (*Kapitalverwaltungsgesellschaft*) registered with BaFin. The LINUS Fund commits to the full investment amount before any co-investors join, thereby allowing for a faster process and increased transaction security for Sponsors. Following syndication with co-investors, the LINUS Fund retains a significant stake of usually at least 25% in the equity of the Special AIF set up to hold the loan over the entire term of the loan. Accordingly, we participate in the risks and rewards of our projects, which aligns our interests with those of our co-investors.

5.2 Our Revenue Model

We generate revenues primarily from brokerage, structuring and advisory services, from asset management fees as well as the cross-charging of costs for legal and accounting services which we incur as operating expenses. Borrowers pay us a fee for structuring and providing financing for their real estate projects. This fee is payable partly upon signing of the loan (so-called in-fees) and partly upon repayment (so-called out fees). The fee’s size is based on the size of the loan. Moreover, the LINUS Fund pays an administrative fee to the Company for asset management services provided by the Company through its wholly-owned subsidiary Linus Capital Management GmbH. The amount of the asset management fee depends on the volume of assets under management by the LINUS Fund. Furthermore, we charge certain costs related to the set-up of a financing project’s dedicated Special AIF to co-investors. In addition to revenues, we also generate income from the difference between the interest paid by lenders to the dedicated Special AIF and the interest received by our co-investors from such Special AIF. This interest spread is shared between the Company and the LINUS Fund. Depending on the project’s set-up and syndication, we account for this income as either share of profit of associates and joint ventures or finance income.

5.3 Key Factors Affecting our Results of Operations, Financial Condition and Cash Flows

The key factors discussed below have significantly affected our results of operations, financial condition and cash flows during the periods for which financial information is included in the Prospectus, and we believe that these factors will continue to affect us in the future:

5.3.1 Demand for real estate financing

As a provider of real estate financing, our financing volume depends on demand for our services and is also affected by the German real estate market. With \$580 billion of professionally managed real estate investments, the German market was the second largest in Europe in 2019 following the UK with \$746 billion (*source*: MSCI). In the current low-interest environment, the significant demand for real estate financing results in higher returns compared to other asset classes with a similar risk profile, making the real estate asset class attractive for various types of investors. Accordingly, if interest rates were to increase, investors could shift their investment focus to other asset classes, which would decrease the demand for real estate and related financing.

The COVID-19 pandemic which occurred worldwide in 2020 had significant effects on the global economy and thus also on the German real estate market. Many countries, including Germany, have taken severe measures including travel restrictions, quarantines, shelter-in-place orders, and similar government orders or restrictions, in an attempt to control the spread and mitigate the impact of the disease, resulting in, among others, business closures, work stoppages, slowdowns and delays, work-from-home policies, and cancellation or postponement of events, leading to a substantial slowdown in economic activity. While the COVID-19 pandemic has not significantly impacted the existing financing portfolio managed by us, we saw a noticeable decrease in new projects at the beginning of the pandemic in the spring of 2020. Even though the demand for real estate financing recovered in the course of 2020, we cannot rule out that there will be additional downturns. We believe, however, that the ongoing restrictions on offline businesses have also favored a general shift from offline to online business models.

5.3.2 Expansion and diversification of our offering

By continuously expanding and diversifying our offering, we were able to significantly grow our business between 2018 and 2020. At the end of 2018, as a key milestone, we established the LINUS Fund, which is largely

financed by external investors. Through the LINUS Fund, we are able to finance a larger number of projects simultaneously. This enabled us to further expand our product range and increase our regional expansion in 2019. In addition, the ongoing development of our digital platform has helped us to reach a broader co-investor base. As a result, we increased penetration in our key markets and experienced strong growth in loan origination and resulting loan volume. In the fiscal year ended December 31, 2020, we generated revenues from contracts with customers in the amount of €8.9 million compared to €6.6 million in the fiscal year ended December 31, 2019 and €1.4 million in the fiscal year ended December 31, 2018.

5.3.3 Sourcing of new financing projects from network of Sponsors

Maintaining a strong and wide-reaching network of Sponsors is key for our access to new financing projects. We are in regular close exchange and discuss financing requests with approximately half of our Sponsors network, which consists of more than 100 project developers, and about one third of the Sponsors in our network have already entered into financing projects with us. We mainly cooperate with local Sponsors with profound knowledge of and relationships in their local markets who do not have direct access to the capital markets (“local champions”) and further grow our first-class Sponsor network through an entrepreneurial approach. We also maintain relationships with multipliers such as brokers as well as senior banks to be considered for mezzanine financing. In addition, we see ourselves as a life-cycle investor and try to accompany projects from purchase through construction to inventory financing.

5.3.4 Financing volume provided to Sponsors

Demand for our services is driven by the competitiveness of the interest rates we offer to Sponsors and investors, the perceived quality of our services and by our brand recognition. Our financing volume is also affected by the funds available to us, our ability to process additional loan applications and to bring loan applications we process to a successful close. Our fees are calculated based on the financing volume provided to Sponsors or assets under management. Accordingly, higher financing volume (achieved by increasing either the number of financings closed or the average financing size) generates greater revenues.

Since our launch in 2016, we have arranged real estate private debt loans with a total volume of €598 million, of which €146 million stems from the LINUS Fund and €452 million from co-investors, under which €35 million of interest have been distributed to LINUS Fund investors and co-investors. The overall volume of projects, *i.e.*, the total financing volume of the projects LINUS was involved in (including other sources of financing), has been more than €1.5 billion. As a result of an increase in financing volumes, we were able to grow our revenues from contracts with customers from €1.4 million in the fiscal year ended December 31, 2018 to €6.6 million in the fiscal year ended December 31, 2019 to €8.9 million in the fiscal year ended December 31, 2020. Overall, the number of financing projects increased from four in the fiscal year ended December 31, 2018 to 14 in the fiscal years ended December 31, 2019 and 2020, respectively.

5.3.5 Syndication of financing projects to co-investors

We syndicate to co-investors the major part of any financing provided by the LINUS Fund to Sponsors. This syndication allows us to increase the number of financing projects and the LINUS Fund to efficiently use its available capital. Our ability to onboard co-investors depends on the attractiveness of our projects and general market conditions. We believe with our offering of high-yield investment opportunities, to which (smaller) institutional and semi-professional investors in a traditional financing scenario would not have access or only if they made significantly larger investments, we are well suited to attract these target groups who have been underserved for such investment opportunities so far. The success of our approach is evidenced by the increase in the average capital a semi-professional co-investor invested in projects offered on our platform from approximately €516 thousand in the fiscal year ended December 31, 2019, the first year of this offering, to approximately €714 thousand in the fiscal year ended December 31, 2020.

At the same time, the terms we offer to co-investors affect our and the LINUS Fund’s profit. The difference between the interest paid by Sponsors to the Special AIF holding the loan and the yields paid to co-investors on their investments is distributed to the Company and the LINUS Fund in equal shares. To the extent tranches of loans are sold to institutional co-investors or if co-investors hold their participation through our subsidiary Linus Treuhand GmbH & Co. KG as trustee, this interest spread is accounted for as part of finance income. Otherwise the spread is accounted as share of profit of associates and joint ventures.

5.3.6 Employee benefits expense

Our employee benefits expense is divided into salaries, bonuses and other short-term benefits as well as social security expenses and share-based payment expenses. Expressed as a percentage of revenues from contracts with customers, employee benefits expense amounted to 26.4% in the fiscal year ended December 31, 2020. As our business grows, we plan to further expand our investment portfolio as well as our IT-platform and data analysis. To support our expansion plans, we will need to hire additional expert personnel and therefore expect increasing employee benefits expense going forward.

5.3.7 Other operating expenses

Other operating expenses are primarily driven by legal and consulting fees and increasing marketing and hospitality costs. Expressed as a percentage of revenues from contracts with customers, other operating expenses amounted to 45.5% in the fiscal year ended December 31, 2020 (2019: 34.2%; 2018: 30.9%). The legal and consulting fees mainly relate to legal advice and costs for technical due diligence, both in connection with the granting of loans, and costs for funds structuring. To perform the technical due diligence, we rely to a large extent on external consultants. We believe that due to our thorough due diligence before committing to finance a project, we can offer an institutional-grade level of transparency and in-depth information to our co-investors. Our due diligence process helps us to select high-quality projects combining experienced Sponsors, attractive locations and a sound business case for the real estate for financing and presentation to our co-investors. This way we aim to create a loyal and recurring customer base. Almost all of the legal and consulting fees are cross-charged to the real estate developers.

5.4 Results of Operations

The following table shows financial information taken from the Company's consolidated statement of comprehensive income for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020:

	For the fiscal year ended December 31,		
	2018	2019	2020
		(audited)	
		(in € thousand)	
Revenues from contracts with customers	1,400.2	6,577.1	8,854.1
Other operating income	1.7	15.6	30.3
Employee benefit expense	(538.4)	(1,553.6)	(2,333.5)
Other operating expenses	(433.1)	(2,250.6)	(3,939.2)
Share of profit of associates and joint ventures	–	898.8	1,305.2
EBITDA	430.4	3,687.4	3,917.0
Depreciation and amortization	(48.8)	(166.2)	(215.8)
EBIT	381.6	3,521.2	3,701.2
Finance result	(8.7)	221.2	1,256.6
Finance costs	(9.6)	(3,005.3)	(9,452.3)
Finance income	0.9	3,626.5	9,875.7
Other finance income	–	(400.0)	833.2
Profit before tax	372.8	3,742.4	4,957.8
Income tax expense	(77.1)	(1,085.9)	(1,638.7)
Profit for the year	295.7	2,656.5	3,319.1

5.4.1 Revenues from Contracts with Customers

LINUS generates revenues primarily from brokerage, structuring and advisory services, from asset management fees as well as the cross-charging of costs for legal and accounting services which we incur as

operating expenses. Furthermore, LINUS receives break-fees, break-up-fees and exit fees if the loans do not materialize for reasons beyond LINUS' control.

The table below shows the breakdown of revenues from contracts with customers for the periods indicated:

	For the fiscal year ended December 31,		
	2018	2019 (audited)	2020
	(in € thousand)		
Type of revenues			
Rendering of services	1,400.2	6,577.1	8,854.1
<i>Finance brokerage fees</i>	681.4	4,712.2	6,101.1
<i>Break-Fees, Break-up-Fees, Exit Fees, Handling Fee.</i>	—	—	1,738.6
<i>Cross-charging of costs</i>	25.0	941.6	912.2
<i>Asset management fees</i>	103.5	71.4	40.6
<i>Structuring fees</i>	573.9	750.0	—
<i>Other</i>	16.4	102.0	61.7
Revenues (IFRS 15)	1,400.2	6,577.1	8,854.1
Geographical markets			
Germany.....	1,400.2	6,577.1	8,489.9
Other Europe and rest of the world	—	—	364.2
Revenues (IFRS 15)	1,400.2	6,577.1	8,854.1

5.4.1.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

Revenues from contracts with customers increased by €2,277.0 thousand, or 34.6%, from €6,577.1 thousand in the fiscal year ended December 31, 2019 to €8,854.1 thousand in the fiscal year ended December 31, 2020 as a result of an increased portfolio of total financial assets at fair value (real estate private debt loans and interest accrued) by €60,522 thousand due to an increase in the number of real estate projects financed in the fiscal year ended December 31, 2020. In addition, we received break-fees, break-up-fees, exit fees and handling fees in the amount of €1,738.6 thousand for the first time in the fiscal year ended December 31, 2020, which accounted for 19.6% of all revenues from contracts with customers.

5.4.1.2 Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

Revenues from contracts with customers increased substantially from €1,400.2 thousand in the fiscal year ended December 31, 2018 by €5,176.9 thousand to €6,577.1 thousand in the fiscal year ended December 31, 2019 as a result of an increased portfolio of total financial assets at fair value (real estate private debt loans and interest accrued) by €56,988 thousand due to an increased number of real estate financing projects in the fiscal year ended December 31, 2019.

5.4.2 **Employee Benefits Expense**

Employee benefits expense consists of salaries, bonuses and other short-term benefits and social security and share-based payment expense.

The following table details the employee benefits expense for the periods indicated:

	For the fiscal year ended December 31,		
	2018	2019 (audited)	2020
	(in € thousand)		
Salaries, bonuses and other short-term benefits	456.5	1,356.8	1,979.5
Social security	81.9	191.2	294.9
Share-based payment expense	—	5.6	59.1
Employee benefits expense	538.4	1,553.6	2,333.5

5.4.2.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

Employee benefits expenses increased by €779.9 thousand, or 50.2%, from €1,553.6 thousand in the fiscal year ended December 31, 2019 to €2,333.5 thousand in the fiscal year ended December 31, 2020 mainly as a result of an increase in the average number of employees from 16 during the fiscal year ended December 31, 2019 to 20 during the fiscal year ended December 31, 2020.

5.4.2.2 Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

Employee benefits expenses increased from €538.4 thousand in the fiscal year ended December 31, 2018 by €1,015.2 thousand to €1,553.6 thousand in the fiscal year ended December 31, 2019, which is attributable to the increase of the average number of employees from five during the fiscal year ended December 31, 2018 to 16 during the fiscal year ended December 31, 2019.

5.4.3 *Other Operating Expenses*

The following table shows the breakdown of other operating expenses for the periods indicated. Some of these expenses (mainly certain specified legal and consulting fees) are partly cross-charged to co-investors:

	<u>For the fiscal year ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
		(audited)	
		(in € thousand)	
Legal and consulting fees	190.2	1,414.1	2,056.3
Marketing and hospitality costs.....	8.7	90.9	400.1
Provision for bad debt	—	—	287.5
Other taxes	—	—	121.2
Bookkeeping, financial statements and audit fees.....	16.1	125.1	195.3
Losses on receivables	27.8	121.7	178.7
License fees	3.9	47.5	75.2
Purchased services	47.2	155.7	74.6
Rental expenses.....	28.6	41.3	55.3
Travel expenses.....	31.5	48.1	48.8
Other costs, contributions and insurance costs.....	2.3	21.1	45.4
Training costs and technical literature.....	5.9	13.3	33.2
Incidental cost of monetary transactions	1.6	4.3	31.6
Office and infrastructure costs	13.0	44.2	26.7
Disposals of financial assets.....	—	—	20.3
IT expenses	7.2	0.8	1.4
Grants and donations.....	—	20.0	—
Other	49.2	102.5	287.7
Other operating expenses	433.1	2,250.6	3,939.2

5.4.3.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

Other operating expenses increased by €1,688.6 thousand, or 75.0%, from €2,250.6 thousand in the fiscal year ended December 31, 2019 to €3,939.2 thousand in the fiscal year ended December 31, 2020, which is attributable to the increase in legal and consulting fees, increased marketing and hospitality costs as well as provisions for bad debt. Legal and consulting fees mainly relate to legal advisory in connection with the granting of loans, costs for technical due diligence in connection with the granting of loans and costs for funds structuring. These expenses increased due to the growing number of real estate financing projects in the fiscal year ended December 31, 2020. Increased marketing and hospitality costs reflect the increased investment to grow awareness of the digital platform towards the end of the fiscal year 2020. The provisions for bad debt are related to allowances for receivables from fees.

5.4.3.2 Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

Other operating expenses increased from €433.1 thousand in the fiscal year ended December 31, 2018 by €1,817.5 thousand to €2,250.6 thousand in the fiscal year ended December 31, 2019, mainly driven by the increase in legal and consulting fees. These fees mainly relate to legal advisory in connection with the granting of loans, costs for technical due diligence in connection with the granting of loans and costs for funds structuring. The legal and consulting fees increased due to the growing number of real estate financing projects in the fiscal year ended December 31, 2019. Purchased services primarily include expenses for the service agreement with Arvantis Group GmbH, which supported the Company in the areas of financial accounting, information technology, administration and human resources management (see “12.1.1 Transactions with Arvantis”) and expenses for digital marketing.

5.4.4 **Share of Profit of Associates and Joint Ventures**

The following table shows the breakdown of share of profit of associates and joint ventures for the periods indicated:

	<u>For the fiscal year ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
		(audited)	
		(in € thousand)	
Profit share Linus Debt Invest 1 GmbH & Co. KG (Promote Fee).....	—	—	693.2
Profit share Linus SWK 33 GmbH & Co. KG	—	132.9	657.3
Profit share Linus RLP 23 GmbH & Co. KG.....	—	—	356.1
Profit share Linus EHS 14 GmbH & Co. KG	—	146.8	(479.5)
Profit share Linus Debt Invest 3 GmbH & Co. KG (Promote Fee).....	—	—	158.8
Profit share/impairment Schmidstraße 6 Entwicklungs GmbH.....	—	(79.1)	79.1
Profit share Linus FRS 46 GmbH & Co. KG.....	—	—	(161.7)
Income from the disposal of GAS 89 GmbH	—	699.2	—
Other	—	(1.0)	2.0
Share of profit of associates and joint ventures	—	898.8	1,305.2

5.4.4.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

Share of profit of associates and joint ventures increased from €898.8 thousand in the fiscal year ended December 31, 2019 by €406.4 thousand, or 45.2%, to €1,305.2 thousand in the fiscal year ended December 31, 2020 mainly due to the Company’s profit participation in Linus Debt Invest 1 GmbH & Co. KG, Linus SWK 33 GmbH & Co. KG, Linus RLP 23 GmbH & Co. KG and Linus Debt Invest 3 GmbH & Co. KG, which was only partly offset by the Company’s loss participation in Linus EHS 14 GmbH & Co. KG and Linus FRS 46 GmbH & Co. KG as well as a one-time effect from the disposal of GAS 89 GmbH in 2019. The shares of profit in Linus Debt Invest 1 GmbH & Co. KG and Linus Debt Invest 3 GmbH & Co. KG arose from reaching the end of the investment periods.

5.4.4.2 Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

Share of profit of associates and joint ventures was recognized for the first time in the fiscal year ended December 31, 2019 and is mainly attributable to income from the disposal of the Company’s minority share in GAS 89 GmbH, a real estate development company. Otherwise, it relates to spreads between the interest paid by Sponsors to the Special AIF holding the loan and the yields paid to co-investors on their investments.

5.4.5 **EBITDA**

5.4.5.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

EBITDA (earnings before interest, taxes, depreciation and amortization) increased by €229.6 thousand, or 6.2%, from €3,687.4 thousand in the fiscal year ended December 31, 2019 to €3,917.0 thousand in the fiscal

year ended December 31, 2020 driven by increased revenues from contracts with customers and an increase in share of profit of associates and joint ventures.

5.4.5.2 Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

EBITDA (earnings before interest, taxes, depreciation and amortization) increased significantly from €430.4 thousand in the fiscal year ended December 31, 2018 by €3,257.0 thousand to €3,687.4 thousand in the fiscal year ended December 31, 2019 mainly as a result of higher revenues from contracts with customers.

5.4.6 **Depreciation and Amortization**

5.4.6.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

Depreciation and amortization increased by €49.6 thousand, or 29.8%, from €166.2 thousand in the fiscal year ended December 31, 2019 to €215.8 thousand in the fiscal year ended December 31, 2020 because of an increase in property, plant and equipment in 2020 related to the relocation to a larger office in Berlin and the purchase of additional furniture and office equipment.

5.4.6.2 Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

Depreciation and amortization increased from €48.8 thousand in the fiscal year ended December 31, 2018 by €117.4 thousand to €166.2 thousand in the fiscal year ended December 31, 2019 due to the depreciation of right-of-use-assets (right of use for office property). The new office rent agreement was signed on October 1, 2018 resulting in higher depreciation and amortization in the fiscal year ended December 31, 2019 in comparison to the fiscal year ended December 31, 2018.

5.4.7 **Finance Result**

The finance result represents finance costs and finance income, in each case broken down into interest and similar expenses and interest and similar income from financial liabilities and financial assets either recognized at fair value or not recognized at fair value. In light of LINUS' business model whose objective is achieved by both collecting contractual cash flows and selling loans, real estate private debt loans provided to Sponsors are classified at fair value (for further information, see notes 3.15 (*Financial assets*), 3.17 (*Financial liabilities*) and 22 (*Financial assets and financial liabilities*) to our consolidated financial statements as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 included in this Prospectus beginning on page F-2). Total finance costs mainly include the share of profit of outside investors (non-controlling interests) in the LINUS Fund and certain other Special AIFs. Total finance income mainly includes interest income from granting of private real estate debt loans.

The following table shows our finance result for the periods indicated:

	For the fiscal year ended December 31,		
	2018	2019	2020
	(audited) (in € thousand)		
Interest and similar expenses (from financial liabilities not recognized at fair value through profit or loss)	(9.6)	(43.3)	(93.9)
Interest and similar expenses (from financial liabilities recognized at fair value through profit or loss)	—	(2,962.0)	(9,358.4)
Total finance costs	(9.6)	(3,005.3)	(9,452.3)
Interest and similar income (from financial assets not recognized at fair value through profit or loss)	0.9	2.3	(52.7)
Interest and similar income (from financial assets recognized at fair value through profit or loss).....	—	3,624.2	9,928.4
Total finance income	0.9	3,626.5	9,875.7
Other finance income	—	(400.0)	833.2
Finance result	(8.7)	221.2	1,256.6

5.4.7.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

In the fiscal year ended December 31, 2020, finance costs contain €9,358.4 thousand of profit share of non-controlling interests in the LINUS Fund and other Special AIFs. In the fiscal year ended December 31, 2020, finance income contains €9,928.4 thousand of our income from the granting of real estate private debt loans. The finance result increased significantly by €1,035.4 thousand, or 468.1%, from €221.2 thousand in the fiscal year ended December 31, 2019 to €1,256.6 thousand in the fiscal year ended December 31, 2020 as a result of the fair value adjustment of the financial assets mainly due to their improved credit risk classification.

5.4.7.2 Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

In the fiscal year ended December 31, 2019, finance costs contain €2,962.0 thousand of profit share of non-controlling interests in the LINUS Fund and other Special AIFs. In the fiscal year ended December 31, 2019, finance income contains €3,624.2 thousand of our income from the granting of real estate private debt loans. The finance result improved from a loss of €8.7 thousand in the fiscal year ended December 31, 2018 by €229.9 thousand to a gain of €221.2 thousand in the fiscal year ended December 31, 2019 driven by growth of the portfolio of financial assets (real estate private debt loans) and related interest income, which was only partly offset by the fair value adjustment of a loan granted to a Sponsor by a company which we acquired following the granting.

5.4.8 *Profit before Tax*

5.4.8.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

Profit before tax increased by €1,215.4 thousand, or 32.5%, from €3,742.4 thousand in the fiscal year ended December 31, 2019 to €4,957.8 thousand in the fiscal year ended December 31, 2020 as a result of the higher revenues generated and an improved finance result in the fiscal year ended December 31, 2020.

5.4.8.2 Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

Profit before tax increased by €3,369.6 thousand from €372.8 thousand in the fiscal year ended December 31, 2018 to €3,742.4 thousand in the fiscal year ended December 31, 2019, which is mainly attributable to the higher revenues generated.

5.4.9 *Income Tax Expense*

Income taxes represent current income taxes and deferred income taxes. The following table shows the income taxes for the periods indicated:

	For the fiscal year ended December 31,		
	2018	2019	2020
		(audited)	
		(in € thousand)	
Current income tax charge	77.1	1,085.9	1,636.3
<i>Thereof for the current year</i>	77.1	1,085.9	1,636.3
Deferred tax relating to origination and reversal of temporary differences	—	—	2.4
Income tax expense for the fiscal year	77.1	1,085.9	1,638.7

5.4.9.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

Income tax expense increased by €552.8 thousand, or 50.9%, from €1,086.0 thousand in the fiscal year ended December 31, 2019 to €1,638.7 thousand in the fiscal year ended December 31, 2020 due to the increase in profit before tax generated in the fiscal year ended December 31, 2020.

5.4.9.2 Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

Income tax expense increased from €77.1 thousand in the fiscal year ended December 31, 2018 by €1,008.8 thousand to €1,085.9 thousand in the fiscal year ended December 31, 2019 as a result of the increase in profit before tax generated in the fiscal year ended December 31, 2019.

5.4.10 *Profit for the Year*

5.4.10.1 Comparison of the Fiscal Years Ended December 31, 2020 and December 31, 2019

Profit for the year increased by €662.6 thousand, or 24.9%, from €2,656.5 thousand in the fiscal year ended December 31, 2019 to €3,319.1 thousand in the fiscal year ended December 31, 2020, which is attributable to higher revenues from contracts with customers due to the increased investment volume and a higher share of profits from associates and joint ventures.

5.4.10.2 Comparison of the Fiscal Years December 31, 2019 and December 31, 2018

Profit for the year increased to €2,656.5 thousand in the fiscal year ended December 31, 2019 by €2,360.8 thousand from €295.7 thousand in the fiscal year ended December 31, 2018 due to an increase in generated revenues from contracts with customers.

5.5 Segment Discussion

LINUS is organized into business units based on its products and services and comprises two reportable segments, Linus Corporate and Linus Funds. Linus Corporate sources borrowers and investors for the investment of funds in Special AIFs, takes over the administration of the Special AIFs and performs central corporate functions (e.g., accounting, legal, compliance, information technology, marketing and human resources). Linus Corporate also holds loans in the UK (not subject to syndication) and makes equity investments in companies. Linus Funds originates and manages private real estate debt loans. No operating segments have been aggregated to form these reportable operating segments.

The operating results of the business units are monitored in each case by the Management Board as the responsible corporate body, in order to make decisions on the allocation of resources and to determine the earnings power of the units. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. LINUS' income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

The Company's consolidated financial statements as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 include segment reporting for the fiscal years ended December 31, 2020 and December 31, 2019. Accordingly, no segment information is available for the fiscal year ended December 31, 2018.

The following table shows the operating performance of our segments for the fiscal years ended December 31, 2020 and 2019:

	For the fiscal year ended December 31, 2020				
	Linus Corporate	Linus Funds	Total Segments (audited) (in € thousand)	Adjustments and eliminations	Consolidated
Revenues					
External customers	6,923	1,931	8,854	–	8,854
Inter-segment	919	–	919	(919)	0
Total revenues.....	7,843	1,931	9,774	(919)	8,854
Income / (expenses)					
Other operating income	49	0	49	(18)	30
Finance income	56	9,820	9,876	–	9,876
Finance costs	(94)	(9,358)	(9,452)	–	(9,452)

For the fiscal year ended December 31, 2020					
Linus Corporate	Linus Funds	Total Segments (audited) (in € thousand)	Adjustments and eliminations	Consolidated	
Other finance income	–	833	833	–	833
Depreciation and amortization	(216)	0	(216)	–	(216)
Employee benefits expense	(2,333)	–	(2,333)	–	(2,333)
Share of profit of associates and joint ventures	1,965	374	2,340	(1,034)	1,305
Income tax expense / income	(1,636)	–	(1,636)	(2)	(1,639)
Other operating expenses	(2,246)	(2,631)	(4,877)	938	(3,939)
Segment profit	3,387	969	4,356	(1,037)	3,319
Total assets	14,057	125,750	139,807	(2,734)	137,073
Total liabilities	8,368	123,785	132,153	(858)	131,295
Other disclosures					
Investment in associates and joint ventures.....	2,585	5,508	8093	(1,601)	6,493

For the fiscal year ended December 31, 2019					
Linus Corporate	Linus Funds	Total Segments (audited) (in € thousand)	Adjustments and eliminations	Consolidated	
Revenues					
External customers	5,663	914	6,577	–	6,577
Inter-segment	148	–	148	(148)	0
Total revenues.....	5,811	914	6,725	(148)	6,577
Income / (expenses)					
Other operating income	16	–	16	–	16
Finance income	2	3,624	3,627	–	3,627
Finance costs	(64)	(2,941)	(3,005)	–	(3,005)
Other finance income	(400)	–	(400)	–	(400)
Depreciation and amortization	(166)	–	(166)	–	(166)
Employee benefits expense	(1,554)	–	(1,554)	–	(1,554)
Share of profit of associates and joint ventures	787	279	1,065	(166)	899
Income tax expense / income	(1,086)	–	(1,086)	–	(1,086)
Other operating expenses	(846)	(1,552)	(2,399)	148	(2,251)
Segment profit	2,499	324	2,823	(166)	2,656
Total assets	5,881	63,086	68,967	(569)	68,398
Total liabilities	3,185	62,469	65,654	(109)	65,545
Other disclosures					
Investment in associates and joint ventures.....	1,973	3,305	5,278	(460)	4,818

5.5.1 Adjustments and Eliminations

Shares of profit of associates and joint ventures as well as deferred taxes are not allocated to individual segments as the underlying instruments are managed on a group basis.

Deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column. All other adjustments and eliminations are part of detailed reconciliations presented in note 6 (*Segment information*) to our consolidated financial statements as of and for the fiscal years ended

December 31, 2020, December 31, 2019 and December 31, 2018 included in this Prospectus beginning on page F-2.

5.6 Assets

The following table provides an overview of our assets as of December 31, 2018, December 31, 2019 and December 31, 2020:

	As of December 31,		
	2018	2019	2020
		(audited)	
		(in € thousand)	
Non-current assets	500.8	54,174.6	84,400.5
Property, plant and equipment	19.0	35.1	204.2
Right-of-use-assets	148.4	–	526.8
Intangible assets	45.6	43.8	25.0
Investments in associates and joint ventures	186.9	4,817.9	6,492.7
Non-current financial assets	100.8	49,277.8	77,151.7
Current assets	729.6	14,223.4	52,675.1
Right-of-use-assets	–	29.7	162.1
Current financial assets	–	7,813.0	42,862.5
Trade receivables	518.6	2,635.1	3,649.4
Other current non-financial assets	54.0	513.5	1,865.7
Income tax receivables	3.0	–	–
Cash and short-term deposits	154.0	3,232.1	4,135.3
Total assets	1,230.4	68,398.0	137,075.6

Financial assets predominantly consist of real estate private debt loans measured at fair value through profit or loss. The loans are classified as either current or non-current on the basis of their original terms. Loans with an original term of one year or less are allocated to current financial assets and loans with an original term of more than one year are allocated to non-current financial assets. Accrued interest is allocated to current financial assets. Trade receivables do not bear contractual interests and predominantly consist of receivables from third-party customers in the form of finance brokerage commission referred to as out fees. These commissions are payable upon repayment of the loan underlying the finance brokerage. Investments in associates and joint ventures includes the carrying amount representing the Company's ownership interest in these entities (see notes 8.3 (*Investments in associates*) and 8.4 (*Interests in joint ventures*) to our consolidated financial statements as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 included in this Prospectus beginning on page F-2).

5.6.1 Non-Current Assets

5.6.1.1 December 31, 2020 Compared to December 31, 2019

Non-current assets increased substantially by €30,225.9 thousand, or 55.8%, from €54,174.6 thousand as of December 31, 2019 to €84,400.5 thousand as of December 31, 2020 as a result of an increase in non-current financial assets at fair value (real estate private debt loans) by €25,472.5 thousand related to the overall increase in real estate projects financed. As of December 31, 2019, non-current financial assets predominantly consisted of real estate private debt loans and accounted for 56.2% of total assets as of December 31, 2020 compared to 72.0% as of December 31, 2019.

5.6.1.2 December 31, 2019 Compared to December 31, 2018

Non-current assets increased from €500.8 thousand as of December 31, 2018 by €53,673.8 thousand to €54,174.6 thousand as of December 31, 2019, which was predominantly driven by growth in non-current financial assets as a result of the increased number of real estate financing projects in the fiscal year ended December 31, 2019. As of December 31, 2019, non-current financial assets predominantly consisted of real estate private debt loans and accounted for 72.0% of total assets as of December 31, 2019 compared to 8.2% as of December 31, 2018.

5.6.2 Current Assets

5.6.2.1 December 31, 2020 Compared to December 31, 2019

Current assets increased substantially by €38,451.7, or 270.3%, thousand from €14,223.4 thousand as of December 31, 2019 to €52,675.1 thousand as of December 31, 2020 as a result of an increase in current financial assets at fair value (real estate private debt loans and interest accrued) by €35,049.5 thousand.

5.6.2.2 December 31, 2019 Compared to December 31, 2018

Current assets increased by €13,493.8 thousand to €14,223.4 thousand as of December 31, 2019 from €729.6 thousand as of December 31, 2018. The significant increase results mainly from growth of current financial assets by €7,813 thousand, cash and short-term deposits by €3,078.1 thousand and trade receivables by €2,116.5 thousand as of December 31, 2019 compared to December 31, 2018. As of December 31, 2019, current financial assets predominantly consisted of real estate private debt loans and interest accrued.

5.7 Equity and Liabilities

The following table provides an overview of our equity and liabilities as of December 31, 2018, December 31, 2019 and December 31, 2020:

	<u>As of December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
		(audited)	
		(in € thousand)	
Equity	191.0	2,853.1	5,777.7
Issued capital	25.0	25.0	27.6
Treasury shares	–	–	(0.9)
Capital reserves	–	5.6	208.6
Retained earnings	161.4	2,819.1	5,588.3
Other components of equity	–	–	2.7
Equity attributable to equity holders of the parent	186.4	2,849.7	5,825.2
Non-controlling interests	4.7	3.4	(47.5)
Non-current liabilities	148.4	60,738.1	96,908.6
Lease liabilities	148.4	–	537.6
Non-current financial liabilities	–	60,738.1	96,368.6
Deferred tax liabilities	–	–	2.4
Current liabilities	890.9	4,806.8	34,389.3
Interest-bearing loans	561.1	953.7	–
Other current financial liabilities	–	400.0	29,189.7
Lease liabilities	–	29.7	158.5
Provisions	21.4	122.1	209.7
Income tax payable	75.2	1,160.7	2,432.5
Trade payables	168.1	433.9	514.0
Other current non-financial liabilities	65.2	1,706.7	1,885.0
Total Equity and Liabilities	1,230.4	68,398.0	137,075.6

5.7.1 Equity

5.7.1.1 December 31, 2020 Compared to December 31, 2019

Equity increased significantly by €2,924.6 thousand, or 102.5%, from €2,853.1 thousand as of December 31, 2019 to €5,777.7 thousand as of December 31, 2020 mainly due to the profit for the year 2020.

5.7.1.2 December 31, 2019 Compared to December 31, 2018

Equity increased from €191.0 thousand as of December 31, 2018 by €2,662.1 thousand to €2,853.1 thousand as of December 31, 2019 driven by the profit for the year 2019.

5.7.2 **Non-Current Liabilities**

5.7.2.1 December 31, 2020 Compared to December 31, 2019

Non-current liabilities increased by €36,170.5 thousand, or 59.6%, from €60,738.1 thousand as of December 31, 2019 to €96,908.6 thousand as of December 31, 2020 as a result of an increase in non-controlling interests in subsidiaries.

5.7.2.2 December 31, 2019 Compared to December 31, 2018

Non-current liabilities increased from €148.4 thousand as of December 31, 2018 by €60,589.7 thousand to €60,738.1 thousand as of December 31, 2019 as a result of growth of non-current financial liabilities in the form of capital contributed by the investors of the LINUS Fund and the co-investors of other Special AIFs. As of December 31, 2019, non-current financial liabilities consisted solely of non-controlling interests in the LINUS Fund and a limited number of other Special AIFs.

5.7.3 **Current Liabilities**

5.7.3.1 December 31, 2020 Compared to December 31, 2019

Current liabilities increased by €29,582.5 thousand from €4,806.8 thousand as of December 31, 2019 to €34,389.3 thousand as of December 31, 2020 because of an increase in non-controlling interests in subsidiaries.

5.7.3.2 December 31, 2019 Compared to December 31, 2018

Current liabilities increased by €3,915.9 thousand from €890.9 thousand as of December 31, 2018 to €4,806.8 thousand as of December 31, 2019 mainly due to an increase of other current non-financial liabilities by €1,641.5 thousand and income tax payable by €1,085.5 thousand as of December 31, 2019 compared to December 31, 2018. Interest-bearing loans increased as a result of new loan liability to an associate at an interest rate of 7.0% which was only partly offset by the full repayment of existing shareholder loans from Arvantis. Other current non-financial liabilities increased as a result of funds received from co-investors prior to December 31, 2019, for which shares in the relevant Special AIF were not yet issued to these co-investors or the relevant trustee as of December 31, 2019.

5.8 **Liquidity and Capital Resources**

Our primary source of liquidity is net cash flows from operating activities. Short-term liquidity needs are financed through existing cash balances or, for providing loans to Sponsors, through the LINUS Fund.

In the past, the LINUS Fund also sold shares in Special AIFs in a way that resulted in these Special AIFs being de-consolidated and accounted for as associates or joint ventures. The net cash flows from these activities are listed as cash flows from investing activities.

5.8.1 **Consolidated Statement of Cash Flows**

The following table shows the Company's consolidated statement of cash flows for the fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020:

	For the fiscal year ended December 31,		
	2018	2019	2020
		(audited)	
		(in € thousand)	
Operating activities			
Profit before tax.....	372.8	3,742.4	4,957.8

	For the fiscal year ended December 31,		
	2018	2019 (audited) (in € thousand)	2020
Adjustments to reconcile profit before tax to net cash flows:			
+ Depreciation of property, plant and equipment and right-of-use assets.....	45.3	147.4	197.0
+ Amortisation and impairment of intangible assets	3.5	18.8	18.8
+ Share-based payments	–	5.6	59.1
- Finance income.....	(0.8)	(3,626.5)	(9,875.7)
+ Finance costs.....	9.6	3,005.3	9,452.3
+ Other finance income	–	400.0	(833.2)
- Share of profit of associates and joint ventures	–	(898.8)	(1,305.2)
+ Movements in provisions	8.5	100.7	87.5
Working capital changes			
- Increase of non-current financial assets from Real Estate Private debt loans ⁽¹⁾	–	(50,587.1)	(35,704.7)
- Increase in trade receivables.....	(518.6)	(2,116.5)	(1,014.4)
-/+ Increase / decrease of current non-financial assets ...	87.8	(459.5)	(1,352.2)
- Increase of current financial assets from Real Estate Private debt loans.....	–	(4,186.5)	(24,419.1)
+ Increase in trade and other payables and other current non-financial liabilities.....	138.3	1,907.3	258.3
+ Contributions by non-controlling interests, classified as non-current and current financial liabilities.....	–	59,074.9	61,975.5
	146.4	6,527.6	2,501.8
+ Interest received	–	1,410.1	7,909.3
- Interest paid on current and non-current financial liabilities.....	–	(1,319.3)	(7,007.6)
+ Income tax paid / received	1.1	2.6	(364.5)
= Net cash flows from operating activities.....	147.4	6,621.0	3,039.0
Investing activities			
- Purchase of property, plant and equipment	(29.6)	(44.8)	(214.9)
- Investment in loans granted to legal representative of the parent.....	(99.9)	–	–
- Purchase of intangible assets.....	(41.6)	(17.0)	–
- Acquisition of associates.....	(13.5)	(3,732.2)	(369.6)
= Net cash flows used in investing activities	(184.7)	(3,794.0)	(584.5)
Financing activities			
+ Capital contributions from the issue of share capital	–	–	2.6
+ Capital contributions of non-controlling interests	6.3	–	0.0
+ Contribution of Linus UK Facility Ltd. assets	–	–	143.8
- Acquisition of non-controlling interests.....	–	–	(3.4)
- Acquisition of treasury shares	–	–	(599.8)
- Payment of principal portion of lease liabilities.....	(29.7)	(118.7)	(144.0)
+ Proceeds from borrowings	100.0	930.9	–
- Repayment of borrowings (interest bearing loans)	–	(561.1)	(953.7)
= Net cash flows from financing activities	76.5	251.1	(1,554.4)
Cash and cash equivalents at 31 December			
Net increase in cash and cash equivalents	39.3	3,078.1	900.1
Net foreign exchange difference.....	–	–	3.1
Cash and cash equivalents at 1 January	114.7	154.0	3,232.1
Cash and cash equivalents at 31 December	154.0	3,232.1	4,135.3

(1) Current portion of real estate private debt loans classified as non-current based on their original term of more than one year.

5.8.1.1 Net Cash Flows from Operating Activities

5.8.1.1.1 Comparison of fiscal years ended December 31, 2020 and December 31, 2019

Net cash flows from operating activities decreased from €6,621.0 thousand in the fiscal year ended December 31, 2019 by €3,582.0 thousand to €3,039.0 thousand in the fiscal year ended December 31, 2020, which is mainly attributable to a higher increase of current financial assets from real estate private debt loans by €20,232.6 thousand in the fiscal year ended December 31, 2020 compared to the fiscal year ended December 31, 2019 which was only partly offset by a lower increase of non-current financial assets from real estate private debt loans.

5.8.1.1.2 Comparison of fiscal years ended December 31, 2019 and December 31, 2018

Net cash flows from operating activities increased from €147.4 thousand in the fiscal year ended December 31, 2018 by €6,473.6 thousand to €6,621.0 thousand in the fiscal year ended December 31, 2019, which is mainly attributable to an increase in contributions by non-controlling interests, classified as non-current and current financial liabilities by €59,074.9 thousand, which was partly offset by an increase in non-current financial assets from real estate private debt loans by €50,587.1 thousand.

5.8.1.2 Net Cash Flows Used in Investing Activities

5.8.1.2.1 Comparison of fiscal years ended December 31, 2020 and December 31, 2019

Net cash flow used in investing activities decreased from a cash outflow of €3,794.0 thousand in the fiscal year ended December 31, 2019 by €3,209.5 thousand to a cash outflow of €584.5 thousand in the fiscal year ended December 31, 2020, which is mainly attributable to the decrease of acquisition of associates during the fiscal year ended December 31, 2020 compared to the fiscal year ended December 31, 2019.

5.8.1.2.2 Comparison of fiscal years ended December 31, 2019 and December 31, 2018

Net cash flows used in investing activities increased from a cash outflow of €191.7 thousand in the fiscal year ended December 31, 2018 by €3,602.2 thousand to a cash outflow of €3,793.9 thousand in the fiscal year ended December 31, 2019 as a result of acquisition of associates in the amount of €3,732.2 thousand.

5.8.1.3 Net Cash Flows from Financing Activities

5.8.1.3.1 Comparison of fiscal years ended December 31, 2020 and December 31, 2019

Net cash flows from financing activities changed from a cash inflow of €251.1 thousand in the fiscal year ended December 31, 2019 by €1,805.5 thousand to a cash outflow of €1,554.4 thousand in the fiscal year ended December 31, 2020 due to the acquisition of treasury shares of €599.8 thousand and an increase in the repayment of borrowings (interest bearing loans) by €392.6 thousand.

5.8.1.3.2 Comparison of fiscal years ended December 31, 2019 and December 31, 2018

Net cash flows from financing activities increased by €174.6 thousand from €76.5 thousand in the fiscal year ended December 31, 2018 to €251.1 thousand in the fiscal year ended December 31, 2019, which is attributable to proceeds from borrowings of €930.9 thousand, repayments of borrowings of €561.1 thousand and payment of principal portion of lease liabilities of €118.7 thousand.

5.8.2 **Capital Expenditures**

Our capital expenditures are defined as purchase of property, plant and equipment and intangible assets as shown in our consolidated statement of cash flows.

Capital expenditures are not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of the consolidated statement of financial position of the Company and the consolidated statement of cash flows of the Company prepared in accordance with IFRS. In addition, our definition of capital expenditures may not be comparable to similarly titled information published by other companies.

5.8.2.1 *Our Historical Capital Expenditures*

The following table shows our capital expenditures for the periods indicated:

	For the fiscal year ended December 31,		
	2018	2019	2020
	(audited, unless otherwise specified) (in € thousand)		
Purchase of property, plant and equipment	29.6	44.8	214.9
Purchase of intangible assets	41.6	17.0	-
Capital expenditures ⁽¹⁾	71.2	61.8	214.9

(1) Unaudited.

5.8.2.2 *Our Current and Future Capital Expenditures*

Between December 31, 2020 and the date of this Prospectus, our capital expenditures amounted to approximately €40 thousand, primarily comprising investments in IT equipment.

As of the date of this Prospectus, the Management Board has resolved on future capital expenditures in an aggregate amount of approximately €240 thousand for the fiscal year ending December 31, 2021, comprising €190 thousand for IT equipment related to new hires and €50 thousand for office equipment.

We expect that these capital expenditures will predominantly be invested in Germany and the UK and plan to finance them from existing cash on balance sheet.

5.8.3 *Financial Liabilities*

The following table shows LINUS' interest bearing loans and borrowings as of the reporting dates indicated:

	Effective interest rate	Maturity	As of December 31,		
			2018	2019	2020
			(audited) (in € thousand)		
Current interest-bearing loans and borrowings					
Interest-bearing loans and borrowings (several shareholder loans)	1.94% on average	On demand	561.1	—	—
Interest-bearing loans and borrowings (from associates)	7.0%	August 27, 2020	—	953.7	—
Total interest-bearing loans and borrowings			561.1	953.7	—

The shareholder loans and the loans from associates are unsecured.

The following table shows LINUS' other financial liabilities as of the reporting dates indicated:

	As of December 31,		
	2018	2019	2020
	(audited) (in € thousand)		
Financial liabilities at fair value through profit or loss			
Non-current financial liabilities	—	60,738.1	96,368.6
Current financial liabilities	—	400.0	25,067.9
Total financial liabilities at fair value	—	61,138.1	121,436.5

Other financial liabilities at amortized cost, other than interest-bearing loans and borrowings

	As of December 31,		
	2018	2019	2020
		(audited)	
		(in € thousand)	
Current financial liabilities - Pelion Green Future GmbH for purchase of loans against Linus UK Facility Ltd.....	—	—	4,121.8
Trade payables	168.1	433.9	514.0
Non-current lease liabilities	148.4	—	537.6
Current lease liabilities	—	29.7	158.5
Total other financial liabilities	316.5	463.6	5,331.8
Total current.....	168.1	863.6	29,862.1
Total non-current	148.4	60,738.1	96,906.2

Non-current financial liabilities consisted solely of non-controlling interests in the LINUS Fund and a limited number of other Special AIFs.

The following table shows the composition of LINUS' non-current financial liabilities as of the reporting dates indicated:

	As of December 31,	
	2019	2020
		(audited)
		(in € thousand)
Non-controlling interests in Linus Debt Invest DACH I GmbH & Co. KG....	56,082	92,921
Non-controlling interests in Linus EMS 39 GmbH & Co. KG	2,104	2,082
Non-controlling interests in Linus RLP 23 GmbH & Co. KG	1,697	—
Non-controlling interests in Linus FRS 46 GmbH & Co. KG	855	—
Non-controlling interests in Linus GBW 6 GmbH & Co. KG	—	172
Non-controlling interests in Fides LWS 13 GmbH & Co. KG.....	—	1,194
Total.....	60,738	96,369

The following table shows the composition of LINUS' current financial liabilities for the periods indicated:

	As of December 31,	
	2019	2020
		(in € thousand)
Non-controlling interests in Linus Debt Invest DACH I GmbH & Co. KG....	—	9,065
Non-controlling interests in Linus PRI GmbH & Co. KG	—	2,582
Non-controlling interests in Fides BLT 48 GmbH & Co. KG	—	1,188
Non-controlling interests in Fides SPK GmbH & Co. KG.....	—	6,345
Non-controlling interests in Fides MBT GmbH & Co. KG	—	5,888
Loan from Pelion Green Future GmbH for purchase of loans against Linus UK Facility Ltd.	—	4,122
Current account with Linus UK Facility Ltd.	400	—
Total.....	400	29,190

These non-controlling interests participate in the profit of the respective subsidiary. Consequently, there is no need to disclose the effective interest rate. Non-controlling interests in subsidiaries have a right to receive their share in any liquidation surplus of the respective subsidiary and their dividend distributions.

All other financial liabilities are unsecured.

5.9 Contingent Liabilities and Other Financial Obligations

As of December 31, 2020, 2019 and 2018, LINUS had no contingent liabilities.

LINUS' other contractual obligations consisted of rental and lease agreements (including incidental rental expenses) in an amount of €53.2 thousand as of December 31, 2020, €14.9 thousand as of December 31, 2019 and €19.0 thousand as of December 31, 2018. As of December 31, 2019, rental and lease agreements (including incidental rental expenses) only reported incidental rental expenses and obligations from short-term contracts or low-value contracts as contractual obligations. Since the first-time application of IFRS, all other obligations from rental and lease agreements have been shown as right-of-use-assets and lease liabilities and no longer present contractual obligations.

5.10 Financial Instruments Risk Management Objectives and Policies

The risk management of the Company focuses on financial, operative and legal risks. For the most important risks LINUS faces, see "*1. Risk Factors*".

The most important financial instruments used by LINUS are non-current financial assets (December 31, 2020: 56.3% of total assets; December 31, 2019: 72.0%; December 31, 2018: 8.2%), current financial assets (December 31, 2020: 31.3% of total assets; December 31, 2019: 11.4%; December 31, 2018: 0.0%), investments in associates and joint ventures (December 31, 2020: 4.7% of total assets; December 31, 2019: 7.0%; December 31, 2018: 15.2%) as well as cash and cash equivalents (December 31, 2020: 3.0% of total assets; December 31, 2019: 4.7%; December 31, 2018: 12.5%). Moreover, LINUS carries trade receivables and trade payables as well as loan receivables and loan payables arising from ordinary operating activities

LINUS manages its cash on current accounts to ensure it has sufficient liquidity and secure the face value of the instruments.

Investment risk is managed by means of active loan controlling in operations. This is particularly true for the financial instruments held by LINUS that are measured at fair value through profit or loss.

The primary objective of financial risk management is to set an acceptable level of risk and ensure that no risks are entered into beyond this limit. The risk management approach used for operative and legal risks are designed to ensure the proper functioning of internal policy guidelines and procedures to minimize operating and legal risks.

For more information about LINUS' financial instruments risk management, see note 22.5 (*Financial instruments risk management objectives and policies*) to our consolidated financial statements as of and for the fiscal years 2018, 2019 and 2020 beginning on page F-2.

5.11 Significant Accounting Policies

The preparations of our consolidated financial statements in accordance with IFRS require our management to apply accounting methods and policies and to make judgements, estimates and assumptions that affect the reported amounts of revenues, income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of any existing contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

For more information on our accounting policies as well as our significant accounting judgments, estimates and assumptions, please see notes 3 (*Summary of significant accounting policies*) and 4 (*Significant accounting judgments, estimates and assumptions*) to our consolidated financial statements as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 beginning on page F-2.

5.11.1 Judgements

The following judgements made by management in the process of applying our accounting policies have the most significant impact on the amounts recognized in the consolidated financial statements:

The Company assumes that it controls the LINUS Fund even though it only owns 3%, which is significantly less than 50% of the voting rights in the entity. The Company manages the transactions of the LINUS Fund and controls Linus Capital Management GmbH, which as external capital management company (*externe Kapitalverwaltungsgesellschaft*) particularly performs the portfolio and risk management of the LINUS Fund. Taking into account the expected aggregate economic share in the income of the LINUS Fund and the Company's

strong corporate position at the LINUS Fund, the Company assumes it acts as principal in the meaning of IFRS 10 and has therefore fully consolidated the LINUS Fund.

5.11.2 Estimates and assumptions

The following assumptions concerning the future and other key sources of estimation uncertainty have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

When the fair values of financial assets (particularly long-term real estate private debt loans) recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using the discounted cash flow (DCF) method. The input to this model is taken from observable markets where possible (*e.g.*, historical volatility of real estate prices in the relevant real estate markets). If these are not available, a degree of judgment by management is required in establishing fair values. The estimates relate to the input parameters applied.

The interest rate applied for the DCF method to measure real estate private debt loans is highly dependent on the default risk of the respective loan. Significant input parameters for measuring the default risk are estimates of the market values of the mortgaged property, estimates relating to the amount of construction costs for the mortgaged property in case of project development, the quality of the Sponsor, the situation and the asset class of mortgaged property, the legal framework at the location of the mortgaged property as well as the recovery rates for further collaterals provided (*e.g.*, guarantees).

Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

5.12 Changes in Accounting Standards

LINUS intends to adopt the new standards which were not yet mandatorily applicable to fiscal years up until the fiscal year ended December 31, 2020 when they become mandatory in the EU. No significant consequences are expected for the consolidated financial statements.

5.13 Additional Information from the Audited (Unconsolidated) Annual Financial Statements prepared in accordance with the German Generally Accepted Accounting Principles of the German Commercial Code (*Handelsgesetzbuch*) as of and for the fiscal year ended December 31, 2020

Certain information from the audited (unconsolidated) annual financial statements of the Company prepared in accordance with German GAAP as of and for the fiscal year ended December 31, 2020 is presented below. Accounting principles set forth in the HGB differ from IFRS in material respects.

In the fiscal year ended December 31, 2020, the Company's revenue amounted to €7.8 million, compared to €5.8 million in the fiscal year ended December 31, 2019.

The Company's net income amounted to €3.8 million in the fiscal year ended December 31, 2020, compared to €2.5 million in the fiscal year ended December 31, 2019.

As of December 31, 2020, the Company's unappropriated profit was €5.9 million compared to €0 as of December 31, 2019, the net income of €3.8 million for the fiscal year ended December 31, 2020 was transferred into unappropriated profit as of December 31, 2020 while the net income of €2.5 million for the fiscal year ended December 31, 2019 was not used to transfer into unappropriated profit as of December 31, 2019.

For further information on the Company's audited (unconsolidated) annual financial statements, see pages F-70 *et seq.* of this Prospectus.

6. BUSINESS

6.1 Overview of Our Business

We believe we are the first German digital real estate finance platform for institutional-grade real estate investments, *i.e.*, investment opportunities with a class and quality that usually attract attention from large national or international investors, and related services. Through our scalable digital offering, we open up to (smaller) institutional and semi-professional investors an asset class with what we believe are high-yield investment opportunities for which they would in a traditional financing scenario need to make significantly larger investments, thereby introducing new distribution channels for investment products in general. At the same time, we provide digital financing solutions to Sponsors, which can be adjusted to the individual Sponsor's needs. The projects presented on our platform are professionally curated through our thorough screening process, which combines our investment professionals' expertise with a data and technology-driven assessment on the basis of a standardized due diligence process involving third-party service providers.

At \$9.6 trillion as of 2019 (*source*: MSCI) real estate is by far the world's largest asset class. Loan books for European commercial real estate exceeded \$1 trillion as of 2017 (*source*: CBRE), thus making it one of the largest financing markets in Europe. As institutional investors and affluent semi-professional investors are in pursuit of yield, the real estate sector has seen significant capital inflows. Yet, we estimate that commercial real estate finance in particular is still predominantly a non-transparent offline market with multiple layers and strong competition. However, we believe that a growing number of sponsors, investors and other stakeholders are interested in faster and more efficient online transactions in the real estate sector. We expect this change in attitude combined with technological and regulatory advances to transform real estate from a purely physical to an increasingly digital asset. In our opinion, the restrictions on offline businesses resulting from the COVID-19 pandemic have also favored an increasing shift from offline to online business models. We believe that there is significant potential for digitalization in real estate finance, including transparent, yet more targeted, faster, and more efficient processes involving fewer intermediaries.

We offer institutional and semi-professional investors exclusive access as co-investors to a broad variety of real estate investments typically featuring financing volumes in a range of approximately €3 million to €100 million and financing terms in a range of approximately 6 to 48 months for (i) new buildings (ground-up developments), (ii) development projects on existing objects in prime or good locations to raise their quality level and asset value (so-called value-add and manage to core) and (iii) acquisitions of land with the aim of holding it for future profitable use (land-banking). These projects are spread across all types of real estate classes during all project phases with a focus on debt and mezzanine financing for residential, office and logistics developments as well as operator-managed properties (hotels, elderly care / nursing homes), primarily in A-cities in Germany, *i.e.*, Germany's top 7 cities Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Munich, and Stuttgart, and, to a lesser extent, in German B- as well as C-cities, which describe bigger cities with national and regional importance (B-cities) or larger cities with limited national importance, but broad regional influence (C-cities), and in the UK (currently only A-cities, *i.e.*, major cities of national and international importance) (for more details see "6.7.7.1 *Current Portfolio*"). In sourcing new projects we rely on our growing network of independent Sponsors with significant experience and track records in their local markets and asset classes. In the UK, we also co-operate with experienced and reputable debt brokers to source new development projects. Besides a curated investment selection we offer tech-supported portfolio and asset management, controlling and reporting for (smaller) institutional and semi-professional investors.

Our digital approach allows us to conduct a level and quality of due diligence on investment projects that, in a traditional offline scenario, would be reserved to larger transactions. Therefore, we can offer an institutional-grade level of transparency and in-depth information to our co-investors. Our digital platform provides for a seamless online process covering the entire value chain from co-investor sign-up to quick access and monitoring of all relevant information regarding investment opportunities, including detailed descriptions and figures on the property development as well as a proper data room, to the actual investment process via digital signatures. Consequently, we are able to offer our co-investors an end-to-end digital solution which increases our co-investors' convenience, makes it easier for them to complete the investment process and thereby helps to drive their conversion rate. Investment amounts start at €200,000 for semi-professional (€50,000 for professional investors) and €5,000,000 for institutional investors. To participate in a project, a co-investor acquires shares in a Special AIF specifically set up for that project and holding the project loan, which is secured by the property under development. As an alternative to participating in real estate financing for individual projects, we offer our co-investors the possibility to invest into a selection of approximately 10 projects at once through a closed-end special alternative investment fund.

Through its wholly-owned subsidiary, Linus Capital Management GmbH, a capital management company (*Kapitalverwaltungsgesellschaft*) registered with BaFin, the Company manages the LINUS Fund, a real estate debt fund in the form of a closed-end special alternative investment fund (Linus Debt Invest DACH I GmbH & Co. KG). The Company holds 3% of the equity limited partnership interest (*Kommanditanteile*) in the LINUS Fund. The remaining 97% are held by external investors, including an affiliate of our majority shareholder. We assume the Company acts as principal in the meaning of IFRS 10 and have therefore fully consolidated the LINUS Fund (see “5.11.1 Judgements”). We set up the LINUS Fund at the end of 2018 to secure what we believe are attractive investment opportunities in high-quality projects, which combine experienced Sponsors and attractive locations with a sound business case for the real estate, at higher returns by providing initial financing commitments to Sponsors. The LINUS Fund commits to the full investment amount before any co-investors join, thereby allowing for a faster process and increased transaction security for Sponsors. Following syndication with co-investors, the LINUS Fund retains a significant stake of usually at least 25% in the equity of the Special AIF set up to hold the loan over the entire term of the loan. Accordingly, we participate in the risks and rewards of our projects, which aligns our interests with those of our co-investors.

Since our launch in 2016, we have executed 43 real estate private debt loans of which 20 were fully repaid, so far no defaults occurred but under one loan payments are in delay. We have arranged loans with a total volume of €598 million, of which €146 million stems from the LINUS Fund and €452 million from co-investors, under which €35 million of interest have been distributed to LINUS Fund investors and co-investors. The overall volume of projects, *i.e.*, the total financing volume of the projects LINUS was involved in (including other sources of financing), has been more than €1.5 billion. In the fiscal year ended December 31, 2020, we generated revenues from contracts with customers of €8.9 million and EBITDA of €3.9 million, compared to €6.6 million and €3.7 million in 2019 (2018: €1.4 million and €0.4 million). By the end of 2021, we aim to collect a total of more than €300 million in new co-investor funds from institutional and semi-professional investors (*i.e.*, excluding the investment retained by the LINUS Fund) and a total of more than €1 billion co-investor funds in the mid-term.

6.2 Our Market Opportunity

We currently operate mainly in Germany and have recently initiated project financing activities in the UK. With \$580 billion of professionally managed real estate investments, the German market was the second largest in Europe in 2019 following the UK with \$746 billion (*source*: MSCI). The real estate financing market is driven by the demand for real estate. Despite the outbreak and spread of the COVID-19 pandemic, real estate development activity remained strong and 368,439 new building permits for dwellings were issued in Germany in 2020, compared to 360,493 in 2019 (*source*: Destatis). While demand for city and business hotels and office properties in B-locations declined significantly, the residential sector as well as the logistics sector experienced an upswing (*source*: PwC). Therefore, we believe that the demand for real estate financing will continue to be high.

Real estate projects require significant investments often on short notice, as competition among Sponsors is intense. The significant demand for financing results in higher yields compared to other asset classes in the current low-interest environment which makes the real estate asset class attractive for various types of investors. However, traditional banks typically apply slower offline processes and may not fully finance a project due to regulatory requirements, in which case Sponsors can be left with an equity gap. At the same time, in order to remain competitive and generate the highest possible revenues, Sponsors often carry out several development projects simultaneously which amplifies their financing needs. Therefore, especially mid-cap Sponsors with limited equity increasingly look to alternative financing to close this equity gap or to replace traditional financing altogether. In order to participate in individual high-quality projects, however, potential investors typically have to provide significant investment amounts, require access to sponsors and have to be able to conduct a thorough due diligence, which effectively limits non-institutional as well as smaller institutional investors' access to this asset class.

Despite its potential, the real estate finance market is fragmented and non-transparent for both real estate Sponsors seeking financing and investors seeking investment opportunities with attractive yields amid a low-interest macro-economic environment. Investment banks, larger brokers and debt funds usually focus on large-scale investments and project developments, while local banks and brokers and in some cases crowd funding platforms typically provide financing for smaller-scaled financing opportunities, leaving mid-cap Sponsors as well as smaller institutional and semi-professional investors underserved. Despite the increased digitalization in many business areas, most of these financing services remain non-digital rendering them generally slow and expensive. Especially traditional banks and a smaller number of larger debt funds, which account for the large majority of all real estate debt financings in Germany (*source*: *Real Estate Capital*), continue to provide their financing services in a mainly non-digitalized form. Moreover, rising regulatory requirements have made it more

difficult for traditional banks to bridge the equity or mezzanine gap and the economic consequences of the COVID-19 pandemic may lead to more restrictive lending practices, which may further increase Sponsors' difficulties with securing suitable financing through traditional paths.

6.3 Our Solution

We believe our offering fills the market gaps identified above and sets us apart from existing offerings by providing digital real estate financing to mid-cap Sponsors and individual investment opportunities to smaller institutional and semi-professional investors, who have been underserved so far. Additionally, through our digital approach we are able to grant faster access to financing for professional Sponsors compared to traditional banks and brokers.

Our offering comprises one-stop-shop financing solutions adjustable to the individual needs of Sponsors by providing whole loan as well as mezzanine financing solutions for the full lifecycle of an investment project. With investment volumes of up to €100 million per project we present an alternative to bank loans for professional Sponsors who are too small for larger debt funds or investment banks. The LINUS Fund, which typically fronts the entire investment, enables us to commit to a financing project in a timely manner and to give Sponsors security that their projects can be carried out, which also gives us the competitive edge in a bidding process. After fully committing the financing amount through the LINUS Fund, we onboard our co-investors. This coherent co-investment process allows us to optimize our capital structure, which results in competitive pricing and tailored return profiles for our co-investors.

Via our platform and tailor-made offerings, (smaller) institutional and semi-professional investors have exclusive access to larger and more professional digital investments. Their financing structure is already secured and they are thoroughly vetted. In a traditional scenario these investment opportunities would otherwise only be available to larger institutional investors. Investors can choose from individual investments on a deal by deal basis or a portfolio basis, in each case by way of acquiring an interest in a closed-end special alternative investment fund held by a trustee. Through our end-to-end digital processes including key account support from our team of experts we provide our customers with private bank-grade services. By managing our co-investors' assets we also ensure the highest levels of convenience. In addition, our platform grants investors the opportunity to invest in projects abroad without the additional travel, major documentation or legal efforts and expenses that typically come with investments in foreign jurisdictions.

6.4 Our Value Proposition

6.4.1 *Our Value Proposition to Institutional and Semi-Professional Investors*

We believe that investors value our customizable offering due to the following benefits we provide:

- **Access to Institutional-Grade Products:** Due to a thorough investment screening process coupled with our distinctive and wide-reaching network in the real estate industry, investors benefit from attractive institutional-grade projects by professional Sponsors, which have been subjected to in-depth due diligence. Starting from €200,000 (€50,000 for professional investors), semi-professional investors can participate in real estate investments. In an environment characterized by low or even negative interest rates, these investment opportunities offer attractive risk/return profiles on fixed-income-like investments at yields of typically between 5 and 10% that traditionally have been available only to larger institutional investors.
- **Partnership Investments:** We offer potential investors direct participations in our financing projects as co-investors. The LINUS Fund always remains involved as anchor investor in each investment by retaining a significant share of the debt financing, ensuring an alignment of our interests with those of our co-investors. As an alternative to participating in real estate financing for individual projects, we offer our co-investors the possibility to invest into a selection of approximately 10 projects at once through a closed-end special alternative investment fund.
- **Individual Solutions:** Institutional investors receive bespoke and – with regards to the chosen level of risk– customizable structuring solutions for real estate backed debt securities in line with applicable regulatory requirements (Investment Regulations (AnIV), Solvency II, Basel IV). Participations can take the form of promissory note loans, syndicated loans, loan accessions or sales of receivables to the institutional investor.

- **Investment Management:** Investors benefit from our team's market access and many years of real estate and investment experience. We examine each investment with the care and diligence of an institutional investor and actively manage the investment for our co-investors.
- **Tailored Subscription Process and Convenience:** All investments can be subscribed to both online and, if preferred by the investor, offline through a secure investment and fund infrastructure. Through their personal investor cockpit, our co-investors can quickly access all relevant information and keep an eye on their investments and returns at all times.

6.4.2 *Our Value Proposition to Sponsors*

We believe that small and mid-cap Sponsors see us as a preferred partner due to the following strengths of our business model:

- **Access:** By offering whole-loan as well as mezzanine financing through the LINUS Fund, we create access to favorable financing at all project phases for small and mid-cap Sponsors who would otherwise have to rely on their local banks. Additionally, we help Sponsors optimize scarce equity capital, thus reducing their need for alternative financing.
- **Structure:** Sponsors benefit from structured debt that is tailored to the individual needs of their projects, which is enabled by our team's extensive transaction experience and the combination of a broad investor base. Additionally, based on our structuring know-how, we can stream-line the process of setting up the required legal structures for the respective development project.
- **Speed:** Sponsors profit from one-stop-shop financing solutions adjustable to their needs and short decision-making processes instead of a usually more time consuming process involving multiple or non-digital financing providers, such as traditional retail banks. To secure investments we initially commit the full investment amount through the LINUS Fund before onboarding co-investors. This way we can provide Sponsors with capital relatively quickly, generally within only a few weeks.

6.5 *Our Strengths*

We believe that the following competitive strengths have been the primary drivers of our success in the past and will continue to set us apart from our competitors in the future:

6.5.1 *Unique Digital Approach to Institutional-Grade Real Estate Financing*

Due to our unique digital offering of institutional-grade real estate financing we believe we are currently in an unrivaled market position in Germany. Other providers of digital real estate financing, such as crowd investing platforms, typically offer only mezzanine capital for projects with smaller investment volumes, while larger, institutional-grade projects are usually available only from investment banks, larger brokers or debt funds, which operate predominantly offline. Our financing is secured by first- and second-ranking mortgages (*Grundschulden*) on the relevant real estate and, in relation to companies holding the property, share pledges or call-options as well as third-party collateral such as (corporate) guarantees. For mezzanine financing, we set up inter-creditor agreements with senior lenders which provide for rules on priority of claims (so-called waterfall) and enforcement. In contrast to smaller-scale real estate financing businesses, the LINUS Fund does not issue qualified subordinated loans.

We apply a seamless digital approach, including increasing process efficiency, user convenience and speed, to offer high-quality mid-cap financing projects, which would in a traditional financing scenario require significantly larger investments for individual investors. Our ability to raise co-investor funds extends to other sources as well, as we also attract institutional investors with our individualized offerings. This approach enables us to make our fundraising scalable, as this allows us to acquire a large number of investors without having to significantly increase our fixed costs.

6.5.2 *Tech-Supported Analytics Allowing for Thorough and Efficient Due Diligence*

Our specialized investment team consists of eight professionals with extensive sector expertise and a strong track record (including more than 30 real estate debt transactions). Through tech-supported analytics, our team is able to conduct an efficient yet thorough digital due diligence review for each development project in order to identify and evaluate all relevant risks. This digital due diligence includes an in-depth comparable analysis of asset data collected from various digital platforms, such as IZ-Research.com, Thomas Daily or Neubaukompass as well as specific technology tools such as RealXData or MarktNavigator, which provide information about the

status of project planning as well as rent and acquisition comparisons. In addition to analyzing the underlying assets, we conduct detailed due diligence of the Sponsors employing different technology tools, *e.g.*, KYCnow or Creditreform, that provide us with know-your-customer data as well as information about the creditworthiness of the potential borrower. This thorough diligence process allows us to select high-quality projects combining experienced Sponsors, attractive locations and a sound business case for the real estate for presentation on our platform and inclusion in the investment portfolio managed by us, which adds to setting us apart from our competitors.

We believe our analytics capabilities will increase even further with the number of projects and investors registered on our platform.

6.5.3 Access to High-Quality Real Estate Projects through Strong Network

We secure access to high-quality real estate projects through a strong network of currently more than 100 Sponsors mainly focused on the most attractive cities in Germany, including Munich, Hamburg, Frankfurt, Dusseldorf, Berlin, Cologne and Stuttgart. We are in regular close exchange and discuss financing requests with approximately half of our Sponsor network and about one third of the Sponsors in our network have already entered into financing projects with us. We mainly cooperate with “local champion” Sponsors and further grow our first-class Sponsors network through an entrepreneurial approach. We also maintain relationships with multipliers such as brokers as well as senior banks to be considered for mezzanine financing. This gives us a broader footing in our market. In addition, we see ourselves as a life-cycle investor and try to accompany projects from purchase through construction to inventory financing.

Our in-depth due diligence process helps us to select high-quality projects for financing and presentation to our co-investors. This way we aim to create a loyal and recurring customer base.

6.5.4 Additional Credibility of Financing Projects through Co-Investments by LINUS Fund

Following successful due-diligence, we are able to immediately secure investment opportunities by committing to finance new projects through the LINUS Fund before onboarding co-investors. Sponsors therefore see us as an additional investor helping to secure the implementation of their projects.

LINUS, however, is not a financing broker. The LINUS Fund retains a significant share in each of the investments, which aligns our interests with those of our co-investors and strengthens the credibility of our offerings. A major alignment of interests also stems from our revenue model under which interest spread constitutes a relevant revenue stream for us. Since we ourselves receive interest from the investments, we are just as interested in profitability as our co-investors.

6.5.5 Founder-Led Management Team with Proven Track Record

Our success has been driven by our exceptional and highly experienced management team with a proven track record of leading innovation, scaling businesses, and expanding distribution. Our management team has over 16 years of combined industry tenure. Having worked for an international law firm for several years, our founder and CEO David Neuhoff gathered broad experience in real estate, corporate law and M&A. In addition, he spent several years as a real estate investor and was thus able to gain valuable and in-depth knowledge of the industry. Between 2012 and joining LINUS, our CFO Frederic Olbert worked for two major banks and gained significant experience in the financial sector. His previous work included project management and a focus on clients in the software and financial services industry.

6.6 Our Strategy

To achieve continued success and growth, we have identified the following key elements of our strategy:

6.6.1 Capture the Digital Real Estate Financing Market by Continuously Enhancing Our Own Digital Investment Platform

Favorable dynamics have led to a growing online penetration in the digital real estate financing market, which allows us to further build our platform to ensure a unique user experience for our co-investors and Sponsors alike.

Our digital approach enables us to attract a larger number of smaller investors for individual or multiple projects more easily and quickly than before and to offer them a level of investment management and services

that were not available to semi-professional investors in the past. To make our financing projects even more attractive to co-investors we are considering adding a secondary trading function for investments made via our platform in the future.

Through highly targeted online and other marketing capabilities we are able to continuously grow our co-investor base and thus secure our stance in the digital real estate financing market. Additionally, LINUS' currently unique positioning in the digital real estate financing market will help us benefit disproportionately from future market growth. From our position as what we believe is the first German digital real estate finance platform for institutional-grade real estate investments and related services, we plan to seize the vast market opportunity in the European real estate financing market by further driving the migration from offline to online.

6.6.2 Deliver High-Quality Deals through Tech-Supported Underwriting Approach

Our tech-supported underwriting approach allows us to generate a strong deal flow sourced through a combination of performance marketing, *i.e.*, online marketing such as sponsored content, search engine marketing, (*e.g.*, Google Ads) and social media advertisement, and proprietary Sponsor network. Our underwriting process combines the experience of seasoned real estate investors and appraisers with a large network of external experts in various fields relevant for ensuring high-quality deals, such as commercial, legal and tech experts.

We continuously grow our expert network, proprietary data sets as well as enhance integration of external data to enable big data analytics in order to further improve investment decisions whilst gazing investment deal volume.

6.6.3 Continuously Improve Investor-Experience on Our Platform

We work to continuously improve the functionality and usability of our digital platform in order to further enhance the user experience for our semi-professional investors and to offer easy and convenient online transition to our institutional investors. By expanding our product & technology organization, we are able to optimize our digital investment platform and constantly adapt it to the needs of our users. Through the short- and mid-term development and integration of new functions, such as paperless investment checkout, a mobile iOS and Android investor app and blockchain based investment transactions, we plan to make our product offering more attractive and intuitive in order to increase conversion and keep our co-investors engaged in our offering.

In order to make our offering even more attractive for potential co-investors, we plan to integrate curated match making based on data-driven understanding of their preferences and needs. This match making will allow us to show potential co-investors an individual selection of the most relevant projects based on their interest and behavior, thereby improving customer experience and efficiency for our co-investors and increase conversions.

6.6.4 Expand into other European Markets

With the launch of LINUS' activities in the UK in September 2020, we have begun our expansion into the UK as it offers a large and in-depth financing market with attractive returns. Our UK offering includes the same services as our German platform and, after scaling the market, we recently secured our first 2 investment opportunities.

Going forward, we intend to expand our financing offering into other European markets that we consider particularly attractive and for which we expect that the integration into our value chain can be achieved in a cost effective and profitable manner. We currently consider Austria and Switzerland as next steps since these offer geographic and cultural proximity to Germany, as well as an equally reliable constitutional state. Furthermore, there exists a professional, creditor-friendly and growing real estate sector, which provides the basis for our financing offers. We may also consider high-quality investments in other strong European markets such as Belgium, the Netherlands and Luxembourg. In addition, the investment opportunities we offer shall be open to co-investors from all over Europe and potentially to co-investors located in geographies outside of Europe. We believe that our expansion efforts will allow us to create significant additional value as we build a leading platform for digital real estate finance.

6.6.5 Develop New Debt and Equity Products

We are continuously working on the development of new debt and equity products to broaden our offering and make it more attractive to potential new co-investors and Sponsors alike. We are currently working on the implementation of real estate equity investments, real estate financing of existing assets and own funds, which would, once implemented, offer diversified exposure to the portfolio managed by us.

6.6.6 *Grow Our Co-Investor and Sponsors Base as well as Our Brand Recognition through Targeted Marketing*

To grow our platform and acquire new online users we intend to significantly expand our performance channels with a focus on video formats via social media. We aim to especially expand our presence on Facebook, LinkedIn, Xing, Twitter and YouTube to attract potential customers. Our performance marketing strategies will be supported by the organic reach expansion of the relevant marketing channels. The use of Google Ads and retargeting, *i.e.* reminding our website visitors of our offering after leaving our website, are intended to flank those performance campaigns to help increase conversions.

Furthermore, we plan to regularly roll out above-the-line marketing campaigns, *i.e.*, widespread brand-building advertising campaigns, in spring and fall to reach a broader audience. Programmatic advertising and print campaigns will be rolled out via relevant industry websites, blogs, newsletters and newspapers. This allows us to reach potential customers who are already online adept as well as those who have so far relied on traditional media.

The development of an affiliate network, *i.e.*, a network of companies that will refer leads to us, and constant media presence through targeted public relations campaigns as well as activities in associations increase the awareness and support the positive perception of our brand which in turn adds to an overall attractive brand profile for potential customers. Additionally, we aim to establish a tested and balanced customer-relationship-management (CRM) system to reduce the individual costs per lead and activate the potential of registered co-investors, which will add to maintaining and growing our customer base.

6.7 **Our Operations**

6.7.1 *Overview*

We operate a digital real estate financing platform, LINUS Digital Finance, which provides digital financing solutions to Sponsors which can be adjusted to the individual Sponsor's needs. At the same time, our platform offers to institutional and semi-professional investors an asset class with high-yield investment opportunities to which they would in a traditional financing scenario not have access or only if they made significantly larger investments. Our main operations therefore consist of finding and securing what we believe are attractive investment opportunities and presenting potential co-investors with individually selected high-quality investment opportunities.

The following table shows the number and volume of financings provided to Sponsors in the last three financial years:

	For the fiscal year ended December 31,		
	2018	2019 (unaudited)	2020
Number of new projects.....	4	14	14
Investment volume provided (in € million) .	37	242	274

We source new financing projects through our growing network of Sponsors and, once we identified a suitable investment opportunity after a thorough digital due diligence process and analysis by our expert investment team, secure such investment opportunity through the LINUS Fund (for a description of the LINUS Fund, see "6.7.5 *The LINUS Fund*"). The fund commits to the initial financing of the project before onboarding co-investors. Once the financing project is agreed with the Sponsor, we present the investment opportunity to our co-investors, who may participate by acquiring shares in the relevant Special AIF set up individually for each project or, in the case of semi-professional investors, typically through a trustee who holds shares in the Special AIF on their behalf. As an alternative to participating in real estate financing for individual projects, we offer our co-investors the possibility to invest into a selection of approximately 10 projects at once through a closed-end special alternative investment fund.

6.7.2 *Our Target Customers*

Our business model is based on two groups of target customers: On the one hand we offer financing to Sponsors and, on the other hand, offer investment opportunities to co-investors.

For our Sponsors base we focus on “local champions” for mid-cap real estate development projects with in-depth market knowledge who otherwise mainly rely on bank financing.

For our co-investor base, we target semi-professional investors with investments starting at €200,000 (€50,000 for professional investors) and institutional investors with investments starting at €5 million. In addition, we are exploring opportunities to broaden our co-investor base. In particular, we are considering opening our platform to potential co-investors located in geographies outside of Europe.

6.7.3 *Our Platform*

The LINUS Digital Finance platform focuses on financing of mid-cap real estate development projects and brings together investors and Sponsors through data analytics based on investor characteristics.

Our platform is divided into three different offerings: LINUS Financing, which addresses Sponsors, LINUS Private Invest, which addresses semi-professional investors with an investment amount starting at €200,000 (€50,000 for professional investors) and LINUS Institutional Invest, addressing smaller institutional investors with an investment amount starting at €5 million. Typically, we finance new development projects every three to four weeks and accordingly have a selection of investment opportunities ready for our customers.

- *LINUS Financing*: Through our digital platform Sponsors have the opportunity to apply for individual real estate financing solutions starting at €3 million up to €100 million.
- *LINUS Private Invest*: We offer semi-professional and professional investors within the meaning of section 1(19) no. 33 and no. 32 of the German Capital Investment Code (*Kapitalanlagegesetzbuch*) (“**KAGB**”) the opportunity to co-invest in our what we believe are high-quality investment projects according to the terms presented on our website.
- *LINUS Institutional Invest*: Institutional investors profit from tailor-made participation structures with individual investments ranging from €5 million to €50 million. Our bespoke structuring solutions for real estate backed debt securities are in line with the German Investment Regulation (*Anlageverordnung*), Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as amended, and the Basel IV standards. LINUS Institutional Invest mainly targets banks seeking to diversify their portfolio and insurance companies looking for senior financing tranches with an attractive risk-return profile.

Institutional and semi-professional investors can participate in real estate investments via an end-to-end online process from the initial online registration and application, followed by a thorough vetting in accordance with all applicable regulatory requirements, to reviewing detailed project information and to signing. After the activation of the respective account, investors are able to view and subscribe to our current projects, which have all been vetted through a thorough due-diligence process that ensures adherence to our strict quality standards. As soon as an investment is pending, our customers are subjected to a legitimation check and their identity is verified as part of the know your customer (KYC) process either online or through the offline identification procedure of Deutsche Post. Thereafter, co-investors continue to stay on top of their investment through our online platform receiving periodical digital reporting, while our team is available to answer any questions.

We are continuously seeking to enhance our digital platform and are considering adding a secondary trading function for investments made via our platform in the future.

6.7.4 *Our Project Selection*

Our project selection process involves technology-supported in-depth due diligence of the potential borrower and the proposed project regarding commercial, legal, financial, technical and insurance aspects. When deciding whether to offer financing for a real estate project we consider a number of factors, the most important of which are a real estate project’s location and the liquidity of the relevant market, the status of required permits, a clean legal due diligence, a project’s leverage and cost structures as well as the track record of the borrower.

6.7.5 The LINUS Fund

Through its wholly-owned subsidiary, Linus Capital Management GmbH, a capital management company (*Kapitalverwaltungsgesellschaft*) registered with BaFin pursuant to sections 2(4), 44 KAGB, the Company manages the LINUS Fund, a real estate debt fund in the form of a closed-end special alternative investment fund (Linus Debt Invest DACH I GmbH & Co. KG). Under this existing KAGB registration, the amount of assets under management by Linus Capital Management GmbH is limited to €500 million. For further details about the terms of the agreement on the appointment of Linus Capital Management GmbH as the LINUS Fund's external capital management company (*externe Kapitalverwaltungsgesellschaft*) within the meaning of the KAGB, see "6.14.2 KVG-Agreement". Our wholly-owned subsidiary Linus Management 1 GmbH acts as the LINUS Fund's general partner (*Komplementär*). The Company acts as managing limited partner (*geschäftsführender Kommanditist*) of the LINUS Fund and holds 3% of its equity limited partnership interest (*Kommanditanteile*). The remaining 97% are held by external investors, including an affiliate of our majority shareholder (see "6.14.1.2 Partners and Contributions"). We assume the Company acts as principal in the meaning of IFRS 10 and have therefore fully consolidated the LINUS Fund (see "5.11.1 Judgements").

We set up the LINUS Fund at the end of 2018 with an investment period until December 31, 2022 to secure what we believe are attractive investment opportunities by providing initial financing commitments to Sponsors. The LINUS Fund commits to the full investment amount before any co-investors join, thereby allowing for a faster process and increased transaction security for Sponsors. Following syndication with co-investors, the LINUS Fund retains a significant stake of usually at least 25% in the equity of the Special AIF set up to hold the loan over the entire term of the loan. Accordingly, we participate in the risks and rewards of our projects, which aligns our interests with those of our co-investors.

On March 10, 2021, the Company agreed on a non-binding term sheet with a global alternative investment firm for a €200 million non-recourse revolving loan facility. Negotiations about a binding facility agreement are ongoing. This facility would be used on a revolving basis to temporarily finance a significant portion of the more senior tranches of the loans provided to Sponsors. The facility would bridge the time between origination and syndication to co-investors and syndication partners, a function currently fulfilled by the LINUS Fund.

6.7.6 Our Project Financing

We offer several financing alternatives throughout the full lifecycle of an investment project from the purchase of land to the construction phase and inventory financing. Our financing solutions therefore range from whole-loan financing to mezzanine or junior financing, bridge loans and acquisition financing of land plots. With our whole-loan financing by the LINUS Fund we provide Sponsors the advantage of a one-stop-shop approach as they do not have to negotiate with separate lenders for senior and junior tranches. Instead, we provide the entire project financing, *i.e.*, the LINUS Fund issues both the senior tranche and mezzanine financing, replacing the need for an additional bank loan. In the case of mezzanine financing, we offer the part that is necessary in addition to equity and bank loans. Our bridge loan solutions are short-term financings with higher interest rates that serve to bridge financing gaps.

Sponsors can apply for project financing via our digital platform. After receiving an application, we conduct a thorough, data-driven screening and, after a positive outcome, offer to the project developer terms for the requested financing within days of the initial application. A standardized term sheet is provided within only 14 days of the financing request. Our highly-integrated financing process and standard contracts enable closing and funding within four weeks of the financing request, whereas mortgage banks in our experience typically need up to four months.

After the initial financing commitment, the LINUS Fund typically fronts the entire investment before initiating a syndication process in which parts of the loan are economically transferred to co-investors. The process for involving co-investors, however, depends on the type of financing we provide. In the case of whole-loan financing we approach potential co-investors before we make a commitment *vis-à-vis* the Sponsor to ensure that we do not have to bear the entire investment. We may then transfer parts of the loan to an institutional investor by way of a partial loan sale. Otherwise, each project is then set up via a separate Special AIF, *i.e.*, another alternative investment fund managed by Linus Capital Management GmbH, to which the LINUS Fund contributes the loan granted to the Sponsors and which holds the loan for the duration of the project. Co-investors can participate directly in the Special AIF by acquiring its shares. However, semi-professional investors typically participate via a trustee, which reduces form requirements for the documentation and simplifies the investment process. The trustee for each Special AIF is Linus Treuhand GmbH & Co. KG, a subsidiary of the LINUS Fund. The LINUS

Fund retains a significant share in the equity of the Special AIF holding the loan over the entire term of the loan. Currently, two thirds of the financing managed by us is in the form of senior loans and one third relates to junior or mezzanine financing. As of the date of this Prospectus, 67% of the financing volume issued by the LINUS Fund relates to loans in excess of €20 million.

As an alternative to participating in real estate financing for individual projects, we offer our co-investors the possibility to invest into a selection of approximately 10 projects at once through a closed-end special alternative investment fund. The structure is the same for all underlying investments.

Given the nature of real estate projects, our financing often contains built-in extension clauses, typically ranging from three to six months, to provide Sponsors more security in case of unforeseen developments. However, our financing typically ends at the end of the (potentially extended) term of the loan as refinancing of completed projects is currently not part of our business.

6.7.7 Our Portfolio Management

6.7.7.1 Current Portfolio

We manage a high-quality and diversified portfolio for our co-investors. It spans from residential to logistics, retail and operator-managed properties in A- and, to a limited degree, B- and C-cities, is financed through both whole loan and junior/mezzanine financing, and for the most part comprises investments in excess of €20 million per project. The following chart reflects the portfolio managed by us as of the date of this Prospectus:



6.7.7.2 Selected Case Studies

The following is a representative selection of our so far 43 financing projects:

- Wolfsburg – Südkopf-Center:** Since 2019, LINUS has structured a €24 million whole loan for a portfolio development of mixed use in Porschestraße, a main shopping street in Wolfsburg. The Südkopfcenter, refurbished by a Berlin-based project developer, had already been let to strong long-term tenants including ALDI, VW and AOK. Existing retail and office rental space will be renovated and enlarged after the renewal of tenancies. LINUS has syndicated a senior tranche of €16 million to a large German insurance company.
- Leipzig – Krystallpalast:** Since 2019, LINUS had been financing the purchase and planning costs for the Krystallpalast quarter development with a whole loan of €45 million. In the direct vicinity of Leipzig's main train station, the Krystallpalast quarter was developed by ARGO Capital Partners on an area of about 20,000 m². After completion, the quarter offers around 40,000 m² of lettable space for offices, residential accommodation, a hotel and local suppliers. LINUS syndicated a senior tranche of €15 million to an institutional investor from the banking sector and €0.95 million to semi-professional investors through its platform. The loan was fully repaid in April 2021.
- Berlin – Max & Moritz:** Since 2019, LINUS has financed the purchase, planning and pre-construction of the Max & Moritz development in Berlin, with a whole loan of €88 million. The project developed by MIKARE Development is located in the heart of the Media Spree in the popular district of Berlin-Friedrichshain, and includes two 90-meters tall residential towers with over 44,000 m² of rental space. The project supplies a mix of residential, office and retail space as well as serviced flats, with 380 freehold flats being the core of the development.

- *Berlin – Alexanderhaus:* Since 2018, LINUS provided the Düsseldorf-based project developer CENTRUM with approximately €8 million of mezzanine capital for the development of more than 7,000 m² of retail space at Alexanderplatz. Located in one of the city's hotspots, the site attracts footfall of approximately 300,000 visitors per day. CENTRUM has already finalized several rental agreements with well-known chains for the space.
- *Darmstadt – Wilhelmin:* Since 2020, LINUS has been providing a mezzanine loan of €11.5 million for the refinancing of the WILHELMIN, a mixed-use property for residential and commercial use in Darmstadt, acquired in 2010 and fully renovated between 2015 and 2020. Located centrally in Darmstadt's lively pedestrian zone, along numerous grocery stores, restaurants and retailers, and next to the state theatre, the site attracts a large number of walk-in customers. LINUS syndicated a senior tranche of €7.0 million to a large German insurance company and €3.5 million to semi-professional investors through its platform.

6.8 Our Marketing

Our marketing activities are aimed at driving the maximum relevant traffic to our website and enhancing recognition of our offering in order to firmly establish our LINUS brand as a leading digital financing platform in Germany and other European countries. We therefore follow an extensive PR approach to demonstrate our investment capabilities to the market and to attract our targeted customers of mid-cap Sponsors, smaller institutional and semi-professional investors. As part of our direct marketing strategy, we screen Sponsors all over Germany and approach them directly. Additionally, we place advertisements in the relevant real estate magazines and portals where we present ourselves as a financial investor and offer our various debt products.

To acquire new co-investors, we largely rely on performance marketing, *i.e.* online marketing such as sponsored content, search engine marketing, (*e.g.* Google Ads) and social media advertisement, which allows us to increase our overall online visibility in front of our targeted audience to drive qualified traffic to our website and increase our conversion rate. In order to support our performance marketing campaigns and to increase general awareness of our offering, we conduct brand campaigns, using above-the-line marketing strategies, such as print or television campaigns.

In order to increase our reputation in our target market we developed a content strategy focused on the creation, publication, and governance of useful and usable content for our different marketing efforts. In addition, depending on the current situation, we offer various online and live events to further strengthen our reputation and the loyalty of our customers. In the financial year ended December 31, 2020 our marketing and hospitality costs amounted to €0.4 million.

6.9 Information Technology and Data

As what in our view is the first German digital real estate finance platform for institutional-grade real estate investments and related services, we believe that we have created an advanced and sophisticated IT-platform to provide our offering. Our platform is developed and operated by our in-house product & technology organization which consists of nine highly dedicated professionals averaging more than six years of work experience and a strong fintech track record, which provides us with significant innovative potential as we continually seek to expand and optimize our product with cutting edge technology.

6.9.1 IT-Platform and Data Analysis

We have created a custom- and purpose-built modular IT-platform that is both highly scalable and integrated across our value chain. It combines core cloud & infrastructure applications with software development functions and data analytics capabilities.

Using different core cloud and infrastructure services we have created an end-to-end digital workflow for our Sponsors, co-investors and LINUS team members, which combines all information in one central data hub. To continuously improve our technology platform we utilize different software development solutions, which allow us to automate our development processes with continuous integration and delivery in our cloud and our infrastructure, to test our website on various real devices and browsers for a seamless user experience and to plan, document and release our software projects.

We believe that our ability to collect and analyze data provides us with a key competitive advantage. Therefore, we have designed our IT-platform with a view to integrating the collection of data from multiple

relevant access points (e.g., by using Google Analytics to track our website performance and customer journeys). In the future, we seek to further improve our ability to track cross-device journeys to analyze and to improve the success of our offering and the content of our website.

By utilizing different cloud technologies and integrating data gathering and analysis across our value chain, we have created what we consider a best-in-class setup, allowing us to utilize our increased knowledge in various ways:

- We can tailor our operations to optimize our digital offering and adapt our technology platform to our evolving business needs.
- By analyzing customer behavior, we can tailor the content of our website to ensure that it stays relevant and that we provide customers with an immersive experience.
- By constantly analyzing our data on advertising performance and marketing expenses, we can optimize our marketing efforts to maximize our return on these efforts.
- Our ability to analyze various relevant operational performance indicators in real time helps us to steer our business more efficiently and to analyze potential adverse developments earlier.

6.9.2 IT-Security

When expanding and operating our IT platform, we constantly focus on security and reliability. To this end, we have implemented various state of the art security measures, including:

- information security management system based on ISO 27001 requirements due for certification in 2021;
- ISO 27001 compliant centralized password and key access management;
- ISO 27001/27018 compliant identity & authentication management;
- multi-factor authentication;
- rolling backups and archiving of all business relevant applications and data sources;
- disaster recovery plan for core business processes and applications;
- enhanced e-mail protection;
- firewall and virus scanner on all devices;
- secure vault based handling of credentials for all product stages: production, staging and development.

6.10 Intellectual Property

6.10.1 Trademarks

We hold European Union and certain international trademarks for our corporate name LINUS.

6.10.2 Domains

We are the legal or beneficial owners of the domain linus-finance.com which hosts our platform and is essential to our business. Other relevant domains include:

- linus-capital.com;
- linus-capital.de;
- linus-finance.de;
- linus-finance.uk.

6.10.3 Proprietary Software

Our operations utilize a broad range of proprietary software, in particular for real estate valuation and risk assessment, funds administration as well as our website. We constantly update our software solutions and add

functionality and data. In addition, our website has been specifically designed by our dedicated in-house team to ensure a convenient, stable and secure investment experience.

6.11 Employees

The following table provides a breakdown of our average number of employees (full-time equivalent) by function for the periods indicated:

	For the year ended December 31,		
	2018	2019	2020
	(unaudited)		
Function			
Investment	1	3	7
Management	2	3	5
Platform & Operations	1	5	8
Total	4	11	20
Geography			
Germany	4	11	18
United Kingdom	0	0	2
Total	4	11	20

As of the date of this Prospectus, our staff has grown to a total of 44 employees (thereof 42 employees in Germany and 2 employees in the UK) in connection with the further growth of our business. To support our expansion plans, we intend to hire additional expert personnel going forward.

6.12 Insurance Coverage

We have taken out a number of group insurance policies that are customary in our industry and cover all group entities. Our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and consider our insurance coverage to be customary for our industry. There is, however, no guarantee that we will not suffer any losses for which no insurance coverage is available or that the losses will not exceed the amount of insurance coverage under existing insurance policies.

We have also taken out a directors and officers (“D&O”) insurance policy that covers the current and future members of the Management Board and Supervisory Board as well as equivalent bodies of other entities of LINUS with a total coverage of up to €20 million *per annum* as well as various sub-limits depending on the specific nature of claims. The D&O insurance provides for a deductible for all members of the Management Board in line with the AktG.

6.13 Litigation

In the course of our business activities, we are regularly exposed to numerous legal risks (see “1.3 Risks Related to Regulatory, Legal and Tax Matters”). However, we are not aware of any governmental, legal or arbitration proceedings (whether pending or threatened) which may have, or have had, a significant effect on our financial position or profitability during the past twelve months.

6.14 Material Agreements

6.14.1 LINUS Fund’s Partnership Agreement

The LINUS Fund is set up in the legal form of a limited partnership under German law having a German limited liability company as its general partner (*GmbH & Co. KG*), and is currently based on its partnership agreement as last amended on December 21, 2020 (the “Partnership Agreement”).

6.14.1.1 Partnership Purpose and Investment Strategy

The purpose of the LINUS Fund, as stipulated in the Partnership Agreement, is to invest and manage its funds in accordance with a fixed investment strategy for collective investment. This investment strategy, in

principle, consists of the granting, acquiring, selling or holding of certain types of loans for the direct or indirect financing of certain real estate project companies.

6.14.1.2 Partners and Contributions

The LINUS Fund's general partner (*Komplementär*) is Linus Management 1 GmbH, a German limited liability company with its registered seat in Berlin. The general partner has not made any contribution and does neither participate in the profits nor in the losses of the LINUS Fund. Limited partners (*Kommanditisten*) are:

- the Company, with a liability contribution (*Hafteinlage*) of €10.00 and a mandatory contribution (*Pflichteinlage*) of €10.4 million, and, at the same time, being the managing limited partner (*geschäftsführender Kommanditist*) of the LINUS Fund;
- Global Growth Capital S.à r.l. (previously Moneda Top-Holding S.à r.l.), a limited liability company under the laws of Luxembourg with its registered seat in Luxembourg, with a liability contribution (*Hafteinlage*) of €100.00 and a mandatory contribution (*Pflichteinlage*) of €301 million; and
- Parson GmbH, a German limited liability company with its registered office in Schönefeld, with a liability contribution (*Hafteinlage*) of €100.00 and a mandatory contribution (*Pflichteinlage*) of €34.7 million. Parson GmbH is controlled by Alexander Samwer who also indirectly controls the Company (see "8. Shareholder Information").

The general partner is, with the consent of all limited partners, entitled to admit further investors as limited partners, provided that such investors qualify as professional investors within the meaning of section 1(19) no. 32 KAGB. The limited partners may, as a general rule, only dispose of their participation in the LINUS Fund with the written consent of the general partner.

6.14.1.3 Management

In principle, under the Partnership Agreement, each of the general partner (*Komplementär*) and the Company (in its capacity as the managing limited partner) are, individually and under exemption from the restrictions of section 181 BGB, entitled to manage the LINUS Fund. However, those management responsibilities are substantially limited by the appointment of Linus Capital Management GmbH as the external capital management company (*externe Kapitalverwaltungsgesellschaft*) of the LINUS Fund under the KVG-Agreement as defined below. As a result of the KVG Agreement, the LINUS Fund is predominantly being managed and represented vis-à-vis third parties by Linus Capital Management GmbH and the corresponding responsibilities of the general partner and the Company are essentially confined to monitoring functions.

6.14.1.4 Investment Committee

The LINUS Fund has an investment committee consisting of up to three members, which are appointed by the general partner. In this context, each limited partner with a participation rate in the LINUS Fund above 5% is entitled to nominate for appointment a representative of his choice.

The external capital management company (*externe Kapitalverwaltungsgesellschaft*) of the LINUS Fund is obligated to provide the investment committee with certain information in relation to any proposed investment. In addition, the budget for each investment is subject to the approval by the investment committee as well as any increase of such approved investment budget. Finally, the investment committee may make recommendations on the investment proposals of the external capital management company, which are to be considered by the external capital management company, but are not legally binding.

In case the external capital management company intends to make an investment decision without the unanimous decision of the investment committee, the general partner may, under certain conditions, be obliged to terminate the KVG Agreement and appoint a new external capital management company as proposed by the limited partners.

6.14.1.5 Distribution of Profits and Claw Back

In principle, the limited partners are entitled to a share in the annual profits of the LINUS Fund in proportion to their respective mandatory contribution (*Pflichteinlage*). On that basis, profits are allocated to the limited partners in accordance with a certain waterfall mechanism as set forth in the Partnership Agreement.

Subject to the non-achievement of certain internal rate of return (IRR) hurdle rates in relation to the investments implemented within certain investment periods, the Company (in its capacity as managing limited partner) is, under certain conditions, obligated to make certain claw back and/or settlement payments to the other limited partners. Such claw back and/or settlement payments are, however, in any case limited by (i) the amount necessary to reach the respective hurdle rates, and (ii) certain payments the Company receives in connection with the respective investments.

6.14.1.6 Term and Termination of the Partnership Agreement

The term of the Partnership Agreement expires two years upon the earlier of (i) December 31, 2022 or (ii) the date on which the LINUS Fund has made investments in the total amount of €346.5 million. The term of the Partnership Agreement may, under certain conditions, be extended, but will terminate no later than two years upon December 31, 2029. Ordinary termination is excluded. The right to terminate the Partnership Agreement for cause remains unaffected. In addition, a limited partner may, under certain conditions, be excluded from the LINUS Fund for cause. In such cases, the respective limited partner is generally entitled to a severance payment in the amount of the fair market value of his participation.

6.14.2 **KVG-Agreement**

On January 17, 2019, Linus Capital Management GmbH, a wholly owned subsidiary of the Company and capital management company (*Kapitalverwaltungsgesellschaft*), registered with BaFin, and the LINUS Fund entered into an agreement on the appointment of Linus Capital Management GmbH as the external capital management company (*externe Kapitalverwaltungsgesellschaft*) within the meaning of the KAGB of the LINUS Fund (the “**KVG-Agreement**”).

The LINUS Fund qualifies as an externally managed closed-end special alternative investment fund within the meaning of the KAGB, with its corporate purpose, as defined in the Partnership Agreement, being the investment and management of its funds in accordance with a defined investment strategy for collective investment.

6.14.2.1 Rights and Duties of Linus Capital Management GmbH

Linus Capital Management GmbH is primarily responsible for investing and managing the assets of the LINUS Fund, thereby observing the due diligence of a prudent business person as well as the relevant legal provision. Its responsibilities include portfolio management, risk management, accounting and preparation of the annual financial statements, liquidity management, management of investor relations, commissioning and management of legal, tax and other services as well as the preparation and drafting of reports of the LINUS Fund.

In addition, Linus Capital Management GmbH is required to notify the LINUS Fund in due course of all material measures taken in order to perform its obligations under the KVG-Agreement.

The compensation of Linus Capital Management GmbH amounts to €5,000.00 *per annum* and covers any expenses related to the performance of its contractual obligations.

6.14.2.2 Rights and Duties of the LINUS Fund

The LINUS Fund may at any time monitor and examine Linus Capital Management GmbH’s performance of its obligations under the KVG-Agreement and may for this purpose request access to Linus Capital Management GmbH’s relevant records and documentation.

The LINUS Fund is responsible for the adoption and the amendment of the investment strategy set forth in the Partnership Agreement. To the extent that, *e.g.*, changes of the law or the administrative practice of BaFin or specific BaFin directives or orders require certain adjustments to the KVG-Agreement and/or amendments to the Partnership Agreement in order for Linus Capital Management GmbH to perform its obligations under the KVG-Agreement, the LINUS Fund is obligated to facilitate such adjustments and/or amendments.

Neither the LINUS Fund nor its general partner may, without the consent of Linus Capital Management GmbH, dispose of the LINUS Fund’s assets or enter into any corresponding obligation on behalf of the LINUS Fund.

6.14.2.3 Term and Termination of the KVG-Agreement

The KVG-Agreement will expire only upon termination of the LINUS Fund. Ordinary termination is excluded. The right to terminate the KVG-Agreement for cause remains unaffected, in particular in the events that BaFin orders or demands the termination of the agreement or takes measures within the meaning of section 42 KAGB, any competent supervisory authority or a court appoints an administrator or a liquidator for any contracting party, a contracting party becomes the subject of insolvency proceedings, applies for insolvency or composition proceedings or if the opening of insolvency proceedings is refused for a lack of assets to cover the costs of the proceedings, a contracting party ceases its business activities, is dissolved or liquidated, a contracting party significantly breaches its obligations under the KVG-Agreement or if a limited partner of the LINUS Fund, under the Partnership Agreement, validly requires the general partner of the LINUS Fund to terminate the KVG-Agreement.

Upon premature termination of the KVG-Agreement, Linus Capital Management GmbH has a post-contractual obligation to continue to provide the services due under the KVG-Agreement in accordance with the provisions of the KVG-Agreement, until the LINUS Fund appoints a new external capital management company (*externe Kapitalverwaltungsgesellschaft*), but no longer than for six months.

7. REGULATORY AND LEGAL ENVIRONMENT

LINUS' business is subject to numerous laws and regulations including provisions on capital investments, data protection and anti-money laundering.

While the relevant laws and regulations are typically of a national scope, within the European Union a considerable degree of regulatory harmonization exists in a number of areas relevant to the Company's business. The European Union has created a common regulatory framework that applies not only to the Company's most important market Germany, but in all member states of the European Union, and which comprises directives and regulations. Directives only become effective once they are enacted in a member state of the European Union and the implementation of directives may vary between member states. Regulations, however, do not require implementation into national law and apply directly and uniformly in all member states of the European Union.

7.1 Capital Investments

The KAGB provides the legal framework for investment funds and is intended to protect small and private investors. The KAGB regulates all capital investments that can be classified as investment assets (*Investmentvermögen*). Specifically, the KAGB comprehensively regulates the existence of an investment fund, the management of the assets by capital management companies (*Kapitalverwaltungsgesellschaften*), as well as their safekeeping by depositaries.

Investment assets are divided into undertakings for collective investments in transferable securities ("UCITS") and alternative investment funds ("AIFs"). The LINUS Fund and each special purpose vehicle holding a project loan qualify as special AIFs.

Special AIFs are characterized by the fact that interests in the relevant entity may only be acquired by professional and semi-professional investors (section 1(6) sentence 1 KAGB). Distribution of such interests to retail investors is not permitted. Entities that are required to be authorized or regulated to operate in the financial markets, such as credit institutions, investment firms, insurance companies, pension funds and management companies of such funds, are recognized as professional investors within the meaning of the KAGB. According to section 1(19) no. 33 KAGB a semi-professional investor is someone who invests at least €200,000, has knowledge and experience in the relevant field, and is confident that he or she can make the investment decision independently, taking into account all of the risks involved.

Further, the LINUS Fund and each Special AIF holding a project loan also qualify as closed-end AIFs. Closed-end investment funds are characterized by a fixed term, a limited number of investors and a fixed total investment amount. Closed-end special AIFs are subject to only a few restrictions and, unlike open-end special AIFs, do not have to observe the principle of risk diversification. The LINUS Fund is an AIF pursuant to section 285 KAGB which is permitted to enter into loan agreements and grant loans without a banking license, subject to certain requirements set out in section 285(2) and (3) KAGB. In principle, if the closed-end special AIF is not financed by more than 30% of the total contributed and committed capital through loans, it may grant money loans to a borrower in the amount of up to 20% of the total contributed and committed capital. However, loans may be granted to companies up to a maximum of 50% of the total contributed and committed capital, provided that the relevant company is either a subsidiary (as defined in section 290 HGB), the loan is subject to a (qualified) subordination or the loan does not exceed twice the acquisition cost of the equity interests held in the company.

BaFin supervises capital management companies (*Kapitalverwaltungsgesellschaften*) and the investment funds offered by these companies in accordance with the provisions of the KAGB. For the protection of investors, capital management companies, which do not require an operating license according to the KAGB due to an exemption must, under certain conditions, at least register with the BaFin and comply with other obligations, such as providing certain information regarding their investment strategy (section 44(1) KAGB). Linus Capital Management GmbH, the capital management company (*Kapitalverwaltungsgesellschaft*) managing the LINUS Fund and the Special AIFs holding the project loans is a so-called "registered-only" capital management company (*Kapitalverwaltungsgesellschaft*) under sections 2(4), 44 KAGB. In the case of a "registered-only" capital management company (*Kapitalverwaltungsgesellschaft*), the assets under management of all AIFs managed by such capital management company (*Kapitalverwaltungsgesellschaft*) may not exceed the value of €100 million in total (when leverage is used) or €500 million in total (if no leverage is used). If any of these thresholds are exceeded, the capital management company (*Kapitalverwaltungsgesellschaft*) must apply for and obtain a license as a fully-regulated capital management company (*Kapitalverwaltungsgesellschaft*) within the meaning of the KAGB within 30 calendar days. The application must contain, *inter alia*, information on proof of the funds required for business operations, on the significant participating holders and assessment of their reliability and the

amount of their respective participation, and on the business plan, including measures to comply with the obligations under the KAGB.

7.2 Data Protection and Data Privacy

The collection, processing and other use of personal data is extensively regulated by European (*e.g.*, Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (“**GDPR**”) and national legislation (*e.g.*, the German Federal Data Protection Act (*Bundesdatenschutzgesetz*) (the “**Data Protection Act**”) in Germany). In the course of our business activities and as an operator of an online platform, we process personal data of potential as well as existing Sponsors and co-investors, such as identification data, contact data, financial data and IP addresses.

In general, European data protection and data privacy laws regulate when and how personal data may be collected, for which purposes it may be processed, for how long such data may be stored and to whom and how they may be transferred. The GDPR contains strict requirements for obtaining the consent of data subjects (*i.e.*, the persons to whom personal data relates) to the use and processing of their personal data. Such consent may be withdrawn at any time and without causing, preventing the continued use of the affected data. In addition, a transfer of personal data to entities outside Europe is subject to specific requirements.

The GDPR also requires organizational measures, such as the installation of a data protection officer (*Datenschutzbeauftragter*) who, among other things, must monitor compliance with the GDPR. In addition, it may require so-called privacy impact assessments, at least in cases where the data processing is likely to result in a high risk to the rights and freedoms of individuals.

In addition to the GDPR and the Data Protection Act, various sector-specific statutes set forth specific rules which apply to certain industries or businesses and prevail over the general provisions of the Data Protection Act. By operating our digital financing platform in Germany, we have to comply with the specific requirements of the German Tele Media Act (*Telemediengesetz*) (the “**Tele Media Act**”), which takes into consideration particular aspects of online communication. For example, the Tele Media Act provides for additional information obligations which are stricter than the general requirements of the Data Protection Act (*e.g.*, a requirement to include an imprint on websites and apps).

The following selected areas of data protection and data privacy are of particular relevance to our business:

7.2.1 Individual Rights of Data Subjects

Under the GDPR, data subjects have a right to require information about what data have been recorded with respect to them, how their data is being processed, the right to have their data rectified, the right to data portability as well as the right to restrict certain processing of their data. Furthermore, the GDPR establishes a so-called “right to be forgotten”. Therefore, data subjects may require that data relating to such data subjects are deleted when there is a problem with the underlying legality of the processing or where the data subjects have withdrawn their consent to the use and storage of such data. In addition, data subjects have the right to object to the processing of their data, if such processing is based on the performance of a task in the public interest or on the controller’s (*Verantwortlicher*) legitimate interests.

7.2.2 Web Analysis

Web analysis technology, such as cookies or tracking tools (*e.g.*, Google Analytics), enables us to utilize traffic to our website to personalize our offering and marketing efforts to better match the interests of our users. Even though most web analysis tools allow for the anonymization of data (*i.e.*, by collecting only a part of the users’ IP addresses) and do not allow for a subsequent allocation of such data to individual users, the use of such tools may still be subject to data privacy laws.

On May 28, 2020 the German Federal Court, based on a decision by the Court of Justice of the European Union of October 1, 2019, ruled that under German law, the use of certain cookies requires a clear affirmative act of the user and that a pre-activated checkbox does not fulfil this requirement. The use of cookies may be restricted further by a new regulation of the European Parliament and of the Council, which has been undergoing the European legislative process since 2017 (see “7.2.8 New Proposal for a Data Privacy Regulation”). This

legislation provides for an opt-in regime pursuant to which the use of certain cookies requires a clear affirmative act establishing a freely given, specific, informed and unambiguous indication of the respective user in the relevant website or app.

7.2.3 Profiling

The GDPR imposes various restrictions on profiling. Profiling can be defined as any form of automated processing of personal data intended to evaluate certain personal aspects relating to a natural person or to analyze or predict such person's performance at work, economic situation, location, health, personal preferences, reliability or behavior.

7.2.4 Email Advertisements

Subject to certain exceptions, email advertisements (*e.g.*, newsletters) may only be sent to recipients who have given their explicit prior consent to receiving such communication. In Germany, case law demands that in certain cases consent must be obtained through a so-called double opt in procedure. This procedure requires that recipients give their consent twice (*i.e.*, firstly by filling out an online registration form and secondly by confirming their email address after they have registered).

When obtaining the relevant consents, the respective sender has to clearly inform the recipients of the scope and consequences of their consent. For example, a declaration of consent may not be hidden in general terms and conditions but must be clearly highlighted. Consent may be withdrawn at any time without cause.

As an exception from the consent requirement, personalized product recommendations may be sent to customers by email without their explicit prior consent provided that such recommendations only relate to products identical or similar to those previously purchased by these customers and that these customers have been duly informed about their right to object to receiving such recommendations.

7.2.5 Payment Processes

Directive (EU) 2015/2366 of the European Parliament and of the Council of November 25, 2015 on payment services in the internal market, among other things, covers online-based payment services, provides for a uniform regulation of payments via Internet and mobile phones and increased customer protection and requirements for user authentication.

7.2.6 Data Transfers to Third Countries

The GDPR places special requirements on the transfer of data to third countries, *i.e.*, countries outside the EU. According to Article 45 GDPR, the European Commission may determine that a third country ensures an adequate level of data protection. If a data transfer is covered by an adequacy decision, no further safeguards are required. If there is no adequacy decision, the GDPR assumes that the third country does not provide an adequate level of data protection, in which case the data transfer must be accompanied by further protective measures. For this purpose, the GDPR provides for appropriate safeguards, such as standard contract clauses issued or approved by the European Commission or binding corporate rules used primarily by internationally active corporate groups with internal data flows (also) to third countries, which set out rules for processing personal data, including in third countries, and that must be approved by supervisory authorities.

On July 16, 2020, the Court of Justice of the European Union issued its opinion in Data Protection Commission v. Facebook Ireland, Schrems and declared the European Commission's Privacy Shield Decision invalid on account of invasive U.S. surveillance programs, thereby making transfers of personal data on the basis of the Privacy Shield Decision illegal. Furthermore, the Court stipulated stricter requirements for the transfer of personal data based on standard contract clauses. Data controllers (*Verantwortliche*) or processors that intend to transfer data based on standard contractual clauses must ensure that the data subject is granted a level of protection essentially equivalent to that guaranteed by the GDPR and the EU Charter of Fundamental Rights (CFR) – if necessary with additional measures to compensate for gaps in protection of third country legal systems. Otherwise, operators must suspend the transfer of personal data to countries outside the EU.

7.2.7 Consequences of Non-Compliance

Under the GDPR, any non-compliance with the relevant regulations may result in severe fines. Depending on the individual infringement, fines of up to the higher of 4% of the annual worldwide turnover for

the last year and €20.0 million may be imposed. In addition, the GDPR grants individual data subjects the right to claim damages for violations of their rights under the GDPR.

7.2.8 New Proposal for a Data Privacy Regulation

On January 10, 2017, the European Commission released a proposal for a regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications. While the proposal is still subject to legislative procedure and debate, it contains several provisions aimed at ensuring the confidentiality of electronic communications and also sets forth strict requirements for unsolicited communication as part of direct marketing efforts. On January 5, 2021, the Council of the European Union released a new draft version of the regulation. This draft has not been adopted yet.

7.3 Cybersecurity

As operator of an online platform, we have to comply with various cybersecurity requirements. In particular, the GDPR and the Data Protection Act stipulate that entities that collect and process personal data must implement certain technical and organizational measures to ensure that such data is processed and stored safely, remains confidential and can be restored and accessed again after interruptions. These measures may include physical security against unauthorized access and manipulation (*e.g.*, secure storage and transportation of physical data carriers), password security, authorization concepts, logging of subsequent changes of data, separation of data that has been collected for different purposes, reasonable encryption as well as protection against accidental loss, destruction or damage of data. Furthermore, the effectiveness of such measures must be tested regularly.

In addition, we must ensure that appropriate compliance measures cover the detection and control of technology related risks. In Germany, the German Act to Increase the Security of Information Technology Systems (*Gesetz zur Erhöhung der Sicherheit informationstechnischer Systeme*) amended the Tele Media Act in 2015, which requires operators of websites and apps to protect their technology, in particularly any data they collect and store, against outside attacks in accordance with the current standards of technology.

Directive (EU) 2016/1148 of the European Parliament and of the Council of July 6, 2016 concerning measures for a high common level of security of network and information systems, which was implemented among others by the German Act on the Federal Office for Information Security (*Gesetz über das Bundesamt für Sicherheit und Informationstechnik*) and the German Telecommunication Act (*Telekommunikationsgesetz*), requires digital service providers (*e.g.*, online platforms), *inter alia*, to:

- carefully review their existing network security mechanisms;
- implement state of the art security measures aimed at ensuring a level of security appropriate to the risk of the respective provider; and
- establish proper notification measures to promptly notify the competent authority of any incident which has a substantial impact on the services offered in the European Union.

Furthermore, the GDPR generally requires us to inform the competent supervisory authorities of any breach of personal data stored or processed by us within 72 hours of becoming aware of such breach. Where the relevant breach is likely to result in a high risk to the rights and freedoms of the affected data subjects, we are also required to inform these data subjects of the breach without undue delay.

7.4 Anti-Money Laundering

The purpose of the German Act on the Tracing of Profits from Serious Crimes (*Geldwäschegesetz*) (“**GWG**”) is to combat organized crime and of terrorism. For this purpose, the GWG targets their financing and aims at making it more difficult to bring illegally generated money into the legal cycle of money.

Pursuant to section 4(1) GWG, certain important participants in this cycle of money, such as credit institutions, financial services institutions, but also capital management companies, as well as natural persons such as lawyers or notaries, are obliged to establish an appropriate risk management, which consists of a risk analysis and certain security measures, including procedures and control mechanisms with regards to risk management, customer due diligence, and recording information and retention of documents. As a provider of real estate financing, we have to take the appropriate measures in this regard.

Of particular importance for the prevention of money laundering and the fight against terrorism is the know-your-customer principle set out in sections 10 *et seq.* GwG. The know-your-customer principle is based on

the idea that credit and financial institutions and other obligated parties must be familiar with their customers and their behavior so that they can identify deviations and anomalies on the one hand and support the law enforcement authorities with information and data on the other. The obligated party must carry out a thorough customer due diligence, which begins with establishing the identity of the contracting party, the exact modalities of which are set out in sections 11 *et seq.* GWG, and further requires the continuous monitoring of the business relationship, including the transactions carried out in its course.

8. SHAREHOLDER INFORMATION AND LOCK-UP AGREEMENTS

8.1 Shareholder structure

As of the date of this Prospectus, the following shareholders of the Company directly hold an interest in the Company's share capital and voting rights that would qualify as a notifiable interest within the meaning of Sections 33 *et seq.* of the German Securities Trading Act (*Wertpapierhandelsgesetz*) ("WpHG"), if these provisions were already applicable to the Company (the "Major Shareholders"):

- Arvantis Group Holding GmbH, Schönefeld, Germany;
- DJNEU I. Beteiligungs und Verwaltungs GmbH, Berlin, Germany;
- Brodi GmbH, Berlin, Germany.

The following table sets forth each Major Shareholder's ultimate shareholder and the ultimate shareholder's shareholding in the Company as of the date of this Prospectus:

Ultimate Shareholder	Direct Shareholder	Ownership of the Company (in %)
Alexander Samwer ⁽¹⁾	Arvantis Group Holding GmbH, Schönefeld; Picus Capital GmbH, Munich.....	64.80
David Neuhoff ⁽²⁾	DJNEU I. Beteiligungs und Verwaltungs GmbH, Berlin.....	9.35
Dominik Pederzani ⁽³⁾	Brodi GmbH, Berlin.....	4.12
Treasury shares.....		0.25
Other shareholders ⁽⁴⁾		21.47
Total		100.00

- (1) Arvantis Group Holding GmbH holds 61.96% of the voting rights in the Company which are attributable to Alexander Samwer. By way of this majority holding, Arvantis Group Holding GmbH directly controls the Company. Since Arvantis Group Holding GmbH is controlled by Alexander Samwer, Mr. Samwer indirectly controls the Company. Picus Capital GmbH holds another 2.83% of the voting rights in the Company which are also attributable to Alexander Samwer.
- (2) David Neuhoff is the sole shareholder of DJNEU I. Beteiligungs und Verwaltungs GmbH.
- (3) Dominik Pederzani is the sole shareholder of Brodi GmbH.
- (4) Collectively refers to shareholders individually holding less than 3% of the voting rights in the Company, including Frederic Olbert and each member of the Company's supervisory board.

The shares held by each Major Shareholder or the relevant ultimate shareholder have the same voting rights as any other ordinary shares in the Company.

8.2 Lock-up Agreements

In a listing agreement dated May 11, 2021, the Company agreed with the Listing Agent that, for a period of 90 calendar days from the date on which the decision on the admission and introduction to trading is granted, the Company will not without the prior written consent of the Listing Agent, which consent shall not be unreasonably withheld or delayed:

- directly or indirectly issue, sell, offer, commit to sell or otherwise dispose of shares or announce such offer;
- directly or indirectly issue, securitize, offer, commit to sell, otherwise dispose of any financial instruments carrying conversion or option rights with respect to the shares or announce such offer;
- announce or implement a capital increase from authorized capital;
- propose, or initiate any of its shareholders to propose, to its shareholders' meeting to resolve upon an increase of the Company's share capital or the issuance of financial instruments carrying conversion or option rights with respect to the shares of the Company; or
- conduct any transactions (including derivative transactions) that would have an economic effect similar to the above measures.

The lock-up does not apply to the issuance or sale, as applicable, of shares or other securities issued under management or employee participation programs or stock option plans to members of the management or employees of the Company or its subsidiaries as well as the issuance of shares against contributions in kind in

connection with any acquisition, equity investment or joint venture directly to the partner in any such acquisition, equity investment or joint venture.

In addition, in lock-up agreements dated May 6, 2021, each of Arvantis Group Holding GmbH and DJNEU I. Beteiligungs und Verwaltungs GmbH has agreed with the Listing Agent that until nine months after the first day of trading of the Company's shares on the regulated market of the Frankfurt Stock Exchange, without the prior written consent of the Listing Agent, which shall not be unreasonably withheld or delayed, it will not:

- sell, market, transfer or otherwise dispose of, either directly or indirectly, any shares held as of the date of the lock-up agreement or other securities or legal positions conferring a right or obligation to acquire shares in the Company; or
- enter into any transaction economically equivalent to any transaction described in the preceding bullet (e.g., an issuance of options or conversion rights on shares of the Company).

The foregoing does not apply to (i) transfers to affiliates (in the meaning of section 15 of the German Stock Corporation Act) or legal successors of the relevant shareholder, provided in each case that such transferee(s) agree(s) towards the Listing Agent to be bound by the same lock-up undertaking, (ii) future uses as collateral, (iii) disposals in the context of a takeover offer for the Company, or (iv) any transfers of shares pursuant to enforcement of any collateral entered into in accordance with (ii).

For information on restrictions of the Company's management on the sale of shares in the Company, see "11.2.2.1 Remuneration of the Members of the Management Board".

9. GENERAL INFORMATION ON THE COMPANY

9.1 Formation, Incorporation, Commercial Name and Registered Office

The Company's legal predecessor, Linus GmbH, was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law by articles of association (*Gesellschaftsvertrag*) dated May 24, 2016, as amended on July 6, 2016 which was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 227248.

By resolution of the shareholders' meeting of January 22, 2021, the Company changed its legal form from a limited liability company (*Gesellschaft mit beschränkter Haftung*) to a stock corporation (*Aktiengesellschaft*) under German law and its legal name to Linus Digital Finance AG. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the Company's new docket number HRB 225909 B on February 10, 2021.

The Company's registered office is at Alexanderstraße 7, 10178 Berlin, Germany (telephone: +49 (0)30 629 3968 10, website: www.linus-finance.com), LEI 8945005ERTYEKPYE7N23. The Company's commercial name is "LINUS Digital Finance".

9.2 Governing Law

As a company registered in Germany, the Company is subject to German law applicable to a German stock corporation (*Aktiengesellschaft*), in particular the AktG, which, *inter alia*, governs capital measures of the Company (*e.g.*, capital increases and reductions) and the Company's shareholders' meetings, as well as other laws applicable to German stock corporations such as the German Transformation Act (*Umwandlungsgesetz*) ("**UmwG**"), the HGB, the WpHG and the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) ("**WpÜG**").

9.3 Fiscal year and Duration

The Company's fiscal year is the calendar year. The Company has been established for an unlimited duration.

9.4 History of LINUS

The Company was founded by David Neuhoff on May 24, 2016. The registered office was initially in Theatinerstr. 32, 80333 Munich, Germany, and the Company was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 227248.

By resolution of the shareholders' meeting of August 16, 2016, the Company's registered office was moved to Rosa-Luxemburg-Straße 14, 10178 Berlin, Germany, and the articles of association (*Gesellschaftsvertrag*) were revised accordingly. The Company was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under docket number HRB 181026 B. LINUS moved to its current registered offices on April 23, 2020.

By resolution of the shareholders' meeting of January 22, 2021, the Company changed its legal form to a stock corporation (*Aktiengesellschaft*) and its legal name to Linus Digital Finance AG. On February 10, 2021, the change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the Company's new docket number HRB 225909 B.

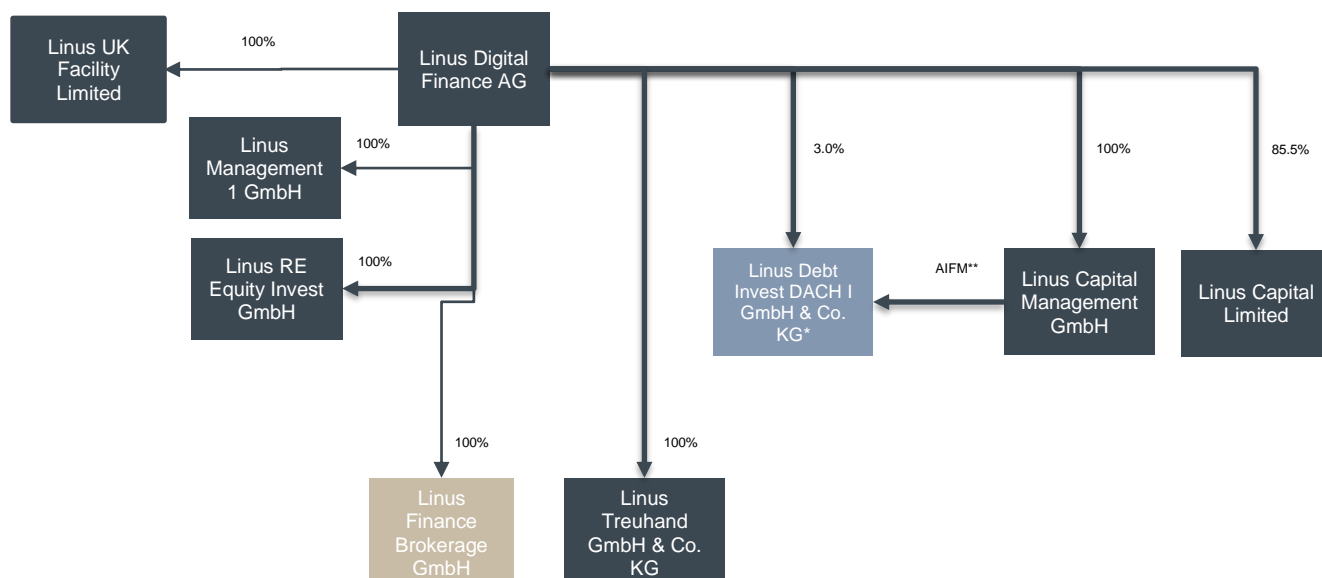
9.5 Corporate Purpose

§ 2 of the Articles of Association defines the Company's corporate purpose as follows:

- Corporate purpose of the Company is, besides the management of its own assets, any form of financing of or acquisition of participations in companies as well as real estate and real estate projects, in particular the brokering, granting, management and syndication of respective loans.
- The Company is entitled to enter into any transaction and to take any measure related or directly or indirectly conducive to the corporate purpose of the Company. It may, in particular, establish subsidiaries, acquire, manage or sell participations in other companies and conclude inter-company agreements.

- The Company may pursue its corporate purpose itself, through subsidiaries or associated companies, or through other companies. It may also establish branches and permanent establishments both in Germany or abroad.
- Any activities which, under financial or insurance supervisory law, require a permission, authorization, approval or similar (“public law reservation”) are not within the scope of the Company’s corporate purpose, regardless of whether the public law reservation is related to a person or to the subject matter.
- The Company may restrict its activities to pursuing only parts of its corporate purpose.

9.6 Group Structure



Note: Limited to the Company and its significant subsidiaries.

* Linus Management 1 GmbH as general partner (*Komplementär*) and Linus Digital Finance AG as managing limited partner (*geschäftsführender Kommanditist*) holding 3%.

** Alternative Investment Funds Manager / capital management company (*Kapitalverwaltungsgesellschaft*).

9.7 Significant Subsidiaries

The following table presents an overview of the Company’s significant direct and indirect subsidiaries:

Legal name	As of the date of this Prospectus		As of and for the fiscal year ended December 31, 2020			
	Company’s share of capital (unaudited) (in %)	Issued capital (unaudited) (in €)	Capital reserves ⁽¹⁾	Result for the year ⁽¹⁾ (unaudited) (in € million)	Payables to the Company ⁽¹⁾	Receivables from the Company ⁽¹⁾
Linus Management 1 GmbH, Germany	100	25,000	1,056	18,163	1,124	7,913
Linus Capital Management GmbH, Germany	100	25,000	(5,717)	4,066	–	–
Linus Debt Invest DACH I GmbH & Co. KG, Germany ...	3.0	210	103,709,278	9,877,881	12,121	176,572

Legal name	As of the date of this Prospectus		As of and for the fiscal year ended December 31, 2020			
	Company's share of capital (unaudited) (in %)	Issued capital (unaudited) (in €)	Capital reserves ⁽¹⁾	Result for the year ⁽¹⁾ (unaudited) (in € million)	Payables to the Company ⁽¹⁾	Receivables from the Company ⁽¹⁾
Linus Finance Brokerage GmbH (previously Linus Feondor Management GmbH), Germany.....	100	12,500	(7,111)	(1,411)	–	–
Linus Treuhand GmbH & Co. KG, Germany.....	100	1,000	(14,320)	(6,789)	2,900	–
Linus UK Facility Limited, UK ⁽²⁾	100	115	(19,843)	(230,637)	–	19,169
Linus Capital Limited, UK ⁽²⁾	85.5	115	–	(309,682)	411,812	–
Linus RE Equity Invest GmbH, Germany.....	100	25,000	1,188	(80,218)	–	–

(1) Prepared in accordance with German GAAP; for Linus UK Facility Limited and Linus Capital Limited, prepared in accordance with the generally accepted accounting principles in the UK.

(2) Converted from pound sterling (GBP) at an exchange rate of €1.1533 per GBP as of December 31, 2020.

9.8 Auditor

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin branch office, Friedrichstraße 140, 10117 Berlin, Germany (“EY”), has audited in accordance with section 317 HGB and German generally accepted standards for financial statement audits and issued unqualified German language independent auditor’s reports (*uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers*) on the consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018, prepared in accordance with IFRS, as well as on the German language annual financial statements of the Company as of and for the fiscal year ended December 31, 2020 prepared in accordance with German GAAP.

EY is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

9.9 Announcements, Paying Agent

Pursuant to § 3.1 of the Articles of Association, the Company shall make its announcements exclusively in the German Federal Gazette (*Bundesanzeiger*), unless mandatory statutory law provides otherwise.

The Company is entitled in accordance with section 49(3) of the German Securities Trading Act (*Wertpapierhandelsgesetz*) to provide information to the shareholders by way of remote data transmission.

In accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), announcements in connection with the approval of this Prospectus or any supplements thereto will be published in the form of publication provided for in this Prospectus, in particular through publication on our website (www.linus-finance.com).

The paying agent is Quirin Privatbank AG. The mailing address of the paying agent is: Kurfürstendamm 119, 10711 Berlin, Germany.

10. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

10.1 Share Capital of the Company and Applicable Regulations

10.1.1 Current Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €6,056,666.00 and is divided into 6,056,666 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany.

10.1.2 Development of the Share Capital

The Company was initially incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) with a share capital of €25,000.00. The Company's share capital remained unchanged in the fiscal years 2018 and 2019. In 2020, the share capital increased from €25,000 as of January 1, 2020 to €27,580 as of December 31, 2020:

- By resolution of the shareholders' meeting of August 5, 2020, Linus GmbH's share capital was increased by €515.00 to €25,515.00 against contributions in cash. The capital increase and the corresponding amendment of the articles of association (*Gesellschaftsvertrag*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on August 25, 2020.
- By resolution of the shareholders' meeting of October 30, 2020, Linus GmbH's share capital was increased by €2,065.00 to €27,580.00 against contributions in cash. The capital increase and the corresponding amendment of the articles of association (*Gesellschaftsvertrag*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on November 30, 2020.

By resolution of the shareholders' meeting of January 22, 2021, Linus GmbH's share capital was increased by €22,420.00 to €50,000.00 against contributions in cash. The capital increase and the corresponding amendment of the articles of association (*Gesellschaftsvertrag*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on February 10, 2021, immediately prior to the conversion into a German stock corporation (*Aktiengesellschaft*).

By resolution of the shareholders' meeting of February 19, 2021, the Company's share capital was increased by €5,613.00 to €55,613.00 against contributions in cash. The capital increase and the corresponding amendment of the articles of association (*Satzung*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on March 19, 2021.

By resolution of the shareholders' meeting of April 16, 2021, the Company's share capital was increased by €5,890,263.00 to €5,945,876.00 from the Company's reserves (*Kapitalerhöhung aus Gesellschaftsmitteln*). The capital increase and the corresponding amendment of the articles of association (*Satzung*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on April 30, 2021.

By resolution of the shareholders' meeting of April 16, 2021, the Company's share capital was increased by €110,790.00 to €6,056,666.00 against contributions in cash. The capital increase and the corresponding amendment of the articles of association (*Satzung*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on April 30, 2021. The 110,790 new shares were sold to pre-listing investors at a price of €25.23 per share.

10.1.3 Authorized Capital

According to § 6 of the Articles of Association, the Management Board is authorized in the period until April 15, 2026 with the consent of the Supervisory Board, to increase the Company's share capital in an amount of up to €3,028,333, once or in several instances, by issuing up to 3,028,333 new no-par value bearer shares (*auf den Inhaber lautende Stückaktien*) with no-par value (*Stückaktien*) against contributions in cash and/or in kind ("**Authorized Capital**").

When utilizing the Authorized Capital, shareholders are generally to be granted subscription rights. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of the shareholders for one or more capital increases from the Authorized Capital, to the extent

that such exclusion would be in the interests of the Company and in accordance with other statutory requirements for the exclusion of subscription rights. In any case, such exclusion of subscription of rights is authorized:

- in order to exclude fractional amounts (*Spitzenbeträge*) from subscription rights;
- if necessary, in order to grant holders and/or creditors of convertible bonds (*Wandelschuldverschreibungen*), warrant bonds (*Optionsschuldverschreibungen*), profit participation rights (*Genussrechte*), and/or profit participating bonds (*Gewinnschuldverschreibungen*) (or a combination of these instruments) (collectively, the “**Bonds**”) that come with conversion or option rights or obligations which are, or are to be, issued by the Company or companies dependent on or in direct or indirect majority ownership of the Company, a subscription right for new no-par value bearer shares (*auf den Inhaber lautende Stückaktien*) in the Company in the same volume as said holders and/or creditors would be entitled to upon exercise of their option or conversion rights or upon fulfillment of their conversion or option obligations as shareholder or to the extent the Company exercises with regard to such Bonds its right to grant, totally or in part, shares of the Company *in lieu* of payment of the amount due;
- for the issuance of shares against cash contributions, if the issuing price of the new shares is not significantly below the market price of the shares already listed on a stock exchange (within the meaning of section 203(1) and (2) and section 186(3) sentence 4 AktG) and the calculated proportion of the share capital attributable to the new shares issued with an exclusion of subscription rights pursuant to section 186(3) sentence 4 AktG does not exceed a total of 10% of the share capital, neither at the time when this authorization takes effect nor at the time when the Authorized Capital is utilized. Shares issued or to be issued based on the conversion price applicable at the time of the Management Board’s resolution on the utilization of the Authorized Capital to fulfil Bonds with conversion or option rights or obligations shall be deducted from this 10% threshold to the extent these Bonds have been issued with an exclusion of subscription rights during the term of this authorization in corresponding application of section 186(3) sentence 4 AktG. Further, own shares that are sold during the term of this authorization with an exclusion of the subscription rights of the shareholders pursuant to section 71(1) no. 8 sentence 5 AktG, second part in connection with section 186(3) sentence 4 AktG shall be deducted from this maximum threshold of 10%;
- for the issuance of shares against contributions in kind (*Sacheinlagen*), including for, but not limited to, the purpose of acquiring (also indirectly) businesses, parts of businesses or participations in businesses or other assets (including receivables) in connection with an acquisition project, or for the fulfilment of conversion or option rights or obligations arising from or in connection with Bonds or creditors of Bonds with conversion obligations (or a combination of these instruments) that are issued against contribution in kind;
- in the case of cooperation with another company, if the cooperation serves the interests of the Company and the cooperating company demands a participation;
- to issue a share dividend under which shares of the Company are used (including partially and/or optionally) to satisfy shareholder dividend claims; or
- if the Authorized Capital is utilized in order to provide for the admission of the shares in the Company for trading via a German securities exchange (IPO).

10.1.4 Conditional Capital

10.1.4.1 Conditional Capital 2021/I

In April 2021, the Management Board, with the approval of the Supervisory Board, resolved upon and established a stock option program (the “**SOP 2021**”), under which stock options have already been granted. Under the SOP 2021, key employees of the Company, members of the management and key employees of affiliated companies of the Company (in each case directly or indirectly via their 100% owned and controlled investment vehicles) may be granted up to 443,591 subscription rights to no-par value bearer shares of the Company, each with a notional interest in the share capital of the Company of €1.00 per share (each a “**Stock Option**” and collectively “**Stock Options**”). Members of the Management Board may not participate in SOP 2021. The Stock Options may be granted in one or more tranches outside closed periods in the meaning of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended (“**MAR**”) until April 15, 2026 (inclusive).

The aggregate number of Stock Options may be allocated in such way that key employees of the Company may receive up to 46.38% of the total number of Stock Options, members of the management of affiliated companies may receive up to 48.26% of the total number of Stock Options and key employees of affiliated companies may receive up to 5.36% of the total number of Stock Options. Exercise of the Stock Options is subject to (i) a linear five-year vesting period (subject to an initial cliff period of one year), (ii) the expiration of a four-year waiting period and (iii) the fulfillment of the following two performance targets: (x) a stock market price target compared to the exercise price and (y) a 10% increase in the Group's EBIT in any fiscal year during the waiting period or the last fiscal year prior to the exercise compared to the fiscal year prior to the grant. In case of Stock Options granted to the management of Linus Capital Limited, instead of the financial target (y) certain other targets shall apply, some of which are related to LINUS' UK revenues.

At the time of grant of the Stock Options, an exercise price for each Stock Option will be determined. The exercise price corresponds to the volume-weighted average closing price of the Company's shares in XETRA trading on the Frankfurt Stock Exchange (or a corresponding successor system) during the last 90 trading days prior to the issue of the Stock Options or for grants during the first 90 trading days since the Listing, such shorter period as available or, if such a price cannot be determined, the exercise price shall be set by the Management Board at its reasonable discretion (*billiges Ermessen*), but no less than the lowest issue price of €1.00. The Stock Options may be serviced from conditional capital, existing shares or treasury shares.

To settle subscription rights to the Company's shares granted under the SOP 2021, the Company's shareholders' meeting of April 16, 2021 created a conditional capital. Pursuant to § 6.4 of the Articles of Association, the share capital of the Company is conditionally increased by up to €443,591 through the issuance of up to 443,591 no par value bearer shares ("**Conditional Capital 2021/I**"). The Conditional Capital 2021/I exclusively serves to fulfill subscription rights granted under the SOP 2021 on the basis of the authorization of the Company's shareholders' meeting of April 16, 2021.

The new shares are issued at the lowest issue price of €1.00. The new shares are issued against contribution in kind in the form of the remuneration claims of the beneficiaries resulting from Stock Options granted to them. The conditional capital increase may be executed only insofar as in accordance with the resolution of the Company's shareholders' meeting of April 16, 2021 Stock Options have been granted, the beneficiaries have exercised their rights under the terms of the SOP 2021 and the Company does not fulfill the beneficiaries' subscription rights with treasury shares or by settlement in cash.

The new shares generally participate in the profits from the beginning of the fiscal year in which they are created. However, the new shares participate in the profits from the beginning of the fiscal year preceding the fiscal year in which such new shares are created, if the Company's shareholders' meeting has not yet adopted a resolution of the appropriation of the distributable profit for the fiscal year preceding the fiscal year in which such new shares are created. The proportion of new shares in the share capital attributable to the issued shares may not exceed 10% of the share capital of the Company at the time of the resolution by the Company's shareholders' meeting held on April 16, 2021 on the creation of Conditional Capital 2021/I.

10.1.4.2 Authorization to Issue Convertible and/or Option Bonds / Conditional Capital 2021/II

The Management Board is authorized, with the consent of the Supervisory Board, to issue bearer or registered convertible bonds, options, profit participation rights and/or profit bonds (or any combination of these instruments) (together referred to as the "**Bonds**") with a total nominal amount of up to €60,000,000 on one or more occasions on or prior to April 15, 2026 with a limited or unlimited term, and to grant the holders or creditors of such Bonds conversion or option rights for a total of up to 2,378,329 new bearer shares with no par value corresponding to a *pro rata* amount of the share capital of up to €2,378,329 in accordance with the terms and conditions of the Bonds and/or to provide for corresponding conversion rights for the Company.

The Bonds may be issued against contributions in cash and/or in kind. The authorization of the Company's shareholders' meeting of April 16, 2021 includes additional provisions on the issuance and terms of the Bonds. When such Bonds are issued, the shareholders are generally entitled to statutory preemptive rights. The Management Board is, however, authorized, with the consent of the Supervisory Board, to exclude shareholders' preemptive rights in whole or in part if certain conditions are met (*e.g.*, to exclude fractional amounts, for limited issuances against cash payments applying section 186(3) sentence 4 AktG accordingly, to settle dilution protection features of convertible/ option bonds or convertible profit participation rights or for issuances against contributions in kind).

To serve conversion rights or obligations or option rights, the Company's shareholders' meeting of April 16, 2021 created a conditional capital. Pursuant to § 6.5 of the Articles of Association, the share capital of the Company is conditionally increased by up to €2,378,329 through the issuance of up to 2,378,329 no par value bearer shares ("**Conditional Capital 2021/II**"). The Conditional Capital 2021/II serves to grant shares upon exercise of conversion or option rights or for the fulfilment of Bonds issued on the basis of the authorizing resolution of the Company's shareholders' meeting held on April 16, 2021.

The new shares will be issued on the basis of the conversion or option price to be determined in accordance with the authorizing resolution of the Company's shareholders' meeting held on April 16, 2021. The conditional capital increase will only be implemented to the extent that holders or creditors of Bonds, which are issued or guaranteed by the Company or by a subordinated company of the Group or companies in which the Company directly or indirectly holds a majority of the shares by April 15, 2026, on the basis of the authorizing resolution of the shareholders' meeting held on April 16, 2021, exercise their conversion or option right or satisfy the conversion or option obligations under such Bonds, or to the extent the Company grants shares in the Company instead of paying any amount due as well as to the extent the conversion or option rights or conversion or option obligations are not serviced by treasury shares but rather by shares from authorized capital or other consideration.

The new shares will participate in profits from the beginning of the fiscal year in which they are created and for all subsequent fiscal years. The Management Board is authorized to determine the additional details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend the Articles of Association accordingly after the respective utilization of the Conditional Capital 2021/II and upon expiry of all option or conversion periods.

10.1.5 Authorization to Purchase and Use Treasury Shares

As of the date of this Prospectus, the Company holds 15,441 own shares.

The Company's shareholders' meeting on April 16, 2021 authorized the Management Board – subject to the registration of the capital increases resolved by the same shareholders' meeting (see "*10.1.2 Development of the Share Capital*"), which registration occurred on April 30, 2021 – with the consent of the Supervisory Board, to acquire treasury shares of the Company on or prior to April 15, 2026 in an amount of up to 10% of the Company's share capital existing at the time the authorization was granted (taking into account the capital increases resolved by the same shareholders' meeting), or – if this value is lower – at the time of its exercise. The shares acquired on the basis of this authorization, together with any other treasury shares held by the Company or attributable to it in accordance with sections 71a *et seq.* AktG, may at no time account for more than 10% of the existing share capital of the Company.

Treasury shares may be acquired via a stock exchange, by means of a public tender offer addressed to all shareholders, by means of a public invitation to submit tenders and/or from participants in share-based incentive or remuneration programs in connection with the settlement of such programs, in each case in accordance with the additional provisions of the authorizing resolution.

The Management Board, with the consent of the Supervisory Board, may utilize acquired treasury shares in a number of ways, including:

- for sale (provided that the selling price per share is not significantly lower than the stock exchange price of the Company's shares (section 71(1) no. 8 AktG in conjunction with section 186(3) sentence 4 AktG));
- in return for non-cash contributions, in particular for the acquisition of companies, parts of companies or equity interests in companies or in mergers;
- to fulfill option and/or conversion rights or obligations attached to convertible and/or option bonds and/or convertible profit participation rights, which are granted by the Company or by entities dependent from the Company or entities in which the Company holds a majority interest;
- within the framework of employee participation programs and/or as share-based remuneration; and
- to implement a share dividend;

in each case in compliance with the provisions of the authorizing resolution. In case acquired treasury shares are used in line with the first or third bullet above applying the simplified procedure for the exclusion of shareholders' subscription rights under section 186(3) sentence 4 AktG accordingly, the number of such shares must not exceed 10% of the Company's shares existing at the time the authorization was granted (taking into account the capital increases resolved by the same shareholders' meeting), or – if this value is lower – at the time of its exercise. Against this 10% threshold shall be calculated any other shares that (i) have been issued or sold during the term of this authorization directly or indirectly applying the simplified procedure for the exclusion of shareholders' subscription rights under section 186(3) sentence 4 AktG or (ii) have been or will issued to settle bonds with option or conversion rights to the extent the bonds have been issued during the term of this authorization applying the simplified procedure for the exclusion of shareholders' subscription rights under section 186(3) sentence 4 AktG accordingly.

Subject to the provisions of the authorizing resolution, the Company may also utilize derivatives in connection with the acquisition of treasury shares.

10.2 General Provisions Governing a Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. Pursuant to the AktG, in the event of the Company's liquidation, any assets remaining after all of the Company's liabilities have been settled will be distributed among the shareholders in proportion to their shareholdings. The AktG stipulates certain protections for creditors that must be observed in the event of liquidation.

10.3 General Provisions Governing a Change in the Share Capital

Under the AktG, a German stock corporation generally requires a general shareholders' meeting resolution passed by a majority of at least 75% of the share capital represented at the vote to increase its share capital, unless the articles of association of a company provide for a different majority requirement. Pursuant to § 19.4 of the Company's Articles of Association, certain capital measures can be passed by a simple majority of votes and a simple majority of the capital represented at the time of the adoption of the resolution, unless a higher majority is required by mandatory law (*e.g.*, in case of capital increases with a dilutive effect without shareholders' subscription rights) or the Articles of Association, which particularly but not exclusively includes all resolutions of the shareholders' meeting regarding (i) capital increases with subscription rights of the shareholders against contributions (section 182(1) AktG); (ii) capital increases from reserves (section 207(2) AktG in connection with section 182(1) AktG); and (iii) the issuance of convertible bonds, participating bonds and other instruments, to which the shareholders are entitled to subscription rights (section 221 AktG).

The shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period of no more than five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (*i.e.*, at the time the authorized capital is registered with the commercial register (*Handelsregister*)).

In addition, the shareholders' meeting can create conditional capital through a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares; (ii) preparing for a merger with other companies; or (iii) granting subscription rights to managers and employees of the Company or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Company's share capital require a majority of at least 75% of the share capital represented at the vote.

10.4 General Provisions Governing Subscription Rights

In principle, section 186 AktG grants to all shareholders the right to subscribe for new shares to be issued in a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have a right to request admission to trading for subscription rights.

The general shareholders' meeting of a German stock corporation (*Aktiengesellschaft*) may, subject to a majority of at least 75% of the share capital represented at the vote, resolve to exclude subscription rights. It may also authorize the management board, subject to the approval by the supervisory board, to resolve to exclude subscription rights. Exclusion of shareholders' subscription rights also requires a report from the management board of the company that justifies and demonstrates that the company's interest in excluding subscription rights outweighs the interest of the shareholders being granted subscription rights.

Excluding shareholders' subscription rights when new shares are issued is specifically permissible where:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares under exclusion of subscription rights does not exceed 10% of the outstanding share capital, both at the time when the authorization takes effect and at the time when it is authorized; and
- the price at which the new shares are issued is not materially lower than the stock exchange price of the Company's shares.

10.5 Exclusion of Minority Shareholders

10.5.1 Squeeze-Out under Stock Corporation Law

Under section 327a *et seq.* AktG, which governs the so-called "squeeze-out under stock corporation law", upon the request of a shareholder holding 95% of the share capital ("**Principal Shareholder**"), the shareholders' meeting of a German stock corporation may resolve to transfer the shares of minority shareholders to the Principal Shareholder against payment of adequate compensation in cash. The amount of the cash payment that must be offered to minority shareholders has to reflect "the circumstances of the company" at the time the shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the company, which is generally determined using the capitalized earnings method. The minority shareholders are entitled to file for an appraisal proceeding (*Spruchverfahren*), in the course of which the appropriateness of the cash payment is reviewed.

10.5.2 Squeeze-Out and Tender Rights under Takeover Law

Under sections 39a and 39b WpÜG, in case of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover bid or mandatory offer, may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offeror against payment of an adequate compensation. Such transfer does not require a resolution of the shareholders' meeting. The consideration paid in connection with the takeover or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover offer or mandatory offer, while at all times compensation in cash must also be offered.

In addition, following a takeover offer or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

10.5.3 Squeeze-Out under Transformation Law

In addition, under the provisions of Section 62 para. 5 of the German Reorganization and Transformation Act (*Umwandlungsgesetz*), within three months after the conclusion of a merger agreement, the shareholders' meeting of a transferring company may pass a resolution pursuant to section 327a(1) sentence 1 AktG, *i.e.*, a resolution on the transfer of the shares held by the remaining shareholders (minority interests) to the transferee company (Principal Shareholder) in exchange for an adequate cash settlement if the Principal Shareholder has at least 90% of the share capital. The result of this "squeeze-out under reorganization law" is the exclusion of the minority shareholders in the transferring company. The entitlement to consideration is based on the provisions of section 327a *et seq.* AktG.

10.5.4 Integration

Pursuant to section 319 *et seq.* AktG, the shareholders' meeting of a German stock corporation may vote for integration (*Eingliederung*) with another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the company to be integrated. The former shareholders of the integrated company are entitled to adequate compensation, which must generally be provided in the form of shares in the parent company. Where the compensation takes the form of own shares in the parent company, it is considered appropriate if the shares are issued in the same proportion as shares of the parent company would have been issued per share in the integrated company if a merger had taken place. Fractional amounts may be paid out in cash.

10.6 Shareholder Notification Requirements; Mandatory Takeover Bids; Directors' Dealings

Once the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (General Standard), the Company will be subject to WpHG provisions governing, *inter alia*, disclosure requirements for significant shareholdings, the WpÜG provisions governing takeover bids and mandatory offers, as well as the provisions pursuant to the MAR governing, *inter alia*, directors' obligations to disclose transactions in the Company's shares, debt instruments, related derivatives or other related financial instruments.

10.6.1 Notification Requirements of Shareholders

10.6.1.1 Notification Thresholds and Attribution Rules

Pursuant to section 33(1) WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, is required to notify both BaFin and the Company of such occurrence. Subsequent notifications are required if such person (i) acquires additional shares or in any other way reaches or exceeds a higher threshold, or (ii) sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances should have had knowledge of, his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting-in-concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (*e.g.*, fundamental changes to LINUS' business

model or a sale of a substantial part of the Company' assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting-in-concert. Coordination in individual cases, however, is not considered as acting in concert.

Except for the 3%-threshold, similar notification requirements towards BaFin and the Company exist, if the aforementioned thresholds are reached, exceeded or undercut, because the shareholder holds financial instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise his right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and (financial) instruments held or attributed to such person or entity reaches, exceeds or falls below the aforementioned thresholds, again except for the 3% threshold.

10.6.1.2 Exceptions to Notification Requirements

There are certain exceptions to these notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to Section 37 para. 1 WpHG. If the Company's parent company itself is a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the European Union or in a member state of the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

10.6.1.3 Fulfilment of Notification Requirements

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading Notification Regulation (*Wertpapierhandelsanzeigeverordnung*). The notice must be submitted to BaFin electronically via BaFin's MVP portal (which requires prior registration) either in the German or the English language. The MVP portal will then create documents which must be sent to the Company via electronic means of communications. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (*e.g.*, the first name, surname and date of birth of the notifying individual or the legal name, seat and country of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all member states of the EEA. Such publications may only be made in the German or the English language. The Company is also required to inform BaFin about this publication, specifying the time of publication and the media used, and to submit the information received in the notice to the German Company Register (*Unternehmensregister*) for storage.

10.6.1.4 Consequences of Violations of Notification Requirements

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. Yet it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations.

10.6.1.5 Special Notification Requirements for more than 10% of the Voting Rights

Pursuant to section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10%-threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to section 43 WpHG without undue delay following the receipt of such notification, and in any event no later than within three trading days therefrom. Furthermore, the Company is required to publish any acts of non-compliance with notification obligations by a shareholder in the same manner.

10.6.2 **Mandatory Offers**

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is required to publish this fact, including the percentage of its voting rights, within seven calendar days of crossing this threshold. Such publication must be furnished on the Internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Once the share of voting rights reaches or exceeds 30% of the voting rights of the Company, such shareholder is required to make a mandatory tender offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the 30%-threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

10.6.3 **Managers' Transactions**

A person discharging managerial responsibilities within the meaning of article 3(1) no. 25 MAR (*i.e.*, the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the Company's shares or to financial instruments based on the Company's shares (subject to a €20,000.00 *de-minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of article 3(1) no. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Company shall ensure that such notifications are made public promptly and no later than two business days after it received the notification.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Company's shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities.

10.7 **Short Selling Regulation (Ban on Naked Short-Selling)**

Pursuant to Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (the "**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Company's shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

11. GOVERNING BODIES OF THE COMPANY

11.1 Overview on the Governing Bodies of the Company

The Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The powers and responsibilities of these corporate bodies are governed by the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association and the rules of procedure of the Management Board and the Supervisory Board.

The shareholders' meeting elects the members of the Supervisory Board, which in turn appoints the members of the Management Board. The Supervisory Board represents the Company in and out of court *vis-à-vis* the members of the Management Board. The Supervisory Board is responsible for the appointment of members of the Management Board, the conclusion of their service contracts and the revocation of appointments as well as for the change and termination of their service contracts.

Simultaneous membership in the Supervisory Board and the Management Board is not permitted under the AktG, as the Supervisory Board is tasked with supervising the management of the Company by the Management Board. In exceptional cases and for an interim period of not more than one year, a member of the Supervisory Board may, however, assume a vacant seat on the Management Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board.

The Management Board is responsible for managing the Company in accordance with applicable laws, the Articles of Association and its rules of procedure, including the schedule of responsibilities. The Management Board represents the Company in dealings with third parties. The Supervisory Board advises and oversees the Management Board's administration of the Company, but is itself generally not authorized to manage or represent the Company, except *vis-à-vis* the members of the Management Board.

The Articles of Association may designate types of transactions that may only be conducted with the prior consent of the Supervisory Board. In addition, the Supervisory Board may itself determine that certain types of transactions are subject to its prior approval. Matters subject to the prior consent of the Supervisory Board or of a committee of the Supervisory Board pursuant to the Articles of Association or the rules of procedure of the Management Board currently, *inter alia*, comprise any:

- purchase or sale of shares or of businesses, the change of the shareholding percentage or the participation in a capital increase against contributions, if (i) not included in the annual budget, (ii) exceeding in aggregate an amount of €2 million per financial year and (iii) not in the ordinary course of business;
- transactions of the Company with related parties, the economic value of which alone or together with the transactions concluded within the current financial year prior to the conclusion of the transaction with the same party amounts to 1.5% of the sum of the fixed and current assets of the Company or the Group in accordance with the most recently approved annual or consolidated financial statements;
- purchase, sale, lease, lending, transfer, mortgage, pledge, encumbrance or disposal of any properties or assets (including but not limited to shares and real estate) other than in the ordinary course of business and at arms' length;
- capital expenditures not included in the Group's business plan if (i) not included in the annual budget and (ii) exceeding an aggregate amount of €0.1 million per financial year; and
- conclusion of additional committed guarantee facilities with a nominal amount of at least €0.5 million that (i) exceed already concluded guarantee facilities or (ii) are subject to conditions that materially deviate from such of previously concluded committed guarantee facilities.

The Management Board is also required to obtain the prior consent of the Supervisory Board to certain transactions concluded by subsidiaries of the Company, if such transactions require consent of the Supervisory Board had they been undertaken by the Company. In addition, the Supervisory Board may make other types of transactions and measures subject to its prior consent by amending the rules of procedure of the Management Board or the Supervisory Board or through a resolution of the Supervisory Board.

Pursuant to section 111b(1) AktG, the Management Board is also required to obtain the prior consent of the Supervisory Board or an appointed committee thereof on transactions with related parties, if the value of the

transaction exceeds 1.5% of the company's total (consolidated) fixed and current assets book value as recorded in its latest approved annual financial statements or if the aggregate value of several transactions with the same related party during the current financial year, which individually have not exceeded the 1.5% threshold, exceeds the threshold. Exempt from the requirement of prior consent of the Supervisory Board or an appointed committee are transactions (i) that are made in the ordinary course of business and on an arm's length basis, (ii) with wholly owned subsidiaries, either directly or indirectly, or with subsidiaries in which no other related party holds a stake or (iii) that require the approval of, or authorization by, the general shareholders' meeting. The Company must publish any related party transactions requiring Supervisory Board approval without undue delay.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for any damages the Company has incurred.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Company (*i.e.*, only the Company has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Management Board. The German Federal Supreme Court (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a *pro rata* share of €1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital may under certain conditions assert claims of the Company against members of the Management Board or Supervisory Board in their own names. Yet such claims become inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court shall appoint such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the shareholders' meeting has resolved to appoint special auditors, the competent court shall appoint different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Via the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*), shareholders and shareholder associations may solicit other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Management Board or Supervisory Board if at least three years have elapsed since such claims arose and if the shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders

whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses his influence on the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. Moreover, in this context, the members of the Management Board and Supervisory Board are jointly and severally liable in addition to the person using his influence if such members acted in breach of their duty of care towards the Company.

11.2 Management Board

Under § 7.1 of the Articles of Association, the Management Board shall consist of at least two members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board may appoint members of the Management Board for a maximum term of up to five years. Reappointments or extensions, each for a maximum term of up to five years, are permissible.

The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the relevant member's term for good cause (*wichtiger Grund*) (e.g., a gross breach of fiduciary duties, inability to properly manage the Company or if the Company's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons).

The Management Board has a quorum if at least half of its members vote. If the Management Board comprises three or more members, the chairperson of the Management Board has a casting vote in case of a tie. Members of the Management Board who abstain from voting are also counted for purposes of calculating the quorum.

The Company is represented *vis-à-vis* third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with any authorized representative (*Prokurist*). The Supervisory Board may authorize an individual member of the Management Board to represent the Company alone *vis-à-vis* third parties.

Additional provisions regarding, *inter alia*, the composition of the Management Board, the duties of its members, the overall responsibility of the Management Board, the allocation of responsibilities for particular functions and the Management Board's internal organization are set forth in the rules of procedure of the Management Board, which were adopted by the Supervisory Board on April 16, 2021.

11.2.1 Members of the Management Board

The following table sets forth the current members of the Management Board, their age and position, and the duration of their remaining term:

<u>Name</u>	<u>Age</u>	<u>First Appointed</u>	<u>Appointed until</u>	<u>Responsibilities</u>
David Neuhoff.....	35	January 2021	January 2023	Chief Executive Officer
Frederic Olbert	32	January 2021	January 2022	Chief Financial Officer

David Neuhoff obtained a law degree from the Rheinische Friedrich-Wilhelms-Universität in Bonn, where he passed the bar exams with honors. He has many years of experience as a real estate investor and transaction lawyer in real estate, corporate law and M&A; he advised on transactions with a volume of over €2 billion. Prior to founding LINUS, Mr. Neuhoff worked several years for the international law firm Bryan Cave Leighton Paisner (formerly Berwin Leighton Paisner).

Alongside his office as a member of the Management Board of the Company, Mr. Neuhoff is currently a managing director of DJNEU I. Beteiligungs und Verwaltungs GmbH and DJNEU II. Beteiligungs und Verwaltungs UG (haftungsbeschränkt), a member of the supervisory board of Uferhallen AG and the chairman of the supervisory board of Pacifico Renewables Yield AG. Other than that Mr. Neuhoff is, or was within the last five years, not a member of administrative, management or supervisory bodies of and/or a partner in a company or partnership outside LINUS.

Frederic Olbert holds a Bachelor of Science from the WHU – Otto Beisheim School of Management in Vallendar, Germany, and a Master’s Degree in Business Administration from INSEAD, Fontainebleau, France. Mr. Olbert started his career in 2012 as a Project Manager at Allianz SE. From 2018 until joining LINUS in 2020, he worked in the German Country Coverage IBD team of Goldman Sachs in Frankfurt, where he focused on clients in the software and financial services industry.

Alongside his office as a member of the Management Board, Mr. Olbert is currently a managing director of FT 308 Beteiligungs UG (haftungsbeschränkt). Other than that Mr. Olbert is, or was within the last five years, not a member of administrative, management or supervisory bodies of and/or a partner in a company or partnership outside LINUS.

11.2.2 Management Service Agreements

Each member of the Management Board has entered into a service agreement with the Company governed by German law and based on substantially similar conditions. The term of the service agreements is linked to the appointment as member of the Management Board.

11.2.2.1 Remuneration of the Members of the Management Board

As a result of its recent change of legal form from a limited liability company (*Gesellschaft mit beschränkter Haftung*) to a stock corporation (*Aktiengesellschaft*), the Company currently has a transitory remuneration system in place for the members of the Management Board. The future remuneration system for the members of the Management Board will be developed by the Supervisory Board and will reflect the long-term strategic objectives of LINUS and the responsibilities of the members of the Management Board as well as the scope of their roles, taking into account each member’s level of experience.

Currently, the members of the Management Board receive a fixed base compensation in cash which is paid in twelve equal installments as a monthly salary. The annual fixed compensation for both members of the Management Board together amounts to €320,000. In addition, Frederic Olbert, as part of his onboarding, has been granted a short-term cash bonus compensation in the amount of €90,000, one third of which became due in December 2020, another third of which becomes due on May 31, 2021 and the last third, subject to the fulfillment of certain performance targets, on December 31, 2021.

As part of a legacy long-term incentive program, Linus GmbH, the Company’s predecessor, granted a total of 12,159 shares in it to certain key managers and employees (represented by their investment vehicles). Most of the shares are subject to a 5- to 7-year linear time-based re-vesting period which started between June 2018 and November 2020, in most cases with a 12-month cliff period for first vesting. In case of a participant’s departure from the Company, the Company may exercise a call option for any unvested shares against payment of a purchase price per share equal to the price originally paid by the participant, *i.e.* €1.00 per share, subject to adjustments for certain subsequent capital measures. If the option is not exercised, the participant shall instead of transferring the shares make a payment per shares based on the domestic volume weighted average share price of the Company’s shares for the last three months immediately prior to the expiration of the exercise period. In addition, some of the shares are subject to a so-called negative liquidation preference, under which, in case of a sale of any shares, a participant shall only retain the proceeds from such sale to the extent the Company’s market capitalization exceeds €20.0 million or in some cases €13.3 million; the pro-rata proceeds per sold share up to such valuation shall be paid to the Company. The shares are subject to a lock-up period of 180 days starting with the date on which the Company’s shares are introduced to trading on the regulated market of the Frankfurt Stock Exchange during which the shares may not be sold. This lock-up applies to a total of 20.4% of the shares in the Company. Under this program, David Neuhoff originally received a total of 5,596 shares and Frederic Olbert originally received a total of 1,197 shares (prior to the capital increase from the Company’s reserves as resolved by the Company’s general shareholders’ meeting of April 16, 2021).

11.2.2.2 Other Benefits of the Members of the Management Board

In addition to monetary compensation, the members of the Management Board receive certain non-monetary benefits (*e.g.*, one member receives a company car that may also be used for private purposes). Furthermore, the members of the Management Board are covered by LINUS’ D&O insurance. The Company believes that the terms of this insurance policy are in line with market practice.

11.2.3 Shareholdings of the Members of the Management Board

As of the date of this Prospectus, David Neuhoff holds, through his wholly-owned subsidiary DJNEU I. Beteiligungs und Verwaltungs GmbH, Berlin, Germany, 566,586 and Frederic Olbert holds, through his wholly-owned subsidiary FT 308 Beteiligungs UG (haftungsbeschränkt), Frankfurt am Main, Germany, 127,977 shares in the Company.

11.3 Supervisory Board

In accordance with sections 95 and 96 AktG and § 10.1 of the Articles of Association, the Supervisory Board comprises four members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders. Pursuant to section 100(5) AktG, the members of the Supervisory Board as a whole must be familiar with the industry in which the Company conducts its business.

According to the Articles of Association, members of the Supervisory Board may be elected for a maximum term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the fourth fiscal year after the commencement of the term of office. The fiscal year in which the term of office commenced is not counted towards the aforementioned number of four years. For members of the Supervisory Board who leave office before the end of their term, a successor must be elected for the remaining term of the leaving member, unless the Company's shareholders' meeting specifies a different term for such successor. Reelections of members of the Supervisory Board are permissible.

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who replace any members of the Supervisory Board leaving their office before the end of their term. Unless stipulated otherwise in the election, the substitute members, in the order of their election, replace members of the Supervisory Board ending their term prematurely which were elected by the same shareholders' meeting. In such case, the office of the substitute member ends, once a successor for the former member of the Supervisory Board is elected through a by-election. Otherwise, the term of office corresponds to the remaining term of office of the former member. If the term of office of the substitute member ends due to a by-election, the substitute member regains its previous position as a substitute member for other members of the Supervisory Board.

The Supervisory Board elects a chairman and a deputy chairman from amongst its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election. If the chairman or his deputy leaves office before the end of his term, the Supervisory Board must hold a new election without undue delay.

Each member of the Supervisory Board and each substitute member may resign from office with or without cause by giving written notice one month in advance to the Management Board. In turn, the Management Board informs the chairman of the Supervisory Board of any such resignation. In case of a resignation for cause, the one-month notice period does not apply.

The Supervisory Board must hold at least two meetings in each calendar half-year. Meetings of the Supervisory Board are generally called at least ten calendar days in advance by the chairman of the Supervisory Board, not taking into account the day on which the invitation is sent and the day of the meeting itself. Notice of meetings may be given in writing, by telefax, or via electronic communication. In urgent cases, the chairman may shorten this period and may call the meeting orally or by telephone.

The Articles of Association and the rules of procedure of the Supervisory Board provide that resolutions of the Supervisory Board are generally passed in meetings. At the order of the chairman, resolutions of the Supervisory Board may also be passed in writing, by telefax, by telephone or by electronic communication (or a combination of these forms of voting). Absent members of the Supervisory Board may also participate in the voting by submitting their votes in writing through another member of the Supervisory Board.

The Articles of Association provide that the Supervisory Board has a quorum if at least half of the total number of members provided for in the Articles of Association participates in the vote. Any members who abstain from voting are considered present for purposes of calculating the quorum. Unless otherwise provided for by mandatory law, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. If a vote by the Supervisory Board results in a tie, the chairman has a deciding vote. Such resolutions are documented by the chairman and circulated to all members of the Supervisory Board.

The Supervisory Board may adopt rules of procedure and form committees in accordance with applicable laws and the Articles of Association. The Supervisory Board determines the composition, competences and procedures of such committees, if any. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to the chairman, to any of the Supervisory Board member(s) or to any committee(s) established from amongst its members. The rules of procedure of the Supervisory Board were adopted on January 25, 2021.

11.3.1 Members of the Supervisory Board

The following table sets forth the current members of the Supervisory Board, their respective age and position, and the duration of their remaining term:

<u>Name</u>	<u>Age</u>	<u>First Appointed</u>	<u>Appointed until</u>	<u>Occupation</u>
Verena Mohaupt (Chairperson)...	53	2021	Ordinary shareholders' meeting 2022	Partner at Findos Investor GmbH
Jennifer Brenke	39	2021	Ordinary shareholders' meeting 2022	Lawyer at LEONHARDT RATTUNDE
Kristian Schmidt-Garve.....	49	2021	Ordinary shareholders' meeting 2022	General Partner at MIG Verwaltungs AG
Christian Vollmann	43	2021	Ordinary shareholders' meeting 2022	Venture Partner at PropTech1 Ventures Services GmbH

The following description provides summaries of the *curricula vitae* of the current members of the Supervisory Board and indicates their principal activities outside LINUS to the extent those activities are significant with respect to them.

Verena Mohaupt, the chairperson of the Supervisory Board, was born in 1968. She holds a Master's Degree in business administration from the Westfälische Wilhelms University in Münster, Germany (*Diplom-Kauffrau*) and a Master's Degree in Business Administration (MBA) from INSEAD in Fontainebleau, France.

Ms. Mohaupt has extensive experience in finance and private equity. She started her career in investment banking at Goldman Sachs International in London, followed by positions at McKinsey & Co. and Allianz Capital Partners. She was also one of the founders of ciao.com AG, a European online shopping portal. Currently, Ms. Mohaupt is a partner of Findos Investor GmbH, a medium-sized private equity fund based in Munich.

Alongside her office as chairperson of the Supervisory Board, Ms. Mohaupt is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside LINUS:

Currently:

- Findos Investor GmbH (partner);
- Fortuna 2.0 GmbH (managing director);
- home24 SE (member of the supervisory board);
- Pacifico Renewables Yield AG (member of the supervisory board).

Jennifer Brenke was born in 1981. She studied law in Berlin, Germany and London, UK, and holds two state examinations as well as an LL.B. with German Law from King's College, London, UK.

Since her legal clerkship, she has focused on commercial law: after concentrating on capital markets law and corporate law, she initially worked for a major international law firm in the field of banking & finance with a focus on real estate financing upon being admitted to the bar in 2012, and from there moved to the area of restructuring. In 2015, she joined LEONHARDT RATTUNDE, Berlin, Germany, where she is currently working as a lawyer.

Alongside her office as a member of the Supervisory Board, Ms. Brenke is not and was not within the last five years, a member of an administrative, management or supervisory bodies of and/or a partner in a company or partnerships outside LINUS.

Kristian Schmidt-Garve, was born in 1971, studied law in Berlin, Germany, (Freie Universität Berlin) and Fukuoka, Japan (Kyushu University). He is a licensed attorney and holds a Master of Laws Degree in international business and commercial law.

After working for the law firm Coudert Brothers LL.P. and Tele München Gruppe, he joined MIG Verwaltungen AG in 2007. Since 2012, he has been general partner and member of the management board of MIG Verwaltungen AG in Munich, Germany. Since 2018, Mr. Schmidt-Garve has been a member of the supervisory board of Deutsche Konsum REIT-AG.

Alongside his office as a member of the Supervisory Board, Mr. Schmidt-Garve is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside LINUS:

Currently:

- MIG Verwaltungen AG (general partner and member of the management board);
- Deutsche Konsum REIT-AG (member of the supervisory board);
- Biocrates Life Sciences AG (member of the supervisory board);
- Cynora GmbH (member of the advisory board (*Beirat*)).

Previously:

- NFON AG (member of the supervisory board).

Christian Vollmann, the deputy chairman of the Supervisory Board, was born in 1977. The serial entrepreneur, who holds a Master's Degree in business administration (*Diplom-Kaufmann*) from WHU Koblenz University, has helped to found 75 companies since 2005, including the social network StudiVZ and the travel portal Trivago. In 2015, he founded the social neighborhood network nebenan.de and was named Business Angel of the Year in 2017. Mr. Vollmann is a venture partner and member of the investment committee of PropTech1 Ventures, Germany's first venture capital fund focused on the untapped innovation potential of the real estate industry. In an honorary capacity, Mr. Vollmann advises the German Federal Ministry of Economics as chairman of the advisory board Young Digital Economy and advocates for the interests of startups on the board of the German Startups Association.

Alongside his office as a member of the Supervisory Board, Mr. Vollmann is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside LINUS:

Currently:

- Mercutio GmbH (managing director);
- FullFrontal GmbH (managing director);
- WWWg Wer Worldwide Wagt gewinnt UG (*haftungsbeschränkt*) (managing director);
- Triangulum KG (general partner (*Komplementär*));
- Good Hood GmbH (chairman of the non-mandatory supervisory board);
- Inkitt GmbH (member of the non-mandatory supervisory board);
- PlusDental GmbH (member of the non-mandatory supervisory board);
- Legal OS GmbH (member of the non-mandatory supervisory board);
- Lehrerkolleg LK GmbH (member of the non-mandatory supervisory board);

Previously:

- Spark Networks SE (member of the supervisory board);
- Care.com Europe GmbH (board observer).

11.3.2 Supervisory Board Committees

Under the Articles of Association, the Supervisory Board may establish committees from among its members. Each committee must comprise at least three members of the Supervisory Board. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to these committees.

As of the date of this Prospectus, the Supervisory Board has established an audit committee. The audit committee has the following main responsibilities:

- monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the auditing of the annual financial statements, in particular the independence of the auditor and the quality of the audit, the services rendered additionally by the auditors, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement, and compliance;
- preparing resolutions of the Supervisory Board on the annual financial statements and the consolidated financial statements of the Company;
- taking appropriate measures to assess and monitor the independence of the auditor;
- instructing the auditors and cooperating with the auditors; and
- passing resolutions instead of the Supervisory Board regarding (i) contracts with the auditor, in particular the issuing of the audit mandate, the determination of auditing focal points and the fee agreement, and (ii) contracts with auditors concerning additional advisory services, unless such contracts will be concluded by the Management Board pursuant to the Articles of Association or the rules of procedure of the Supervisory Board.

The audit committee comprises three members. The following table sets forth the current members of the audit committee:

<u>Name</u>	<u>Responsibilities</u>
Kristian Schmidt-Garve.....	Chairman of the audit committee
Verena Mohaupt.....	Member of the audit committee
Christian Vollmann	Member of the audit committee

The chairman of the Supervisory Board may not simultaneously hold the position of chairman of the audit committee.

The audit committee performs its duties in compliance with applicable laws, in particular Regulation (EU) No 537/2014 of the European Parliament and the Council of April 16, 2014 on specific requirements regarding the statutory audit of public-interest entities, as amended, the Articles of Association and the rules of procedure of the Supervisory Board.

The chairman of the audit committee regularly conducts discussions with the auditors. As a rule, the chief financial officer of the Company also attends these discussions. In certain cases, discussions may also take place without the chief financial officer. In connection with the fulfillment of its responsibilities, the audit committee may request information from the auditor, the Management Board, the audit department and the senior executives of the Company directly reporting to the Management Board.

11.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board

Pursuant to § 12.1 of the Articles of Association, the remuneration of the members of the Supervisory Board is determined by the Company's shareholders' meeting. On April 16, 2021, the shareholders' meeting

resolved that each member of the Supervisory Board receives a fixed remuneration of €20,000 for every full fiscal year where such person is a member of the Supervisory Board. The chairman of the Supervisory Board receives an additional €5,000, the deputy chairman of the Supervisory Board receives an additional €2,500. Persons who are members of the Supervisory Board for part of a fiscal year receive a *pro rata* share of the respective fixed remuneration. The fixed remuneration is payable four weeks after the end of a fiscal year and will be paid for the first time with respect to the fiscal year ending December 31, 2021.

Members of the Supervisory Board who belong to a Supervisory Board committee that has met at least once in the fiscal year receive additional remuneration of €1,000 per committee; the chairman of such a committee receives €2,500 per committee instead. In total, the additional compensation for membership and chairmanship of committees is limited to a maximum of €5,000, regardless of the number of committees.

11.3.4 Shareholdings of the Members of the Supervisory Board

As of the date of this Prospectus, Verena Mohaupt, through her wholly-owned subsidiary Fortuna 2.0 GmbH, Munich, Germany, holds 21,453, Jennifer Brenke holds 2,993, Kristian Schmidt-Garve holds 15,359 and Christian Vollmann, through his wholly-owned subsidiary Mercutio GmbH, Berlin, Germany, holds 13,844 shares in the Company.

11.4 Certain Information Regarding the Members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been:

- convicted of fraudulent offenses; or
- associated with any bankruptcy, receivership, liquidation or companies put into administration, acting in its capacity as a member of any administrative, management or supervisory body; or
- the subject of any official public incrimination and/or sanctions involving such person by statutory or regulatory authorities (including designated professional bodies); or
- disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board with respect to their duties to the Company on the one hand and their private interests, membership in governing bodies of companies, or other obligations on the other.

There are no family relationships between the members of the Management Board and the Supervisory Board, either amongst themselves or in relation to the members of the respective other body.

11.5 Shareholders' Meetings

11.5.1 Convening of Shareholders' Meetings

Pursuant to section 175 AktG, the annual shareholders' meeting of the Company must be held within the first eight months of each fiscal year. At the option of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Company or in a German city with at least 100,000 inhabitants. The Company's shareholders' meeting is generally convened by the Management Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the receipt of the notice are not taken into account when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "11.5.2 Shareholders' Rights to Participate in Shareholders' Meetings"). For temporary measures under the COVID-19 Mitigation Act, see "11.5.5 Virtual Shareholders' Meetings".

A shareholders' meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital or a *pro rata* share of €500,000.00 in the Company's share capital may request that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital or a *pro rata* share of €100,000.00

in the Company's share capital, a shareholders' meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Company.

11.5.2 Shareholders' Rights to Participate in Shareholders' Meetings

Pursuant to the Articles of Association, all shareholders of the Company who have duly submitted notification of attendance and evidence of their shareholdings are entitled to attend the shareholders' meeting and to exercise their voting rights. The registration for the shareholders' meeting must be received by the Company at the address specified in the convening notice at least six days prior to the day of the shareholders' meeting. The convening notice may provide for a shorter period to be measured in days. When calculating this period, the day of the meeting and the day of the receipt of the notice are not taken into account.

The shareholder's registration must be submitted in the German language or English language in writing (*Textform*), or by way of other electronic means as specified by the Company in greater detail. The evidence of shareholdings must be submitted in the form of proof set forth in section 67c para. 3 AktG. Such evidence must refer to the beginning of the 21st day prior to the shareholders' meeting (record date) and must be received by the Company at the address specified in the convening notice at least six days prior to the meeting, unless a shorter period of time was set forth in the convening notice. When calculating such period, the day of the meeting and the day of the receipt of the notice are not taken into account.

Voting rights may be exercised by proxy. The granting of the proxy, its revocation and the evidence of authorization to be provided to the Company must be submitted in text form (*Textform*), unless the convening notice provides for a less strict form. Details on the granting of proxy, its revocation and the evidence to be provided to the Company are provided together with the convening notice for the shareholders' meeting. The Management Board may allow shareholders to cast their votes in writing or by electronic communication without attending the shareholders' meeting (absentee vote) and may determine the scope and the procedure of the exercising of rights in such way. The Management Board may also provide that shareholders may participate in the shareholders' meeting without being present in person at the place of the shareholders' meeting or being represented, and may exercise all or specific shareholders' rights, in full or in part, by electronic communication (online participation).

11.5.3 Conduct of Shareholders' Meetings

The shareholders' meeting is chaired by the chairman of the Supervisory Board or by another member of the Supervisory Board or any other person appointed by the chairman. In the event that neither the chairman of the Supervisory Board nor any other member of the Supervisory Board or other person appointed by the chairman takes over the position of chairman of the shareholders' meeting, the chairman of the shareholders' meeting is elected by the Supervisory Board members present at the shareholders' meeting. In the event that the Supervisory Board does not elect the chairman of the shareholders' meeting, the chairman of the shareholders' meeting is elected by the shareholders' meeting under the chairmanship of the shareholder with the highest shareholding present in the shareholders' meeting.

The chairman of the shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. In particular, the chairman may exercise rules of order and make use of assistants. The chairman determines the sequence of speakers and the consideration of the items on the agenda as well as the form, procedure and further details of voting. The chairman may also, to the extent permitted by law, decide on the bundling of factually related items for resolution into a single vote. The chairman is further authorized to impose a reasonable time limit on the right to ask questions and to speak. At the beginning of, or at any time during, the shareholders' meeting, the chairman may set a limit on the time allowed to speak or to ask questions, or on the combined time to speak and ask questions. The chairman may also determine an appropriate time frame for the course of the entire shareholders' meeting, for individual agenda items or individual speakers. If necessary, the chairman may close the list of requests to speak and order the end of the debate in the shareholders' meeting.

11.5.4 Resolutions of the Shareholders' Meeting

Pursuant to § 19.4 of the Articles of Association, resolutions of the shareholders' meeting are generally passed with a simple majority of the votes validly cast. If a majority of the share capital is required by law, a simple majority of the registered share capital represented at the vote is sufficient, unless a higher majority is required by mandatory law or the Articles of Association.

According to the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude or amend corporate agreements (*Unternehmensverträge*);
- amendments to the corporate purpose of the Company;
- the creation of conditional or authorized capital;
- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting or in the context of an issuance of, or authorization to issue, convertible and profit sharing certificates and other profit sharing rights;
- an authorization on the use of treasury shares;
- capital reductions;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- an integration of the Company into another corporation; and
- any actions within the meaning of the UmwG.

Neither German law nor the Articles of Association limits the rights of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise voting rights associated therewith.

11.5.5 Virtual Shareholders' Meetings

Pursuant to the COVID-19 Mitigation Act, the Management Board may decide, with the approval of the Supervisory Board, to hold shareholders' meetings on or before December 31, 2021 as virtual shareholders' meetings without physical attendance of the shareholders or their representatives, provided that the following requirements are fulfilled:

- the entire shareholders' meeting is broadcast via audio and video transmission;
- shareholders may exercise their voting rights via electronic communication (absentee voting or electronic participation) and by authorizing proxy representatives;
- shareholders are granted the opportunity to ask questions via electronic communication; and
- shareholders who have exercised their voting rights are offered the opportunity to object to resolutions of the shareholders' meeting without the requirement to attend in person at the shareholders' meeting.

Under the COVID-19 Mitigation Act, the Management Board, with the consent of the Supervisory Board, may shorten certain periods in connection with the convocation of, registration and providing evidence of shareholding for, shareholders' meetings held on or before December 31, 2021. In particular, the shareholders' meeting may be convened as late as on the 21st day prior to the day of the meeting.

11.6 Corporate Governance

The German Corporate Governance Code, as recast on December 16, 2019 (the "**Code**"), contains recommendations and suggestions for the management and supervision of German companies listed on a stock exchange. The Code incorporates nationally and internationally recognized standards of good and responsible corporate governance. The purpose of the Code is to increase the transparency of the German system of corporate governance and supervision for investors. The Code includes recommendations and suggestions for management and supervision with regards to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. Pursuant to section 161(1) AktG, the Management Board and the Supervisory Board are, however, required to declare that the Company has either complied or will comply with the recommendations of the Code, or which recommendations have not or will not be complied with, and explain why the Management Board and the

Supervisory Board do not or will not comply with certain recommendations. This declaration must be submitted annually and must be made permanently accessible to the shareholders. There is no requirement to disclose any deviations from the suggestions of the Code.

As of the date of this Prospectus, the Company complies with all recommendations of the Code, except for the following:

- **Section D.5 of the Code**: Section D.5 of the Code recommends that the supervisory board shall form a nomination committee, composed exclusively of shareholder representatives, which names suitable candidates to the supervisory board for its proposals to the general meeting.

Given that the Supervisory Board is composed of only four members which are all shareholder representatives the Supervisory Board does not deem a separate nomination committee necessary and therefore has not and does intend to form such committee.

- **Section G.I of the Code**: Section G.I of the Code includes recommendations on the remuneration of the Management Board from which the current practice deviates in parts (namely regarding G.1–G.3 and G.5–G.11). In the foreseeable future following the Listing, the Supervisory Board will establish a remuneration system for the Management Board taking into account the recommendations of the Code. The Supervisory Board will submit the remuneration system to the 2022 general shareholders' meeting for approval.

12. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's consolidated financial statements. Control exists if a shareholder owns more than half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies, including joint ventures, as well as transactions with persons who have significant influence over the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and the Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and the Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is a detailed description of such transactions with related parties for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 and up to and including the date of this Prospectus. Further information with respect to related party transactions, including quantitative amounts, are contained in the note 23 (Related parties) to our consolidated financial statements as of and for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 included in this Prospectus beginning on page F-2.

12.1 Transactions with Related Parties

12.1.1 Transactions with Arvantis

In the years 2017 and 2018, Arvantis Group Holding GmbH (previously Pelion Green Future GmbH), the Company's majority shareholder, extended shareholder loans to the Company at an average interest rate of 1.94% p.a. on the principal outstanding. The Company's loan liabilities towards Arvantis amounted to €0.5 million on January 1, 2018 (opening statement of financial position) and €0.6 million on December 31, 2018. These shareholder loans, which were equipped with a qualified letter of subordination were fully repaid in the year 2019 including the interest accrued on the date of repayment.

Arvantis has invested in entities (Linus Debt Invest 1 GmbH & Co. KG, Linus Debt Invest 3 GmbH & Co. KG, Linus UK Facility Limited) for which LINUS renders a variety of services (e.g., arranging loans, asset management, management remuneration, short-term loans). The income generated by LINUS from these entities amounted to €306.1 thousand in 2018, €176.4 thousand in 2019 and €45.6 thousand in 2020, almost all of which was generated by the Company.

In 2020, the Company as purchaser entered into a share purchase agreement with Arvantis under which the Company purchased all shares in and loan receivables from Linus UK Facility Limited, London, UK from Arvantis for a total purchase price of €4.1 million.

12.1.2 Transactions with LINUS Fund Investors

During the years 2018 to 2020, the indirect controlling shareholder Alexander Samwer had invested via Global Founders GmbH, Grünwald, directly in Rocket Internet SE, Berlin, which controls Global Growth Capital S.à r.l., Luxembourg. Moreover, Mr. Alexander Samwer's brother is the Chief Executive Officer (CEO) of Rocket Internet SE. Global Growth Capital S.à r.l. is an 87.0% founding limited partner in the LINUS Fund (for a description of the Partnership Agreement, see "6.14.1 LINUS Fund's Partnership Agreement"). Parson GmbH, Schönefeld, Germany, is controlled by Mr. Alexander Samwer and a 10.0% founding limited partner in the LINUS Fund.

LINUS has fully consolidated the LINUS Fund since January 4, 2019 and renders a variety of services for the fund, e.g., arranging loans, asset management, management remuneration, cost allocations. The income generated vis-à-vis the LINUS Fund amounted to €0.7 thousand in 2018, €327.5 thousand in 2019 and €1,938.8 thousand in 2020, almost all of which was generated by the Company.

In some cases LINUS acts as a lead manager and collateral agent for real estate private debt loans, granted by the LINUS Fund in a consortium with Global Growth Capital S.à r.l. As the LINUS Fund is in a position to grant certain loans only by forming this consortium, no special fees are charged for this service. The scope of

collateral managed in escrow accounts for Global Growth Capital S.à r.l. amounted to €0 as of December 31, 2018, €55.1 million as of December 31, 2019 and €164.6 million as of December 31, 2020.

12.1.3 Transactions with entities whose shareholders exercise significant influence over the Company

In 2019, LINUS generated income in connection with services provided to four other entities controlled by Mr. Alexander Samwer, which do not hold shares in and are not part of the Group. LINUS recognized revenues as finance brokerage (€37.5 thousand) and cross-charging of costs (€15.4 thousand).

12.1.3.1 Transactions with Arvantis Group GmbH

Arvantis Group GmbH, an entity controlled by Mr. Alexander Samwer, has rendered certain administrative, bookkeeping and secretarial services for the Company as part of a service agreement. Remuneration expenses recognized in the Group in this regard amounted to €9.8 thousand in the fiscal year ended December 31, 2020 (2019: €152.7 thousand; 2018: €44.8 thousand).

12.1.3.2 Sale of Treasury Shares to Picus Capital GmbH

On December 17, 2020, the Company and Picus Capital GmbH, an entity controlled by Mr. Alexander Samwer, entered into a share purchase agreement pursuant to which Picus Capital GmbH acquired 886 treasury shares from the Company. The purchase price amounted to €2.7 million in total. The closing of the transaction and the *in rem* transfer of the shares occurred on January 21, 2021.

On July 8, 2020, Linus UK Facility Ltd, since November 30, 2020 a fully consolidated LINUS entity, granted a credit facility to Selina Finance Ltd., an entity controlled indirectly by Mr. Alexander Samwer, at an interest rate of 5.00% p.a. On December 31, 2020, the Linus UK Facility Ltd. had a loan receivable against Selina Finance Ltd. in the amount of €2,450.2 thousand. Finance income for the group amounted to €13.4 thousand for the period from November 30, 2020 to December 31, 2020.

12.1.4 Loan to managing director

In 2018, the Company granted a loan of €100.0 thousand to then managing director Dominik Pederzani in connection with his onboarding. The loan bears interest of 2.0% p.a., has a term of six years from disbursement and is unsecured.

12.1.5 Purchase of Shares from Dominik Pederzani

On October 21, 2020, the Company, Brodi Vermögensverwaltung UG (haftungsbeschränkt) (now Brodi GmbH), Berlin, an investment vehicle of the Company's then managing director Dominik Pederzani, and certain other parties entered into a share purchase agreement under which the Company purchased from Brodi Vermögensverwaltung UG (haftungsbeschränkt) 510 shares in the Company for a total purchase price of €0.4 million.

12.1.6 Purchase of Shares from Dr. Matthias Schulz

On May 5, 2020, the Company, Dr. Matthias Schulz Vermögensverwaltung UG (haftungsbeschränkt), Berlin, an investment vehicle of the Company's then managing director Dr. Matthias Schulz, and certain other parties entered into a share purchase agreement under which the Company purchased from Dr. Matthias Schulz Vermögensverwaltung UG (haftungsbeschränkt) 376 shares in the Company for a total purchase price of €0.2 million.

12.1.7 Share Purchase Agreement relating to Casavo Management S.p.A

On February 4, 2021, the Company as purchaser and Picus Capital GmbH, an affiliate of Arvantis, as seller entered into a share purchase agreement relating to 1,382 shares (or 0.8% of Casavo Management S.p.A.'s issued share capital) in Casavo Management S.p.A., a joint stock company under Italian law (*Società per azioni*) with its registered office in Milano, which provides technology based solutions and services for online real estate transactions. The purchase price amounted to €976.71 per share, *i.e.*, €1.35 million in total, and was based on a total equity valuation of Casavo Management S.p.A. of €160 million. The closing of the transaction took place on February 5, 2021. The purchase price is subject to an adjustment mechanism agreed in the share purchase agreement, which will be based on the valuation of Casavo Management S.p.A. in the context of an envisioned

financing round of the company (so-called Series C Financing Round) and will only apply in the event that such financing round closes on or prior to June 30, 2021. In any case, the price adjustment is capped at €500,000.00.

12.1.8 Share Purchase Agreement relating to Selina Finance Limited

On February 23, 2021, the Company as purchaser and Picus Capital GmbH, an affiliate of Arvantis, as seller entered into a share purchase agreement relating to 81,501 shares (or approximately 3% of Selina Finance Limited's capital: 65,955 Series A shares and 15,546 ordinary shares) in Selina Finance Limited, a private limited company incorporated under the laws of England and Wales with registered office in London, UK, which provides financing solutions to UK business owners. The purchase price amounted to €16.56 per share, *i.e.*, €1.35 million in total, subject to a discount for an upfront payment. The closing of the transaction, which is expected to occur in the second half of 2021, is *inter alia* subject to the approval of the Financial Conduct Authority in accordance with Part XII of the Financial Services and Markets Act 2000. The agreement shall automatically terminate and the seller shall repay in full any deposit to the purchaser if the closing conditions are not satisfied within six months after the signing date.

12.2 Relationships with Members of the Management Board and the Supervisory Board

12.2.1 Remuneration of the Members of the Management Board

Given that the Management Board was only established during the fiscal year ending December 31, 2021 following the Company's change of legal form, the members of the Management Board have not yet received any annual remuneration.

For a description of the current remuneration of the members of the Management Board, see "*11.2.2.1 Remuneration of the Members of the Management Board*".

12.2.2 Remuneration of the Members of the Supervisory Board

Given that the Supervisory Board was only established during the fiscal year ending December 31, 2021 following the Company's change of legal form, the members of the Supervisory Board have not yet received any annual remuneration.

For a description of the current remuneration of the members of the Supervisory Board, see "*11.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board*".

12.2.3 Pensions

As of December 31, 2020, LINUS had not made any pension commitments to members of the Management Board or the Supervisory Board.

13. TAX WARNING

The tax legislation of the investor's country of residence and of Germany as the Company's country of incorporation may have an impact on the income received from the securities. Tax consequences may differ according to the provisions of different tax treaties and the investor's particular circumstances. Therefore, investors are urged to consult their own tax advisors as to tax consequences of the acquisition, ownership and disposition of shares in the Company.

14. FINANCIAL INFORMATION

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**Audited Consolidated Financial Statements
(IFRS) as of and for the fiscal years
ended December 31, 2020, December 31,
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Linus Digital Finance AG
(formerly: Linus GmbH)
Berlin

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Linus Digital Finance AG (formerly trading as: Linus GmbH), Berlin
Audited consolidated statement of comprehensive income
for the year ended 31 December 2020, 2019 and 2018

	Notes	01.01.2020 – 31.12.2020 EUR	01.01.2019 – 31.12.2019 EUR	01.01.2018 – 31.12.2018 EUR
Revenues from contracts with customers	9	8,854,100.15	6,577,116.08	1,400,203.41
Other operating income		30,290.70	15,642.63	1,680.62
Employee benefits expense	10	-2,333,489.95	-1,553,580.77	-538,373.85
Other operating expenses	11	-3,939,164.76	-2,250,566.27	-433,129.02
Share of profit of associates and joint ventures	12	1,305,223.74	898,786.66	0.00
EBITDA		3,916,959.88	3,687,398.33	430,381.16
Depreciation and amortization	15 / 21	-215,778.03	-166,200.95	-48,786.04
EBIT		3,701,181.85	3,521,197.38	381,595.12
Finance result	13	1,256,571.34	221,210.78	-8,745.38
Finance costs	13	-9,452,310.58	-3,005,315.82	-9,633.59
Finance income	13	9,875,715.56	3,626,525.60	888.21
Other finance income	13	833,166.36	-399,999.00	0.00
Profit before tax		4,957,753.19	3,742,408.16	372,849.74
Income tax expense	14	-1,638,691.47	-1,085,931.68	-77,107.48
Profit for the year		3,319,061.72	2,656,476.48	295,742.26
<i>thereof attributable to equity holders of the parent</i>		<i>3,367,053.67</i>	<i>2,657,728.87</i>	<i>297,340.07</i>
<i>thereof attributable to non-controlling interests</i>		<i>-47,991.95</i>	<i>-1,252.39</i>	<i>-1,597.81</i>
Exchange differences on translation of foreign operations		3,110.81	0.00	0.00
Net other comprehensive income that may be reclassified to profit and loss in subsequent periods		3,110.81	0.00	0.00
Other comprehensive income for the year, net of tax		3,110.81	0.00	0.00
Total comprehensive income for the year, net of tax		3,322,172.53	2,656,476.48	295,742.26
<i>thereof attributable to equity holders of the parent</i>		<i>3,369,710.32</i>	<i>2,657,728.87</i>	<i>297,340.07</i>
<i>thereof attributable to non-controlling interests</i>		<i>-47,537.79</i>	<i>-1,252.39</i>	<i>-1,597.81</i>

Linus Digital Finance AG (formerly trading as: Linus GmbH), Berlin

Audited consolidated statement of financial position as at 31 December 2020, 2019 and 2018

Assets	Notes	31.12.2020 EUR	31.12.2019 EUR	31.12.2018 EUR	01.01.2018 EUR
Non-current assets		84,400,500.33	54,174,612.75	500,750.31	185,870.79
Property, plant and equipment	15	204,219.71	35,073.00	18,950.00	4,894.00
Right-of-use-assets	21	526,772.56	0.00	148,407.27	0.00
Intangible assets	15	25,039.66	43,841.66	45,636.66	7,579.79
Investments in associates and joint ventures	8.3, 8.4	6,492,725.73	4,817,887.23	186,944.00	173,395.00
Non-current financial assets	22.1	77,151,742.67	49,277,810.86	100,812.38	2.00
Current assets		52,675,095.25	14,223,403.76	729,624.07	262,523.06
Right-of-use-assets	21	162,083.87	29,681.45	0.00	0.00
Current financial assets	22.1	42,862,516.84	7,813,038.22	0.00	0.00
Trade receivables	16	3,649,444.53	2,635,078.33	518,615.86	0.00
Other current non-financial assets		1,865,731.63	513,482.85	53,983.02	141,783.30
Income tax receivables		0.00	0.00	3,016.48	6,033.98
Cash and short-term deposits	17	4,135,318.38	3,232,122.91	154,008.71	114,705.78
Total assets		137,075,595.58	68,398,016.51	1,230,374.38	448,393.85
Equity and liabilities	Note	31.12.2020 EUR	31.12.2019 EUR	31.12.2018 EUR	01.01.2018 EUR
Equity		5,777,693.11	2,853,110.63	191,040.15	-110,952.11
Issued capital	18.1	27,580.00	25,000.00	25,000.00	25,000.00
Treasury shares	18.3	-886.00	0.00	0.00	0.00
Capital reserves	18.2	208,572.46	5,594.00	0.00	0.00
Retained earnings		5,587,291.66	2,819,116.83	161,387.96	-135,952.11
Other components of equity		2,656.65	0.00	0.00	0.00
Equity attributable to equity holders of the parent		5,825,214.77	2,849,710.83	186,387.96	-110,952.11
Non-controlling interests	18.4	-47,521.66	3,399.80	4,652.19	0.00
Non-current liabilities		96,908,637.89	60,738,080.46	148,412.72	0.00
Lease liabilities	21	537,634.51	0.00	148,412.72	0.00
Non-current financial liabilities	22.3	96,368,588.91	60,738,080.46	0.00	0.00
Deferred tax liabilities	14	2,414.47	0.00	0.00	0.00
Current liabilities		34,389,264.58	4,806,825.42	890,921.51	559,345.96
Interest-bearing loans	20 / 22.2	0.00	953,667.47	561,081.66	451,472.07
Other current financial liabilities	22.3	29,189,689.34	399,999.00	0.00	0.00
Lease liabilities	21	158,478.70	29,695.63	0.00	0.00
Provisions	19	209,653.75	122,148.48	21,399.05	12,921.74
Income tax payable	14	2,432,492.98	1,160,703.06	75,167.00	0.00
Trade payables	20	513,957.28	433,920.55	168,068.05	64,371.78
Other current non-financial liabilities	20	1,884,992.53	1,706,691.23	65,205.75	30,580.37
Total Equity and Liabilities		137,075,595.58	68,398,016.51	1,230,374.38	448,393.85

Linus Digital Finance AG (formerly: Linus GmbH), Berlin
Audited consolidated statement of changes in equity
for the year ended 31 December 2020, 2019 and 2018

in EUR	Attributable to the equity holders of the parent							Non-controlling interests	Total Equity
	Issued capital (Note 18)	Treasury shares		other capital reserves	Retained earnings	other components of equity	Total		
		Number	Amount						
At 1. January 2018	25,000.00	—	—	—	-135,952.11	—	-110,952.11	—	-110,952.11
Profit for the period	—	—	—	—	297,340.07	—	297,340.07	-1,597.81	295,742.26
Total comprehensive income, net of tax	—	—	—	—	—	—	297,340.07	-1,597.81	295,742.26
Capital contributions of non-controlling interests	—	—	—	—	—	—	—	6,250.00	6,250.00
At 31. December 2018	25,000.00	—	—	—	161,387.96	—	186,387.96	4,652.19	191,040.15
Profit for the period	—	—	—	—	2,657,728.87	—	2,657,728.87	-1,252.39	2,656,476.48
Total comprehensive income, net of tax	—	—	—	—	2,657,728.87	—	2,657,728.87	-1,252.39	2,656,476.48
Share-based payments	25	—	—	5,594.00	—	—	5,594.00	—	5,594.00
At 31. December 2019	25,000.00	—	—	5,594.00	2,819,116.83	—	2,849,710.83	3,399.80	2,853,110.63
Profit for the period	18.4	—	—	—	3,367,053.67	—	3,367,053.67	-47,991.95	3,319,061.72
Other comprehensive income, net of tax	—	—	—	—	—	2,656.65	2,656.65	454.16	3,110.81
Total comprehensive income, net of tax	—	—	—	—	3,367,053.67	2,656.65	3,369,710.32	-47,537.79	3,322,172.53
Issue of share capital	18.1	2,580.00	—	—	—	—	2,580.00	—	2,580.00
Contribution of Linus UK Facility Ltd. assets	18.2	—	—	143,835.43	—	—	143,835.43	—	143,835.43
Share-based payments	25	—	—	59,143.03	—	—	59,143.03	—	59,143.03
Buyback of issued share capital	18.3	—	-886.00	-886.00	—	-598,878.84	-599,764.84	—	-599,764.84
Capital contributions of non-controlling interests	18.4	—	—	—	—	—	—	16.13	16.13
Acquisition of non-controlling interests	—	—	—	—	—	—	—	-3,399.80	-3,399.80
At 31. December 2020	27,580.00	-886.00	-886.00	208,572.46	5,587,291.66	2,656.65	5,825,214.77	-47,521.66	5,777,693.11

Linus Digital Finance AG (formerly trading as: Linus GmbH), Berlin
Audited consolidated statement of cash flows
for the year ended 31 December 2020, 2019 and 2018

	Notes	01.01.2020- 31.12.2020 EUR	01.01.2019 – 31.12.2019 EUR	01.01.2018 – 31.12.2018 EUR
1. Operating activities				
Profit before tax		4,957,753.19	3,742,408.16	372,849.74
Adjustments to reconcile profit before tax to net cash flows:				
+ Depreciation of property, plant and equipment and right-of-use assets	15/21	196,976.03	147,398.39	45,266.28
+ Amortisation and impairment of intangible assets	15	18,802.00	18,802.56	3,519.76
+ Share-based payments	25	59,143.03	5,594.00	0.00
- Finance income	13	-9,875,715.56	-3,626,525.60	-888.21
+ Finance costs	13	9,452,310.58	3,005,315.82	9,633.59
+ Other finance income	13	-833,166.36	399,999.00	0.00
- Share of profit of associates and joint ventures	12	-1,305,223.74	-898,786.66	0.00
+ Movements in provisions	19	87,505.27	100,749.43	8,477.31
Working capital changes				
- Increase of non-current financial assets from Real Estate Private debt loans	22.1	-35,704,669.77	-50,587,060.04	0.00
- Increase in trade receivables	16	-1,014,366.20	-2,116,462.47	-518,615.86
-/+ Increase / decrease of current non-financial assets		-1,352,248.78	-459,499.83	87,800.28
- Increase of current financial assets from Real Estate Private debt loans	22.1	-24,419,138.98	-4,186,512.62	0.00
+ Increase in trade and other payables and other current non-financial liabilities		258,338.03	1,907,337.98	138,321.65
+ Contributions by non-controlling interests, classified as non-current and current financial liabilities	22.3	61,975,530.53	59,074,855.97	0.00
		2,501,829.27	6,527,614.09	146,364.54
+ Interest received		7,909,280.24	1,410,061.56	0.00
- Interest paid on current and non-current financial liabilities	22.3	-7,007,642.32	-1,319,285.23	0.00
+ Income tax paid/received	14	-364,487.08	2,620.86	1,077.02
= Net cash flows from operating activities		3,038,980.11	6,621,011.28	147,441.56
2. Investing activities				
- Purchase of property, plant and equipment	15	-214,878.39	-44,795.57	-29,634.37
- Investment in loans granted to legal representative of the parent	22.1 / 23.6	0.00	0.00	-99,924.17
- Purchase of intangible assets	15	0.00	-17,007.56	-41,575.63
- Acquisition of associates	8.3	-369,614.76	-3,732,156.57	-13,549.00
= Net cash flows used in investing activities		-584,493.15	-3,793,959.70	-184,683.17
3. Financing activities				
+ Capital contributions from the issue of share capital	18.1	2,580.00	0.00	0.00
+ Capital contributions of non-controlling interests	18.4	16.13	0.00	6,250.00
+ Contribution of Linus UK Facility Ltd. assets	18.2	143,835.43	0.00	0.00
- Acquisition of non-controlling interests		-3,399.80	0.00	0.00
- Acquisition of treasury shares	18.3	-599,764.84	0.00	0.00
- Payment of principal portion of lease liabilities	21	-144,001.75	-118,717.09	-29,681.46
+ Proceeds from borrowings	22.2	0.00	930,861.37	99,976.00
- Repayment of borrowings (interest bearing loans)	22.2	-953,667.47	-561,081.66	0.00
= Net cash flows from financing activities		-1,554,402.30	251,062.62	76,544.54
4. Cash and cash equivalents at 31 December				
Net increase in cash and cash equivalents		900,084.66	3,078,114.20	39,302.93
Net foreign exchange difference		3,110.81	0.00	0.00
Cash and cash equivalents at 1 January	17	3,232,122.91	154,008.71	114,705.78
Cash and cash equivalents at 31 December	17	4,135,318.38	3,232,122.91	154,008.71

1. CORPORATE AND GROUP INFORMATION

1.1. General information

Linus Digital Finance AG (formerly: Linus GmbH), hereafter “Linus”, the “Company” or “parent company” is entered in the commercial register of the Berlin Local Court (number: HRB 225909 B). The registered offices of Linus Digital Finance AG are located at Alexanderstr. 7, 10178 Berlin, Germany.

The parent company was converted from a GmbH (German limited liability company) to a stock corporation (change of form) by shareholders’ resolutions dated 22/28 January 2021 and was registered and announced in the commercial register on 10 February 2021.

Linus Digital Finance AG is the parent company of direct and indirect subsidiaries and holds direct and indirect shares in associates and joint ventures (hereafter also referred to as “the Linus Group” or “Group”).

Subsidiaries, associates, joint ventures as well as other companies in which the Group holds long-term equity interests are hereafter referred to as Group entities.

1.2. Business activities

Linus sees itself as the first German digital real estate finance platform for institutional-grade real estate investments, i.e., investment opportunities within an asset class and quality that usually attract attention from large national or international investors, and related services. Through our scalable digital offering, we open up to (smaller) institutional and semi-professional investors an asset class with high-yield investment opportunities for which they would in a traditional financing scenario need to make significantly larger investments, thereby introducing new distribution channels for investment products in general. At the same time, we provide flexible digital financing solutions to real estate sponsors. The projects presented on our platform are professionally curated through our thorough screening process, which combines our investment professionals’ expertise with a data and technology-driven assessment on the basis of a standardized due diligence process involving third-party service providers.

1.3. Information on the basis of consolidation

In addition to Linus Digital Finance AG, the Group comprised 18 fully consolidated subsidiaries as of 31 December 2020, 12 fully consolidated subsidiaries as of 31 December 2019 and 3 fully consolidated subsidiaries as of 31 December 2018 (1 January 2018: 0). In 2020, 8 subsidiaries were consolidated for the first time. In 2019, 9 subsidiaries were consolidated for the first time. In 2018, 3 subsidiaries were consolidated for the first time. In 2020, 2 subsidiaries (none in 2019 and 2018) were deconsolidated.

1.3.1. Linus Digital Finance AG

Linus Digital Finance AG as the Group holding assumes a key function for the development and management of financing solutions for real estate projects. Within the Group, Linus Digital Finance AG assumes the strategic management of the Group and determines corporate business strategy, sourcing of borrowers, acquisition of investors, Group controlling, bookkeeping and Group financial reporting, press and investor relations as well as personnel management.

In addition, Linus Digital Finance AG acts as the managing limited partner in the limited partnership entities managed by the Group.

1.3.2. Linus Capital Management GmbH

Linus Capital Management GmbH is a fully consolidated, 100% subsidiary of Linus Digital Finance AG. The risk management and portfolio management for the closed-end special funds managed by the Group (hereafter “Special AIFs”) are assumed by Linus Capital Management GmbH, Berlin, an asset management company registered with the BaFin [“Bundesanstalt für Finanzdienstleistungsaufsicht”: German Federal Financial Supervisory Authority] in accordance with Sec. 2 (4) KAGB [“Kapitalanlagegesetzbuch”: German Investment Code].

1.3.3. Linus Management 1 GmbH

Linus Management 1 GmbH, Berlin, was founded in November 2016 and is the general partner in all of the limited partnership entities managed by the Group. It is fully consolidated.

1.3.4. Linus UK Capital Ltd.

In 2020, the Group founded Linus UK Capital Ltd. to organize its growth in the United Kingdom. Linus UK Capital Ltd. is performing operating activities in the United Kingdom such as the sourcing of new loan opportunities. The group holds 85.5% of the shares in Linus UK Capital Ltd. and fully consolidates the subsidiary.

1.3.5. Linus Debt Invest DACH 1 GmbH & Co. KG and other Special-AIFs

Linus manages the subsidiary Linus Debt Invest DACH 1 GmbH & Co. KG, Berlin, (“DACH-Fonds”), which is also a fully consolidated subsidiary, via Linus Capital Management GmbH. DACH-Fonds is a closed-end Special-AIF with a targeted investment volume of around EUR 350 million. Institutional investors have participated with 97% of the capital under management and 3% have been subscribed by Linus.

The DACH-Fonds grants loans that are either subsequently resold to third parties or are available to co-investors for sale (“syndication”). Loans that are not sold to third parties or syndicated to co-investors remain in the DACH-Fonds. Syndicated loans are contributed to closed-end Special AIFs specifically founded for this purpose, which are founded as subsidiaries of the DACH-Fonds. Co-investors thus have the option to participate in the syndicated loans as limited partners of these Special AIFs.

The business activities of closed-end Special-AIFs are limited to holding and management of real estate private debt loans.

The group controls the DACH-Fonds as well as the Special AIFs and therefore fully consolidates these entities. The issued capital contributed by the investors of the DACH-Fonds and the co-investors of other Special AIFs is recognized in the Group as non-current financial liabilities, the distributive share of income of institutional investors of the DACH-Fonds and the co-investors of other Special AIFs constitute finance costs of the Group (for details see note 3.17.2).

For information of the Group’s equity investments in associates and joint ventures, please refer to notes 8.3 and 8.4.

1.4. Effects of the COVID-19 pandemic on Linus

The COVID-19 pandemic which occurred worldwide in 2020 had significant effects on the global economy and thus also on the German real estate market. At the time of preparing the consolidated financial statements for the fiscal years 2020, 2019 and 2018, the economy as a whole was still seriously affected by the coronavirus pandemic. It is difficult to predict how long the restrictions on private households and companies will remain in place and what economic and social developments they will trigger. This has led to lower private spending and corporate investments. Both these factors have the effect that the overall economic demand is falling further. The economic forecast by experts is projecting a positive growth of 4.9% for 2021. Therefore, the GDP will presumably not match the pre-pandemic level until 2022 at the earliest. The unemployment rate is expected to increase further in the coming months and then slowly subside again in the course of 2021. The outlook for further economic development is still subject to considerable uncertainty. Above all, the future course of the pandemic will be of significance.

In our opinion, the restrictions on offline businesses resulting from the COVID-19 pandemic have also favored a general shift from offline to online business models. We therefore believe that real estate finance is ripe for digital disruption, including open, yet more targeted, faster, and more efficient processes with fewer intermediaries involved.

The shift from offline to online business models may also have a negative effect on the fair values of real estate projects such as hotels and retail and might therefore also affect the fair values of our loan portfolio.

While the COVID-19 pandemic has not impacted the existing financing portfolio managed by us, we saw a noticeable decrease in new projects at the beginning of the pandemic in the spring of 2020. Even though the demand for real estate financing recovered in the course of 2020, we cannot rule out that there will be additional downturns. For example, further significant COVID-19-related travel restrictions, imposition of quarantines, shutdowns of “non-essential” businesses or other social distancing measures as well as a shift from office work to work-from-home could reduce the demand for hotels, office space and retail properties and thus for our financing services. In addition, these measures could result in counterparty risks in the form of payment defaults or terminations by purchasers or tenants of these properties, which could in turn lead to a rise in payment defaults on our financing. Any such defaults would negatively impact our reputation with our co-investors and our

revenues from our own investments and could have a material adverse effect on our business, net assets, financial condition, cash flows and results of operations.

Despite the restrictions caused by the COVID-19 pandemic, 2020 saw a significant increase in the business volume (loans granted).

2. BASIS OF PREPARATION

2.1. First time preparation

These consolidated financial statements as of and for the fiscal years ended 31 December 2020, 31 December 2019 and 31 December 2018 are the first consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The group has not prepared consolidated financial statements in accordance with the local accounting principles (HGB [“Handelsgesetzbuch”: German Commercial Code]) in the past, because there was no legal obligation to do so. For the periods up to and including the fiscal year ended 31 December 2020, the Group only prepared its unconsolidated financial statements in accordance with the local accounting principles.

As described in the summary of significant accounting policies, the opening statement of financial position as of 1 January 2018, the date of the Group’s transition to IFRS reporting, was also prepared in accordance with IFRSs to ensure better comparability.

The significant adjustments performed by the Group in preparing the consolidated financial statements as of and for the fiscal years ended 31 December 2020, 31 December 2019 and 31 December 2018, including the opening statement of financial position as of 1 January 2018 are described below.

IFRS 1 allows exceptions from the retrospective application of certain IFRS requirements for first-time adopters.

The Group has applied the following exceptions:

2.1.1. Business combinations

IFRS 3 Business Combinations was neither applied to acquisitions of subsidiaries nor to acquisition of interests in associates and joint ventures that belonged to the Group before 1 January 2018. The application of this practical expedient means that the carrying amounts of assets and liabilities in accordance with local GAAP, which are required to be recognized under IFRSs, are treated as acquisition costs at the time of the acquisition.

After the date of the acquisition, they are measured in accordance with IFRS. The Group has not recognized any assets or liabilities that were not recognized in accordance with the local GAAP.

Pursuant to IFRS 1, the carrying amount of goodwill determined in accordance with local GAAP has to be used in the first IFRS statement of financial position. Furthermore, adjustments for the impairment of goodwill and the recognition or derecognition of intangible assets has to be taken into account. In the course of preparing the opening statement of financial position as of 1 January 2018, total goodwill was determined at EUR 6,971.66.

2.1.2. Property, plant and equipment

Items of property, plant and equipment were measured at the carrying amount in accordance with local GAAP at the time of the transition to IFRSs.

2.1.3. Leases

As of 1 January 2018, the Group reviewed whether any of the existing contracts contain a lease. As of 1 January 2018, there were no leases with a residual term of more than 12 months. Lease payments from leases contracts whose term ends within 12 months after the transition to IFRSs were expensed on a straight-line basis over the lease term.

2.1.4. Equity investments

The Group measured equity investments (non-listed equity investments) as equity investments at the carrying amount in accordance with the local GAAP at the time of the transition to IFRSs.

2.1.5. Reconciliation of the HGB (local GAAP) equity as of 1 January 2018 and 31 December 2018 and of profit for the year 2018 to IFRS

<u>Reconciliation of equity as per 1 January 2018 between local accounting standards and IFRS</u>	1
<i>EUR k</i>	January 2018
Equity as per 1 January 2018 of Linus Digital Finance AG according to local accounting standards*	-111
Effects from the consolidation of subsidiaries	—
Equity as per 1 January 2018 of Linus Digital Finance AG according to IFRS consolidated financial statements	-111

* as presented in the unconsolidated financial statements 2018.

As described in more detail above, there were no remeasurements to be undertaken as per 1 January 2018 to reconcile the unconsolidated financial statements of Linus GmbH according to local accounting standards and IFRS.

<u>Reconciliation of equity as per 31 December 2018 between local accounting standards and IFRS</u>	31
<i>EUR k</i>	Decemb er 2018
Equity as per 31 December 2018 of Linus Digital Finance AG according to local accounting standards*	201
Effects from the consolidation of subsidiaries**	-13
Impairment of goodwill on Linus Capital Management GmbH***	-3
Capital contributions of non-controlling interests	6
Equity as per 31 December 2018 of Linus Digital Finance AG according to IFRS consolidated financial statements	191

* as presented in the unconsolidated financial statements 2018.

** net losses 2018 of fully consolidated subsidiaries were not recorded in the unconsolidated financial statements of the parent.

*** the impairment of goodwill (or a depreciation on the carrying amount of shares in affiliates) was not recorded in the unconsolidated financial statements of the parent.

<u>Reconciliation of profit for the year 2018 between local accounting standards and IFRS</u>	2018
<i>EUR k</i>	
Profit for the year 2018 of Linus Digital Finance AG according to local accounting standards*	312
effects from the consolidation of subsidiaries**	-13
impairment of goodwill on Linus Capital Management GmbH***	-3
Profit for the year 2018 of Linus Digital Finance AG according to IFRS consolidated financial statements	296

* as presented in the unconsolidated financial statements 2018.

** net losses 2018 of fully consolidated subsidiaries were not recorded in the unconsolidated financial statements of the parent.

*** the impairment of goodwill (or a depreciation on the carrying amount of shares in affiliates) was not recorded in the unconsolidated financial statements of the parent.

With regard to the statement of cashflows for the year 2018, there were no significant differences between the unconsolidated statement of cashflows according to local accounting standards and the consolidated statement of cashflows according to IFRS.

2.2. Declaration of compliance

These consolidated financial statements as of and for the fiscal years ended 31 December 2020, 31 December 2019 and 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS

Linus Digital Finance AG (formerly: Linus GmbH)
Audited Notes to the Consolidated Financial Statements for fiscal years 2020, 2019 and 2018

Interpretation Committee (IFRS IC) approved by the IASB, in effect and adopted by the European Union (EU) at the reporting date 31 December 2020.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in note 3.

2.3. General information

The consolidated financial statements have been prepared based on amortized cost, with the exception of financial assets and financial liabilities measured at fair value through profit or loss as required by IFRS.

The consolidated statement of comprehensive income has been prepared using the nature of expense method.

Assets and liabilities have been classified into current and non-current. They are recognized as current if they are due within one year. Current assets and liabilities also include trade receivables and trade payables that are sold, consumed or realized as part of the normal operating cycle even when they are not expected to be realized within 12 months after the reporting period. Current assets and liabilities also include the current portion of non-current financial assets and liabilities.

The statement of cash flows contains cash flow from operating activities calculated using the indirect method. By contrast, cash flow from investing activities and cash flow from financing activities are calculated using the direct method. It is the Group's business model to grant, broker, refinance and syndicate loans. Therefore, the granting of real estate private debt loans is allocated to the operating cash flow. Corresponding to this, the raising of liquid funds for the purpose of granting real estate private debt loans is also shown in the operating cash flow.

The consolidated financial statements are prepared in euro (EUR), the functional currency of Linus Digital Finance AG. Amounts have partly been rounded to thousands of euros (EUR k), unless otherwise indicated. This can result in rounding differences and the percentages presented may not precisely reflect the figures they refer to. In respect of financial information set out in this report, a dash (“-”) signifies that the relevant figure is not available, while a zero (“0.0”) signifies that the relevant figure is available but has been rounded to zero.

The Company's fiscal year is the calendar year.

The consolidated financial statements as of and for the fiscal years 31 December 2020, 31 December 2019 and 31 December 2018 are prepared by the Management Board and approved by its resolution of 25 March 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Consolidation principles

The consolidated financial statements include the financial statements of the parent company and its direct and indirect subsidiaries. Linus controls an investee when it exercises control over it, is exposed to variable returns from its involvement with the investee or has rights to these and has the ability to affect those returns through its control over the investee.

If the Group does not hold the majority of the voting rights or comparable rights in a Group entity, it considers all relevant issues and circumstances when determining whether or not it has control over the Group entity. These include:

- Contractual agreements with the other holders of voting rights of the Group entity
- Rights resulting from other contractual agreements and
- Voting rights and potential voting rights of the Group.

Control is generally exercised over all Special AIFs managed by the Group by virtue of the management agreement concluded between the Special AIFs and Linus Capital Management GmbH acting as the Alternative Investment Funds Manager (AIFM) of the Special AIFs.

The Group reassesses whether it has control over a Group entity once the facts and circumstances indicate that one or more of the three elements of control have changed. Consolidation of subsidiary begins from the date the Group obtains control and ceases when the Group loses control of the subsidiary. A subsidiary's assets, liabilities,

income and expenses that were purchased or sold during the reporting period are recognized in the consolidated statement of financial position or the consolidated statement of comprehensive income from the day on which the Group obtained control over the subsidiary until the day on which the control ends.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary which does not involve a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognized in the profit and loss account. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the financial statements of the parent company.

3.2. Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.3. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over the entity in decision-making processes.

Joint ventures are entities which are controlled jointly by Linus and one or more parties. Joint control exists when decisions about the relevant activities require the unanimous consent of the parties that jointly control the arrangement.

The Group applies the equity method in accounting for shares in an associate or a joint venture.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share in the net profit or loss for the period of the associate or joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The Group's total share of profit of an associate or joint venture is presented under other operating profit in the consolidated statement of comprehensive income and represents the profit after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting date as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At the end of each reporting period, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in associate or joint venture and its carrying value, and then recognizes it within 'Share of profit of an associate and a joint venture' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the profit and loss account.

3.4. Currency translation

The consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to the profit and loss account reflects the amount that arises from using this method.

3.4.1. Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized through profit or loss.

3.4.2. Group entities

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income and expenses are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to the profit and loss account.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3.5. Revenues from contracts with customers

The Group primarily generates revenues from its activities for structuring advisory, finance brokerage and asset management fees for managing closed-end alternative investment funds.

Revenues are recognized when the service is rendered for the customer and when there is a legal right to consideration. The right to consideration generally originates upon successful structuring of a financing (structuring advisory) or on successful brokerage of financing (finance brokerage). Revenues from break fees (early repayment fee for a loan) are recognized upon the exercise of the early repayment option by the loan borrower. Break-up fees arise in the event that Linus and a potential borrower agree upon a term sheet in respect of a loan, however the loan is not granted after the expiry of an exclusivity period. Revenues from such break-up fees are recognized at the end of the exclusivity period in the event that a loan is not granted by Linus to the potential borrower.

If it has been agreed with the customer that the origin and maturity of parts of the agreed service fee depend on the occurrence of certain events (e.g., origin of a part of finance brokerage fee only if the brokered loan has been repaid in full), revenues for the parts of service fees depending on the occurrence of the contractually defined events are recognized only when the event occurs.

The right to consideration for services rendered over time (asset management fees for managing closed-end investment funds) occurs annually and is recognized as revenues over time on an annual basis.

Revenues are recognized in the amount that reflects the consideration to which the Group expects to be entitled for the rendering of services, taking into account the contractually agreed terms of payment and excluding taxes or dues.

3.6. Interest income and expenses

3.6.1. The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR.

3.6.2. Finance income and expenses

Finance income comprises interest income and interest expense calculated using both the effective interest method and other methods.

Finance income also includes interest income on financial assets measured at fair value through profit and loss using the contractual interest rate. The Group calculates interest income on financial assets by applying the contractual interest rate to the gross carrying amount of the financial asset. There were no credit-impaired financial assets that called for a different calculation of interest income.

Finance costs also include the net income/net loss for the year attributable to the non-controlling interests as far as they are presented in the consolidated financial statements as financial liabilities at fair value through profit and loss.

Other finance income primarily includes the fair value gains and losses from the valuation of the current and non-current financial assets through profit and loss.

3.7. VAT and similar taxes

Expenses and assets are recognized net of VAT. Except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Where receivables and payables are stated with the amount of VAT included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other non-financial receivables or payables in the statement of financial position.

3.8. Income taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax expense or credit comprises current tax and deferred tax and is recognized in the profit and loss account for the reporting period, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are or were also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred tax is recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the unused tax losses will be utilized.

Deferred tax assets for all deductible temporary differences and unused tax losses are only recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the unused tax losses can be utilized.

3.9. Leases

Linus assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. If Linus is the lessee in connection with a lease, a right-of-use asset and a lease liability are recognized at the inception of the lease.

The Group recognizes a right-of-use asset as of the commencement date (i.e., the date on which the underlying leased asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets over 3 to 15 years.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments only contain fixed payments. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, lease liabilities are measured at amortized cost using the effective interest rate method.

Leases with a term of up to 12 months and contracts with a smaller volume (original purchase price of the underlying asset below EUR 5,000.00) are not recognized in the statement of financial position, but the lease payments are expensed on a straight line over the term of the lease.

Linus is a lessee of real estate (Linus' office space) and Linus uses it for its own purposes. The real estate used by Linus is reported as "right-of-use asset" in the statement of financial position.

3.10. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Property, plant and equipment is depreciated using the straight-line method to distribute their costs over the estimated useful lives of 3 to 15 years. Leasehold improvements are depreciated over their estimated useful lives or the lease term if shorter.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

3.11. Goodwill

Goodwill arising in a business combination applying the purchase method is measured at acquisition costs at initial recognition. Goodwill is allocated to a single or a group of cash-generating units expected to benefit from the synergies of the business combination. Such units or group of units represent the lowest level in the Group at which goodwill is monitored.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The Group tests impairment for goodwill at least once every fiscal year and whenever there are indications that goodwill may be impaired. The carrying amount of goodwill is compared with the recoverable amount. The recoverable amount is

the higher of an asset's value in use and fair value less costs to sell. Every impairment is expensed immediately. Later reversals of the impairment are not taken into account.

3.12. Other intangible assets

Intangible assets of the Group are stated at acquisition or production costs at initial recognition and mainly comprise the parent company's website, software acquired and other licenses with a limited useful life. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

3.13. Impairment of right-of-use assets, property, plant and equipment and intangible assets

Whenever events or changes in market or business conditions indicate a risk of impairment of intangible assets and property, plant and equipment or a CGU, if applicable, management estimates the recoverable amount. The recoverable amount is determined as the higher of the asset's or CGU's fair value less costs to sell and its value in use. A CGU is defined as the smallest group of assets that generates cash inflows that are independent of the cash inflows from other assets. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in the profit and loss account for the reporting period.

3.14. Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and other short-term highly liquid investments with an original term of three months or less for which the risk of impairment is deemed insignificant. They are measured at nominal value.

3.15. Financial assets

3.15.1. First-time reporting and measurement of financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is recognized at the time the Group becomes a contracting party of the financial instrument. The Group recognizes financial assets on the day they originate. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them.

Financial assets with cash flows that are not solely payments of principal and interest (SPPI) are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model in Germany consists of the granting of real estate private debt loans. The business model's objective is achieved by selling a majority part of these loans by way of syndication and for the remainder – or in case a sale is not feasible for the whole loan – by collecting contractual cash flows.

The cash flows of these loans arise – due to the assignment of loan receivables or parts thereof (syndication) – not from SPPI on the outstanding principal. The Group is also entitled to a partial amount of interest payments on the part of loan receivables assigned to third parties (interest spread) whilst at the same time the Group retains a subordinated part of the loan and therefore assumes higher risks on the remaining part of the loan. Therefore, loans are classified as at fair value through profit or loss and measured accordingly.

When recognizing these loans for the first time, the interest rate applied for discounting is determined as the sum of a risk-free interest, a credit risk premium specific for the loan and a loan-specific interest spread.

The current financial assets item comprises real estate private debt granted with a short term and accrued, short-term interest for real estate private debt loans. These loan and interest receivables are recognized initially at fair value, which corresponds to the original loan amount or nominal amount of the interest accrued.

The loans granted by the subsidiary in the United Kingdom (“UK loans”) are not granted with the intention of selling or syndicating them. The business model is to hold the UK loans until they are repaid in full, i.e. to collect contractual cash flows. The UK loans meet the business model condition and the SPPI test and are therefore classified as at amortized cost.

3.15.2. Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification.

Financial assets at fair value through profit or loss

The “Financial assets at fair value through profit or loss” category comprises real estate private debt loans (with exception of the UK loans). Net changes in the fair value are recognized in the finance result.

The Group recognizes the real estate private debt loans granted as part of its business activities as financial assets held-for-trading. They show the financial assets measured at fair value through profit or loss and at each reporting date they are measured using an interest rate that corresponds to the sum of a risk-free interest rate, a credit risk premium specific for the loan and a loan-specific interest spread.

See note 22 for information related to the Group’s real estate private debt loans measured at fair value through profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets that generate cash flows solely from the payments of principal and interest (cash flow condition/SPPI test) and that are held for in order to collect contractual cash flows (business model condition).

The Group’s financial assets at amortized cost comprise loan receivables from the executive directors (see note 23 on related parties), UK loans, trade receivables and cash and cash equivalents.

After initial recognition, such financial assets are subsequently measured at amortized cost using the effective interest method minus any reduction for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs that are an integral part of the EIR.

Trade receivables are initially recognized at their recoverable amount determined under IFRS 15, which corresponds to the original invoice amount.

3.15.3. Impairment of financial assets

Impairment of assets measured at amortized cost is recognized using the expected credit losses (ECL).

ECLs are based on the difference between the contractual cash flows and the total cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows also include cash flows from the sale of collateral held (e.g., guarantees of the project developer) or other credit enhancements that are integral to the credit agreement.

A three-stage model is used for the allocation of impairment allowances:

Stage 1: expected credit losses for the next 12 months

Stage 1 contains all agreements without any significant increase of the credit risk since the initial recognition. This ordinarily includes new agreements and such agreements whose payments are less than 31 days past due. Expected credit losses which are attributable to a default within the next 12 months are recognized.

Stage 2: Lifetime expected credit losses – not credit impaired

If the credit risk has increased significantly for a financial asset since origination, but it is not credit impaired, it is allocated to Stage 2.

The simplified approach is applied to trade receivables, which are allocated to Stage 2 upon initial recognition.

The estimate of a significant increase in credit risk for a financial asset is based on an estimate of probability of default performed at least every quarter, which takes into account both external rating information and internal information on the credit quality of the financial asset, such as irregular interest payments, incomplete repayments, financial difficulties of the debtor or deterioration in Crefo information.

The expected credit losses are recognized as impairment losses over the lifetime of the financial asset.

Stage 3: Lifetime expected credit losses – credit impaired

A financial asset is allocated to Stage 3 if it is credit impaired or has defaulted. The expected credit losses are recognized as impairment losses over the lifetime of the financial asset. Objective indications of a credit impaired or defaulted asset comprise a maturity which is 91 days overdue and other internal and external information that indicates that the Group will not be in a position to recover the outstanding contractual cash flows in full, taking into account any credit enhancement. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

In Stage 1 and 2 the effective interest rate is calculated on the basis of the gross carrying amount. As soon as a financial asset is credit impaired and allocated to Stage 3, the effective interest rate is calculated on the basis of the net carrying amount (gross carrying amount less risk provision).

In the absence of historical data, expected credit losses are calculated on the basis of the estimated probability of default.

In the consolidated statement of comprehensive income, impairment losses are reported under the item finance costs (for loan receivables) and under other operating expenses (for other financial receivables).

See note 22.5 for information on the Group's credit risk.

3.15.4. Derecognition of financial assets

The Group derecognizes financial assets if the contractual rights to receive cash flows from these assets have expired or if the contractual right to receive cash flows has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

Following this criteria, real estate private debt loans in the Linus Group which are entirely (or partially) assigned to third parties in exchange for payment of a purchase price and for which the default risk has been transferred to the assignee, are derecognized entirely (or partially) when the assignment becomes effective, even if the Linus Group acts as a collateral agent for the assignee of the loan receivable after the assignment and/or retains the subordinated parts of the interest receivable from the borrower in connection with the assignment.

3.16. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are short-term and are therefore not discounted.

3.17. Financial liabilities

3.17.1. First-time reporting and measurement of financial liabilities

Financial liabilities are recognized at the time the Group becomes a contracting party of the financial instrument. On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss or financial liabilities at amortized cost.

All financial liabilities at fair value through profit and loss are recognized initially at fair value and, in the case of financial liabilities at amortized cost, less directly attributable transaction costs.

3.17.2. Subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on their classification:

Financial liabilities at fair value through profit or loss

For financial liabilities, this is the most relevant category for the Group. The financial liabilities measured at fair value contain non-controlling interests in subsidiaries whose term is limited by the articles of incorporation and bylaws or for which third-party shareholders have a right to summary termination. The subsidiary has a contractual obligation to transfer a pro rata amount of its net assets at the end of the defined term. As this obligation will certainly occur and is not under the Group's control, such non-controlling interests are classified as financial liabilities in the consolidated financial statements ("puttable instruments"; see IAS 32.AG 29A). The net income/net loss for the year attributable to these non-controlling interests are reported as finance costs in the consolidated financial statements.

Financial liabilities at amortized cost

This category comprises lease liabilities, trade and other payables, interest-bearing loan liabilities (see note 23 on liabilities to related parties) and other non-financial. Other financial liabilities are included in this category if they are not measured at fair value through profit and loss.

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, the estimates regarding cash outflows or inflows are modified as well as through the EIR amortization process.

3.17.3. Derecognition of financial liabilities

The Group derecognizes financial liabilities if its contractual obligations have been satisfied or removed or expired.

3.18. Share-based payments (equity-settled transactions)

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 25.

That cost is recognised in employee benefits expense (Note 10), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by

the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of any existing contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgments are continually reevaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Financial instruments risk management objectives and policies
- Sensitivity analyses disclosures

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Judgments

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group signed a rental agreement for an office property in 2020. The lease agreement for office space ends on 31 March 2025, with a one-time option to extend by another 5 years.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. This means that all relevant factors are considered, which constitute an economic incentive for the Group to exercise the option to extend or terminate the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

According to these standards, the Group exercised its judgment in accounting for the lease by only using the fixed contractual term until 31 March 2025 without taking into account the option of renewal.

Consolidation of entities in which the Group holds less than a majority of voting rights

The Group assumes that it controls Linus Debt Invest DACH I GmbH & Co. KG even though it only owns 3%, which is significantly less than 50% of the voting rights in the entity. The Group also assumes that it controls several Special AIFs even though it only owns less than 50% of the voting rights in the respective Special AIFs.

The Group manages the transactions of Linus Debt Invest DACH I GmbH & Co. KG and the Special AIFs and controls Linus Capital Management GmbH, which acts as external Alternative Investment Funds Manager (AIFM) and particularly performs the portfolio and risk management of Linus Debt Invest DACH I GmbH & Co. KG and the special AIFs. Taking into account the expected aggregate economic share in the income of Linus Debt Invest DACH I GmbH & Co. KG and of the Special AIFs and taking into account the strong corporate position of the Group at Linus Debt Invest DACH I GmbH & Co. KG and the Special AIFs, the Group assumes it acts as principal within the meaning of IFRS 10 and has therefore fully consolidated Linus Debt Invest DACH I GmbH & Co. KG and the Special AIFs.

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Non-Consolidation of entities in which the Group holds a majority of voting rights

The Group holds a (simple) majority in voting rights in Linus RLP 23 GmbH & Co. KG. However, Linus RLP 23 GmbH & Co. KG is not consolidated because the limited partnership agreement provides for a 75% majority of the votes in all major relevant decisions to be taken on the level of Linus RLP 23 GmbH & Co. KG. Linus RLP 23 GmbH & Co. KG is not a Special AIF and not managed by an Alternative Investment Funds Manager.

The Group holds a majority in voting rights in StrideUp Diversified InvestCo. Ltd., UK. However, StrideUp Diversified InvestCo. Ltd., UK is not consolidated because the Group does not have control over the entity. StrideUp Diversified InvestCo. Ltd., UK is a Special AIF managed by an Alternative Investment Funds Manager that is not controlled by the Group. The Alternative Investment Funds Manager has a strong contractual position and takes all relevant decisions at StrideUp Diversified InvestCo. Ltd. The Alternative Investment Funds Manager therefore acts as principal within the meaning of IFRS 10.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are described below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial assets

When the fair values of financial assets (particularly long-term real estate private debt loans) recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using the discounted cash flow (DCF) method. The input to this model is taken from observable markets where possible (e.g., historical volatility of real estate prices in the relevant real estate markets). If these are not available, a degree of judgment by management is required in establishing fair values. The estimates relate to the input parameters applied.

The interest rate applied for the DCF method to measure real estate private debt loans is highly dependent on the default risk of the respective loan. Significant input parameters for measuring the default risk are estimates of the market values of the mortgaged property, estimates relating to the amount of construction costs for the mortgaged property in case of project development, the quality of the project developer, the situation and the asset class of mortgaged property, the legal framework at the location of the mortgaged property as well as the recovery rates for further collaterals provided (e.g., guarantees).

Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 22.4 for further disclosures.

5. NEW ACCOUNTING PRONOUNCEMENTS

The following new and amended standards and interpretations, the application of which was not yet mandatory in the reported period or which were not yet adopted by the EU will not be early adopted. The Group intends to adopt these standards when they become mandatory in the EU. No significant consequences are expected for the consolidated financial statements.

<i>Standard/Interpretation</i>	Mandatory application for fiscal years beginning on	Adopted by the EU	Effects at Linus
Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4, IFRS 16 <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021	yes	no
Amendment to IFRS 4 <i>Extension of the temporary exemption from the application of IFRS 9</i>	1 January 2021	yes	no

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Amendment to IFRS 1 Subsidiary as a first-time adopter	1 January 2022	no	no
Amendments to IFRS 3 <i>Framework</i>	1 January 2022	no	no
Amendment to IAS 37 <i>Onerous contracts</i>	1 January 2022	no	no
Amendments to IAS 16 <i>Proceeds before intended use</i>	1 January 2022	no	no
Amendments to IFRS 9 <i>Fees in the '10 per cent' test for derecognition of financial liabilities</i>	1 January 2022	no	no
IFRS 17 <i>Insurance Contracts</i>	1 January 2023	no	no
Amendment to IAS 1 <i>Classification of liabilities</i>	1 January 2023	no	no
Amendment to IAS 41 <i>Taxation in fair value measurements</i>	1 January 2022	no	no
Amendment to IAS 1 / IFRS Practice Statement 2 <i>Disclosure of accounting policies</i>	1 January 2023	no	no
Amendment to IAS 8 <i>Accounting policies, Changes in accounting Estimates and Errors</i>	1 January 2023	no	no

6. SEGMENT INFORMATION

For management purposes, since 2020, the Group is organized into business units based on its products and services and has two reportable segments, as follows:

- The business unit “Linus Corporate” sources borrowers and investors for the investment of funds in special AIFs, takes over the administration of the special AIFs and performs central corporate functions (e.g. accounting, legal, compliance, IT, marketing, HR). Linus Corporate also holds loans in the UK (not subject to syndication) and makes equity investments in companies.
- The business unit “Linus Funds” originates and manages real estate private debt loans.

No operating segments have been aggregated to form the above reportable operating segments.

The operating results of the business units are monitored in each case by the Management Board as the, the responsible corporate body, in order to make decisions on the allocation of resources and to determine the earnings power of the units. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Group’s income taxes are managed at and relate to Linus Corporate and are therefore allocated to Linus Corporate.

Transfer prices between operating segments are on an arm’s-length basis in a manner similar to transactions with third parties.

Segments have been initially established in the Group in 2020. In accordance with IFRS 8, segment reporting is presented for 2020 and – retrospectively – for 2019.

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<u>Fiscal year ended 31 December 2020, EUR k</u>	<u>Linus Corporate</u>	<u>Linus Funds</u>	<u>Total segments</u>	<u>Adjustments and eliminations</u>	<u>Consolidated</u>
Revenues					
External customers	6,923	1,931	8,854	—	8,854
Inter-segment	919	—	919	-919	0
Total revenues	7,843	1,931	9,774	-919	8,854
Income / (expenses)					
Other operating income	49	0	49	-18	30
Finance income	56	9,820	9,876	—	9,876
Finance costs	-94	-9,358	-9,452	—	-9,452
Other finance income	—	833	833	—	833
Depreciation and amortization	-216	0	-216	—	-216
Employee benefits expense	-2,333	—	-2,333	—	-2,333
Share of profit of associates and joint ventures	1,965	374	2,340	-1,034	1,305
Income tax expense / income	-1,636	—	-1,636	-2	-1,639
Other operating expenses	-2,246	-2,631	-4,877	938	-3,939
Segment profit	3,387	969	4,356	-1,037	3,319
Total assets	14,057	125,750	139,807	-2,734	137,073
Total liabilities	8,368	123,785	132,153	-858	131,295

Other disclosures

Investment in associates and joint ventures	2,585	5,508	8,093	-1,601	6,493
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<u>Fiscal year ended 31 December 2019, EUR k</u>	<u>Linus Corporate</u>	<u>Linus Funds</u>	<u>Total segments</u>	<u>Adjustments and eliminations</u>	<u>Consolidated</u>
Revenues					
External customers	5,663	914	6,577	—	6,577
Inter-segment	148	—	148	-148	0
Total revenues	5,811	914	6,725	-148	6,577
Income / (expenses)					
Other operating income	16	—	16	—	16
Finance income	2	3,624	3,627	—	3,627
Finance costs	-64	-2,941	-3,005	—	-3,005
Other finance income	-400	—	-400	—	-400
Depreciation and amortization	-166	—	-166	—	-166
Employee benefits expense	-1,554	—	-1,554	—	-1,554
Share of profit of associates and joint ventures	787	279	1,065	-166	899

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Income tax expense / income	-1,086	—	-1,086	—	-1,086
Other operating expenses	-846	-1,552	-2,399	148	-2,251
Segment profit	2,499	324	2,823	-166	2,656
Total assets	5,881	63,086	68,967	-569	68,398
Total liabilities	3,185	62,469	65,654	-109	65,545

Other disclosures

Investment in associates and joint ventures	1,973	3,305	5,278	-460	4,818
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Adjustments and eliminations

Shares of profit of associates and joint ventures as well as deferred taxes are not allocated to individual segments as the underlying instruments are managed on a group basis.

Deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below:

Reconciliation of profit	notes	2020	2019
		EUR k	EUR k
Segment profit		4,356	2,823
Share of profit of associates and joint ventures	12	-1,034	-166
Deferred taxes		-2	—
Profit before tax and discontinued operations		3,319	2,656

Reconciliation of assets		2020	2019
		EUR k	EUR k
Segment operation assets		139,807	68,967
Investments in associates and joint ventures	8.3 / 8.4	-1,601	-460
Trade receivables	16	-657	-108
Current financial assets	21.1	-285	—
Other current non-financial assets		-179	-1
Non-current financial assets	22.1	-10	—
Deferred tax assets	14	-2	—
Total assets		137,073	68,398

Reconciliation of liabilities		2020	2019
		EUR k	EUR k
Segment operation liabilities		132,153	65,654
Trade liabilities	20	-619	-108
Other current non-financial liabilities		-239	-1

Linus Digital Finance AG (formerly: Linus GmbH)*Audited Notes to the Consolidated Financial Statements for fiscal years 2020, 2019 and 2018*

Total liabilities	131,295	65,545
	<hr/>	<hr/>
Geographic information	2020	2019
	EUR k	EUR k
	<hr/>	<hr/>
Revenues from external customers		
Germany	8,490	6,577
other Europe and rest of the world	364	–
Total	8,854	6,577
	<hr/>	<hr/>

The revenue information above is based on the locations of the customers.

7. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maximize its corporate value and minimize financial risks at the same time.

The start-up phase of the Group was organized by a loan financing by shareholders of the Group. Subsequently, the Group financed the majority of its activities by generating profit (organically) and also repaid the shareholder loan during this phase. Currently, Linus intends to retain all available resources and future profit from its operating activities, if available, to be able to provide additional capital for the organic growth of the Group.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In February 2021, the group parent company performed an increase to EUR 50k in its share capital. Further equity instruments have been issued at the parent company in March 2021. Further disclosures can be found in note 26 (subsequent events).

Special aspects related to granting of real estate private debt loans

For granting real estate private debt loans, the Group uses the Special AIFs that it manages. Investor's capital is raised in these Special AIFs and used for granting real estate private debt loans. Investors subscribe limited partnership interests at the subsidiary Linus Debt Invest DACH I GmbH & Co. KG and other Special AIFs managed by the Group. The capital raised in these Special AIFs is earmarked for granting real estate private debt loans and is not available to finance the operating business activities of the parent company or for other operating Group entities. Limited partnership interests in Special AIFs held by investors are non-controlling interests in subsidiaries and are reported as current or non-current financial liabilities in the consolidated financial statements. The contribution to subscribed limited partnership interests in Special AIFs by investors therefore increases the Group's gearing ratio. As of 31 December 2020, the capital subscribed by investors in Special AIFs was not fully called. Further calling in of the subscribed capital is expected to further increase the gearing ratio of the Group in the future.

Cash and cash equivalents and future gains generated in Special AIFs managed by the Group are transferred to the investors of the Special AIFs in accordance with the regulations of the articles of incorporation and bylaws. As a result, liquidity generated by the repayment of real estate private debt loans largely flows from the Group to the investors of Special AIFs, thus reducing the Group's gearing ratio again.

Capital management in the Special AIFs is subject to the regulatory requirements of the German Investment Code, in particular the regulations on risk and liquidity management made therein.

Therefore, the Group's capital structure is primarily managed and adjusted by issuing further limited partnership interests in Special AIFs managed by the Group.

The Group monitors capital using a gearing ratio which is calculated as net debt divided by total capital plus net debt. The Group includes within net debt any interest-bearing loans and borrowings, trade and other payables, less cash.

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EUR k	31 December 2020	31 December 2019	31 December 2018
Non-current financial liabilities	96,368.59	60,738.08	—
Interest-bearing loans and borrowings	—	953.67	561.08
Trade payables	513.96	433.92	168.07
net of cash and cash equivalents	-4,135.32	-3,232.12	-154.01
Net debt	92,747.23	58,893.55	575.14
Equity	5,777.69	2,853.11	191.04
Equity and net debt	98,524.92	61,746.66	766.18
Gearing ratio	94.14%	95.38%	75.07%

It is the objective of the Group to further grant loans and refinance by incurring financial liabilities. As a consequence, management intends to further increase the gearing ratio.

The objectives, policies and procedures of capital management remained unchanged in 2020, 2019 and 2018.

8. SIGNIFICANT GROUP ENTITIES**8.1. Subsidiaries**

Name of subsidiary	Country	Principal activities	consolidated since	equity interest (%)		
				2020	2019	2018
Linus Management 1 GmbH	Germany	General Partner	1 January 2018	100%	100%	100%
Linus Capital Management GmbH	Germany	General Partner	10 October 2018	100%	100%	100%
Linus Debt Invest DACH I GmbH & Co. KG	Germany	Holding loans	4 January 2019	3%	1.01%	0%
Linus Finance Brokerage GmbH (formerly: Linus Feondor Management GmbH)	Germany	Holding	6 July 2018	100%	50%	50%
Linus RE Equity Invest GmbH	Germany	Holding	1 January 2019	100%	100%	0%
Linus CSR GmbH & Co. KG*)	Germany	Holding loans	3 April 2019	100%	100%	0%
Linus FRS 46 GmbH & Co. KG*)	Germany	Holding loans	1 January 2019	—	76.1%	0%
Linus Debt R6 GmbH & Co. KG*)	Germany	Holding loans	24 June 2019	100%	100%	0%
Linus GBW 6 GmbH & Co. KG*)	Germany	Holding loans	24 June 2019	92%	100%	0%
Linus PRI GmbH & Co. KG*)	Germany	Holding loans	24 June 2019	50.49%	100%	0%
Linus EMS 39 GmbH & Co. KG*)	Germany	Holding loans	13 February 2019	75%	75%	0%
Linus RLP 23 GmbH & Co. KG*)	Germany	Holding loans	13 February 2019	—	70.9%	0%
Fides LWS 13 GmbH & Co. KG*)	Germany	Holding loans	29 May 2020	92.73%	0%	0%
Fides BLT 48 GmbH & Co. KG*)	Germany	Holding loans	29 May 2020	55.17%	0%	0%
Fides MBT GmbH & Co. KG*)	Germany	Holding loans	17 June 2020	38.89%	0%	0%
Fides SPK GmbH & Co. KG*)	Germany	Holding loans	17 June 2020	40.38%	0%	0%
Linus Treuhand GmbH & Co. KG	Germany	Holding trust assets	1 January 2020	100%	0%	0%
Fides RLS 2 GmbH & Co. KG*)	Germany	Holding loans	1 December 2020	100%	0%	0%
Linus UK Facility Ltd.	Great Britain	Holding loans	30 November 2020	100%	0%	0%

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Name of subsidiary	Country	Principal activities	consolidated since	equity interest (%)		
				2020	2019	2018
Linus Capital Ltd.	Great Britain	Operating Entity in Great Britain: Originating loans & Administration	23 January 2020	85.5%	0%	0%

*) The entity is a direct subsidiary of Linus Debt Invest DACH I GmbH & Co. KG. The equity interest shown here refers to the capital interest of Linus Debt Invest DACH I GmbH & Co. KG in the subsidiary.

The percentage of voting rights in the subsidiaries corresponds to the capital interests presented in the table. Equity interests are calculated at the Group level and include all shares held by non-controlling interests at lower levels of the multi-level Group structure.

The management included entities in the full consolidation in which Linus holds 75% or less voting rights, provided Linus is exposed to variable returns from its involvement with the entity due to specific regulations in the articles of incorporation and bylaws or has rights and the ability to affect those returns through its control over the entity. Based on to these standards, Linus Debt Invest DACH I GmbH & Co. KG, Fides BLT 48 GmbH & Co. KG, Fides MBT GmbH & Co. KG, Fides SPK GmbH & Co. KG were also fully consolidated in 2019 and 2020.

In 2019, the Group reduced its equity interests in the entities Linus FRS 46 GmbH & Co. KG, Linus EMS 39 GmbH & Co. KG and Linus RLP 23 GmbH & Co. KG by selling its limited partnership interests in these entities to co-investors at nominal value (see note 1.3.4 for information on the co-investor model). In fiscal year 2020, the Group initially founded the entities Fides LWS 13 GmbH & Co. KG, Fides BLT 48 GmbH & Co. KG, Fides MBT GmbH & Co. KG and Fides SPK GmbH & Co. KG as the sole shareholder (equity interest 100%). These entities are closed-end Special AIFs according to KAGB (non-listed) and managed by Linus Capital Management GmbH as Alternative Investment Fund Manager. Subsequently to founding those entities, the Group reduced its equity interests in Fides LWS 13 GmbH & Co. KG, Fides BLT 48 GmbH & Co. KG, Fides MBT GmbH & Co. KG and Fides SPK GmbH & Co. KG by selling its limited partnership interests in these entities to co-investors at nominal value. The Group recorded a liquidity inflow of EUR 4,450k (2019) and EUR 14,071k (2020) from the sale of limited partnership interests in the entities listed above. These sales did not have any effect on income for the Group. These sales were not associated with a change in the equity attributable to equity holders of the parent, because the contributions paid by the co-investors to acquire the limited partnership interests are reported under non-current financial liabilities in the consolidated financial statements.

In fiscal year 2019, the Group initially founded the entities Linus SWK 33 GmbH & Co. KG and Linus EHS 14 GmbH & Co. KG as the sole shareholder (equity interest 100%). Subsequently, limited partnership interests in both these entities were sold to co-investors in 2019. As a result, the Group lost control over these two entities in 2019. In 2020, further equity interests in Linus FRS 46 GmbH & Co. KG were sold whereby the Group loss control over this entity in 2020. The loss of control in 2019 was not associated with a gain or loss, as the shares in Linus SWK 33 GmbH & Co. KG and Linus EHS 14 GmbH & Co. KG were sold at nominal value when business operations commenced.

8.2. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Equity interest held by non-controlling interests:

Name of subsidiary	Country of incorporation	Function	consolidated since	Ownership interest (%)	
				2020	2019
Linus Debt Invest DACH I GmbH & Co. KG	Germany	Holding loans	4 January 2019		
Linus EMS 39 GmbH & Co. KG	Germany	Holding loans	13 February 2019	97.0%	99.0%
Linus RLP 23 GmbH & Co. KG	Germany	Holding loans	13 February 2019	25.0%	25.0%
Linus PRI GmbH & Co. KG	Germany	Holding loans	24 June 2019	—	29.1%
Fides BLT 48 GmbH & Co. KG	Germany	Holding loans	29 May 2020	49.5%	—
Fides MBT GmbH & Co. KG	Germany	Holding loans	17 June 2020	44.8%	—
Fides SPK GmbH & Co. KG	Germany	Holding loans	17 June 2020	61.1%	—

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Name of subsidiary	Country of incorporation	Function	consolidated since	Ownership interest (%)	
				2020	2019
				2020	2019
Accumulated balances of material non-controlling interests*				EUR k	EUR k
Linus Debt Invest DACH I GmbH & Co. KG				101,984	56,082
Linus EMS 39 GmbH & Co. KG				2,082	2,104
Linus RLP 23 GmbH & Co. KG***)				—	1,697
Linus PRI GmbH & Co. KG				2,582	—
Fides BLT 48 GmbH & Co. KG				1,188	—
Fides MBT GmbH & Co. KG				5,888	—
Fides SPK GmbH & Co. KG				6,345	—
				2020	2019
Profit allocated to material non-controlling interests**				EUR k	EUR k
Linus Debt Invest DACH I GmbH & Co. KG				8,654	2,735
Linus EMS 39 GmbH & Co. KG				105	104
Linus RLP 23 GmbH & Co. KG***)				—	97
Linus PRI GmbH & Co. KG				82	—
Fides BLT 48 GmbH & Co. KG				36	—
Fides MBT GmbH & Co. KG				378	—
Fides SPK GmbH & Co. KG				139	—

* Non-controlling interests are reported under “non-current financial liabilities” in the consolidated statement of financial position.

** Profit allocated to material non-controlling interests is reported under finance costs in the consolidated statement of comprehensive income.

*** Linus RLP 23 GmbH & Co. KG considered as having material non-controlling interests only in 2019.

The summarized financial information of these subsidiaries is provided below.

Summarized consolidated statement of comprehensive income for 2020, in EUR k	Linus Debt Invest					
	DACH I GmbH & Co. KG	Linus EMS 39 GmbH & Co. KG	Linus PRI GmbH & Co. KG	Fides BLT 48 GmbH & Co. KG	Fides MBT GmbH & Co. KG	Fides SPK GmbH & Co. KG
Revenues	1,842	2	—	—	—	—
Finance income	10,567	584	312	98	676	309
Administrative costs	-2,397	-11	-10	-9	-9	-9
Profit before taxes	10,012	575	302	89	667	300
Income taxes	—	—	—	—	—	—
Profit for the year (continuing operations)	10,012	575	302	89	667	300
Other comprehensive income/(loss) for the year, net of tax	—	—	—	—	—	—
Total comprehensive income for the year (continuing operations)	10,012	575	302	89	667	300
thereof attributable to non-controlling interests	8,654	105	82	36	378	139
Dividends paid to non-controlling interests*	4,906	127	—	—	1	—

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* Dividends paid to non-controlling interests are reported under the item “Cash paid from non-controlling interests classified as financial liabilities” in the consolidated statement of cash flows.

Summarized consolidated statement of comprehensive income for 2019, in EUR k	Linus Debt Invest DACH I GmbH & Co. KG	Linus EMS 39 GmbH & Co. KG	Linus RLP 23 GmbH & Co. KG
Revenues	914	–	–
Finance income	3,649	550	420
Administrative costs	-1,491	-7	-7
Profit before taxes	3,072	543	413
Income taxes	–	–	–
Profit for the year (continuing operations)	3,072	543	413
Other comprehensive income/(loss) for the year, net of tax	–	–	–
Total comprehensive income for the year (continuing operations)	3,072	543	413
thereof attributable to non-controlling interests	2,734	104	97
Dividends paid to non-controlling interests*	1,319	–	–

* Dividends paid to non-controlling interests are reported under the item “Cash paid from non-controlling interests classified as financial liabilities” in the consolidated statement of cash flows.

Statement of financial position as of 31 December 2020, in EUR k	Linus Debt Invest DACH I GmbH & Co. KG	Linus EMS 39 GmbH & Co. KG	Linus PRI GmbH & Co. KG	Fides BLT 48 GmbH & Co. KG	Fides MBT GmbH & Co. KG	Fides SPK GmbH & Co. KG
Non-current assets	89,182	7,852	–	–	–	–
Current assets	17,439	618	5,612	2,778	10,229	10,718
Non-current liabilities	–	-6	–	–	–	–
Current liabilities	-2,325	-17	-266	-112	-543	-7
Total equity	104,297	8,446	5,346	2,665	9,686	10,712
thereof attributable to:						
Equity holders of parent	2,312	6,364	2,764	1,478	3,797	4,366
Non-controlling interests*	101,984	2,082	2,582	1,188	5,888	6,345

* Non-controlling interests are reported under “non-current financial liabilities” in the consolidated statement of financial position.

Statement of financial position as of 31 December 2019, in EUR k	Linus Debt Invest DACH I GmbH & Co. KG	Linus EMS 39 GmbH & Co. KG	Linus RLP 23 GmbH & Co. KG
Non-current assets	54,787	8,000	5,500
Current assets	3,538	649	513
Non-current liabilities	–	–	–
Current liabilities	-1,667	-106	100
Total equity	56,658	8,543	5,913
thereof attributable to:			
Equity holders of parent	631	6,439	4,216
Non-controlling interests*	56,082	2,104	1,697

* Non-controlling interests are reported under “non-current financial liabilities” in the consolidated statement of financial position.

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Summarized cash flow information for fiscal year ended 31 December 2020, in EUR k	Linus Debt					
	Invest DACH I GmbH & Co. KG	Linus EMS 39 GmbH & Co. KG	Linus PRI GmbH & Co. KG	Fides BLT 48 GmbH & Co. KG	Fides MBT GmbH & Co. KG	Fides SPK GmbH & Co. KG
Operating activities	-52,350	-183	-5,067	-2,566	-8,965	-10,401
Investing activities	3,550	–	–	–	–	–
Financing activities	47,384	184	5,068	2,575	9,017	10,410
Net increase in cash and cash equivalents	-1,416	1	1	9	52	9

Summarized cash flow information for fiscal year ended 31 December 2019, in EUR k	Linus Debt Invest			Linus EMS 39		Linus RLP 23	
	DACH I GmbH & Co. KG	GmbH & Co. KG	GmbH & Co. KG	GmbH & Co. KG	GmbH & Co. KG	GmbH & Co. KG	GmbH & Co. KG
Operating activities		-37,621		-7,997		-5,497	
Investing activities		-13,960		–		–	
Financing activities		53,648		8,000		5,500	
Net increase in cash and cash equivalents		2,067		3		3	

8.3. Investments in associates

The Group's interest in associates is accounted in the consolidated financial statements for using the equity method.

The following entities were included in the consolidated financial statements as associates:

Name of the subsidiary	Country of incorporation	Function	consolidated since	Ownership interest (%)			Carrying amount (EUR k)		
				2020	2019	2018	2020	2019	2018
Linus SWK 33 GmbH & Co. KG, Berlin*)	Germany	Holding loans	3 April 2019	27.1%	29.1%	–	2,033	1,608	–
Linus EHS 14 GmbH & Co. KG, Berlin*)	Germany	Holding loans	18 February 2019	34.7%	43.1%	–	770	1,697	–
Schmidstraße 6 Entwicklungs GmbH (formerly: PRIMUS Schmidstraße 6 GmbH or Schmidstraße 6 GmbH), Berlin	Germany	Real estate development	9 August 2019	–	20.0%	–	–	1,452	–
Pamera Linus Management GmbH, Berlin	Germany	Investment holding	26 April 2018	–	50.0%	–	–	13	13
GAS 89 GmbH	Germany	Real estate development	1 January 2018	–	–	6.0%	–	–	126
Linus FRS 46 GmbH & Co. KG, Berlin*)	Germany	Holding loans	1 January 2019	25.4%	–	–	780	–	–
Linus RLP 23 GmbH & Co. KG, Berlin*)	Germany	Holding loans	13 February 2019	70.9%	–	–	1,924	–	–
StrideUp Diversified InvestCo Ltd.	United Kingdom	Holding real estate	30 November 2020	85.3%	–	–	938	–	–

*) The entity is a direct subsidiary of Linus Debt Invest DACH I GmbH & Co. KG. The equity interest shown here refers to the capital interest of Linus Debt Invest DACH I GmbH & Co. KG in the subsidiary.

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Linus SWK 33 GmbH & Co. KG, Linus EHS 14 GmbH & Co. KG, Linus FRS 46 GmbH & Co. KG and Linus RLP 23 GmbH & Co. KG are closed-end Special AIFs (non-listed), whose business is holding of real estate private debt loans. For associates' risks related to holding of loans, please refer to the explanations in note 22.5 (risk management of financial instruments). Other interests in these entities are held by co-investors (see note 1.3.4 for co-investor model). The Group's interests in Linus SWK 33 GmbH & Co. KG and Linus EHS 14 GmbH & Co. KG are accounted for in the consolidated financial statements using the equity method. The following table contains the summarized financial information on the Group's interests in Linus SWK 33 GmbH & Co. KG and Linus EHS 14 GmbH & Co. KG:

<i>EUR k</i>	Linus SWK 33 GmbH & Co. KG		Linus EHS 14 GmbH & Co. KG		Linus FRS 46 GmbH & Co. KG	Linus RLP 23 GmbH & Co. KG
	2020	2019	2020	2019	2020	2020
Current assets	796	251	593	219	561	263
Non-current assets	5,480	5,075	2,949	3,600	3,233	2,724
Current liabilities	-260	-95	-239	-13	-208	-18
Non-current liabilities	-10	—	—	—	—	—
Equity	6,006	5,231	3,303	3,806	3,586	2,969
Group's share in equity *)	2,033	1,608	770	1,697	780	1,924
Goodwill	—	—	—	—	—	—
Group's carrying amount of the investment	2,033	1,608	770	1,697	780	1,924
Finance income	942	163	-285	218	44	487
Administrative costs	-12	-8	-12	-11	-9	-8
Profit before taxes	930	155	-297	207	35	479
Income taxes	—	—	—	—	—	—
Profit for the year (continuing operations)	930	155	-297	207	35	479
Other comprehensive income/(loss) for the year, net of tax	—	—	—	—	—	—
Total comprehensive income for the year (continuing operations)	930	155	-297	207	35	479
Group's share of profit for the year	657	133	-480	147	-162	356

*) There are specific profit distribution agreements due to the partnership agreement for Linus SWK 33 GmbH & Co. KG, Linus EHS 14 GmbH & Co. KG, Linus FRS 46 GmbH & Co. KG und Linus RLP 23 GmbH & Co. KG, which grant the Linus Group preference for certain finance income of Linus SWK 33 GmbH & Co. KG, Linus EHS 14 GmbH & Co. KG, Linus FRS 46 GmbH & Co. KG und Linus RLP 23 GmbH & Co. KG. Therefore, equity attributable to the Group cannot be calculated by multiplying the existing equity with the interest ratio in equity. The value given here corresponds to the equity allocable to the Group in accordance with the respective partnership agreement.

Pamera Linus Management GmbH and Schmidstraße 6 Entwicklungs GmbH

Pamera Linus Management GmbH acted as an investment holding. The Group has an equity investment of 50% in this entity and can exercise significant influence on this entity. However, common control is not exercised due to the specific regulations for management authority. The subsidiary was sold in 2020.

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Schmidstraße 6 Entwicklungs GmbH is a real estate development company, which is developing a property in Berlin. On 9 August 2019 the Group made an investment of 20% in the company, gained significant influence through the investment and disposed of it entirely on 16 November 2020. Please refer to note 12 for information on the gain or loss on disposal.

Further disclosures and summarized financial information have not been provided for these entities due to immateriality.

GAS 89 GmbH

The Group acquired 6.0% share in capital of GAS 89 GmbH in December 2017. Initially, the Group did not exercise significant influence on GAS 89 GmbH. The Group obtained significant influence on GAS 89 GmbH in February 2019 due to the first-time appointment of Mr. Neuhoff as general manager of GAS 89 GmbH. However, as the Group has already sold its whole interest as of 30 June 2019 and Mr. Neuhoff has already been removed as general manager, a summarized financial information for the associate GAS 89 GmbH has not been presented due to immateriality.

None of the associates had any contingent liabilities or capital commitments as of 31 December 2020, 2019 and 2018.

8.4. Interests in joint ventures

The following entities were included in the consolidated financial statements due to joint control:

Name of the joint venture	Country of incorporation	Function	included since	Ownership interest (%)		
				2020	2019	2018
Linus Debt Invest 1 GmbH & Co. KG	Germany	Holding loans	1 January 2018	0%	0%	0%
Linus Debt Invest 3 GmbH & Co. KG	Germany	Holding loans	1 January 2018	0%	0%	0%

The Group acts as managing limited partner for both joint ventures and represents the joint venture as its general partner via Linus Management 1 GmbH. For these entities the Group is generally excluded from profit distribution, however, it receives a promote fee in case there is success. According to the articles of incorporation and bylaws, unanimous agreements have been concluded with other shareholders for all shareholder resolutions on material respects of the respective entity, so that the entities are managed jointly and thus qualify as joint ventures.

The business of both joint ventures is holding of real estate private debt loans. For joint ventures' risks related to holding of loans, please refer to the explanations in note 22.5 (risk management of financial instruments).

The Group's interest in Linus Debt Invest 1 GmbH & Co. KG and Linus Debt Invest 3 GmbH & Co. KG is accounted for using the equity method in the consolidated financial statements.

The following table contains the summarized financial information on the Group's interest in Linus Debt invest 1 GmbH & Co. KG and Linus Debt Invest 3 GmbH & Co. KG:

EUR k	Linus Debt Invest 1 GmbH & Co. KG		Linus Debt Invest 3 GmbH & Co. KG	
	2020	2019	2020	2019
Current assets	520	930	1	144
Cash and cash equivalents	1,015	40	5	27
Non-current assets	5,376	9,245	15	2,415
Current liabilities	-5,557	-6,526	-14	-9
Non-current liabilities	—	—	—	-2,251
Equity	1,354	3,690	7	326

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EUR k	Linus Debt Invest 1 GmbH & Co. KG		Linus Debt Invest 3 GmbH & Co. KG	
	2020	2019	2020	2019
Group's share in equity: 0% (2019: 0%)	–	–	–	–
Goodwill	48	48	–	–
Group's carrying amount of the investment	48	48	–	–
Finance income	1,475	1536	356	–
Finance costs	-578	-743	-111	-215
Administrative costs	-767	-96	-213	-24
Profit before taxes	130	697	32	-239
Income taxes	–	–	–	–
Profit for the year (continuing operations)	130	697	32	-239
Other comprehensive income/(loss) for the year, net of tax	–	–	–	–
Total comprehensive income for the year (continuing operations)	130	697	32	-239
Group's share of profit for the year	693	–	159	–

The two joint ventures had no contingent liabilities or capital commitments as of 31 December 2020, 2019 and 2018. The two joint ventures cannot distribute their profits without the consent of both venture partners.

9. REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers (IFRS 15) for the period break down as follows:

EUR k	2020	2019	2018
Type of revenues			
Rendering of services	8,854.10	6,577.12	1,400.20
<i>Finance brokerage fees</i>	6,101.11	4,712.15	681.39
<i>Break-Fees, Break-up-Fees, Exit Fees, Handling Fee</i>	1,738.60	–	–
<i>Cross-charging of costs</i>	912.18	941.55	25.00
<i>Asset management fees</i>	40.55	71.43	103.48
<i>Structuring fees</i>	–	750.00	573.91
<i>Other</i>	61.66	101.99	16.42
Revenues (IFRS 15)	8,854.10	6,577.12	1,400.20
Geographical markets			
Germany	8,489.94	6,577.12	1,400.20
other Europe and rest of the world	364.16	–	–
Revenues (IFRS 15)	8,854.10	6,577.12	1,400.20
Time of the transfer of goods or services			
at a point in time	8,758.17	6,412.94	1,296.72

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over time	95.93	164.18	103.48
Revenues (IFRS 15)	8,854.10	6,577.12	1,400.20

Revenues from the rendering of services primarily results from brokerage, structuring and advisory services, from Break-, Break-up-, Exit- and Handling-Fees, from asset management fees as well as the cross-charging of costs.

Revenues recognized at a point in time in 2020 is primarily related to finance brokerage fees (EUR 6,101.11k), Break-Fees (EUR 1,000.00k), cross-charging of costs (EUR 912.18k) and Exit-Fees (EUR 642.13k). Mainly advisory services and asset management fees were recognized over time.

In 2020, revenues of EUR 3,850k (thereof: finance brokerage fees of EUR 3,208k and Exit-Fee of EUR 642k) were generated with two single customers, which is – relating to each of the two customers – more than 10% of the Group's total revenues for 2020.

Revenues recognized at a point in time in 2019 is primarily related to finance brokerage fees (EUR 4,712.15k), structuring fees (EUR 750.00k) and cross-charging of costs (EUR 941.55k). Mainly advisory services and asset management fees were recognized over time.

In 2019, revenues of EUR 1,500k (thereof: finance brokerage fees of EUR 1,250k and cross-charging of costs of EUR 250k) were generated with a single customer, which is more than 10% of the Group's total revenues for 2019.

10. EMPLOYEE BENEFITS EXPENSES

The expenses for employee benefits breaks down as follows:

<i>EUR k</i>	2020	2019	2018
Salaries, bonuses and other short-term benefits	1,979.49	1,356.77	456.45
Social security	294.86	191.22	81.93
Share-based payment expenses	59.14	5.59	—
Employee benefits expenses	2,333.49	1,553.58	538.38

Social security costs contain contributions to statutory pension insurance of EUR 120k in fiscal year 2020, EUR 71k in fiscal year 2019 and EUR 35k in fiscal year 2018.

11. OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

<i>EUR k</i>	2020	2019	2018
Legal and consulting fees	2,056.34	1,414.05	190.20
Marketing and hospitality costs	400.11	90.94	8.69
Provision for bad debt	287.54	0.00	0.00
Other taxes	121.18	0.00	0.00
Bookkeeping, financial statements and audit fees	195.30	125.14	16.05
Losses on receivables	178.69	121.70	27.78
License fees	75.21	47.54	3.92
Purchased services	74.55	155.66	47.23

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Rental expenses	55.26	41.29	28.60
Travel expenses	48.78	48.10	31.50
Other costs, contributions and insurance costs	45.35	21.08	2.33
Training costs and technical literature	33.16	13.31	5.89
Incidental cost of monetary transactions	31.55	4.32	1.57
Office and infrastructure costs	26.69	44.16	12.96
Disposals of financial assets	20.33	0.00	0.00
IT expenses	1.39	0.75	7.21
Grants and donations	–	20.00	–
Other	287.74	102.53	49.20
Other operating expenses	3,939.16	2,250.57	433.13

Legal and consulting fees mainly relate to legal advisory in connection with the granting of real estate private debt loans (2020: EUR 1,070k; 2019: EUR 1,040k; 2018: EUR 161k), costs for technical due diligence in connection with the granting of real estate private debt loans (2020: EUR 12k; 2019: EUR 101k; 2018: EUR 0k) and costs for funds structuring (2020: EUR 0k; 2019: EUR 161k; 2018: EUR 0k). Almost all of the legal and consulting fees have been cross-charged to the borrowers.

Purchased services primarily contain expenses for the service contract with Arvantis Group GmbH (2020: EUR 10k; 2019: EUR 152.74k; 2018: EUR 44.80k) and for digital marketing (2020: EUR 33k; 2019: 0k; 2018: 0k). Please refer to note 23 for related parties.

Other taxes consist only of VAT billed by other entities, which was reported as non-deductible input tax at the parent company.

12. SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES

Share of profit of associates and joint ventures included the following items:

<i>EUR k</i>	2020	2019	2018
Profit share Linus Debt Invest 1 GmbH & Co. KG (Promote Fee)	693.18	–	–
Profit share Linus SWK 33 GmbH & Co. KG	657.34	132.94	–
Profit share Linus RLP 23 GmbH & Co. KG	356.08	–	–
Profit share Linus EHS 14 GmbH & Co. KG	-479.54	146.78	–
Profit share Linus Debt Invest 3 GmbH & Co. KG (Promote Fee)	158.75	–	–
Profit share/impairment Schmidstraße 6 Entwicklungs GmbH	79.14	-79.14	–
Profit share Linus FRS 46 GmbH & Co. KG	-161.72	–	–
Income from the disposal of GAS 89 GmbH	–	699.20	–
Other	1.98	-0.99	–
Share of profit of associates and joint ventures	1,305.22	898.79	–

13. FINANCE RESULT

Overview

The finance result of the fiscal year breaks down as follows:

<i>EUR k</i>	2020	2019	2018
Interest and similar expenses (from financial liabilities not recognized at fair value through profit or loss)	-93.88	-43.31	-9.63
Interest and similar expenses (from financial liabilities recognized at fair value through profit or loss)	-9,358.43	-2,962.01	—
Total finance costs	-9,452.31	-3,005.32	-9.63
Interest and similar income (from financial assets not recognized at fair value through profit or loss)	-52.70	2.33	0.89
Interest and similar income (from financial assets recognized at fair value through profit or loss)	9,928.42	3,624.20	—
Total finance income	9,875.72	3,626.53	0.89
Other finance income	833.17	-400.00	—
Finance result	1,256.57	221.21	-8.74

Finance costs

In 2020, finance costs contain EUR 9,358.43k of profit share of minority interests in the entities Linus Debt Invest DACH I GmbH & Co. KG, Linus EMS 39 GmbH & Co. KG, Linus PRI GmbH & Co. KG, Linus GBW 6 GmbH & Co. KG, Fides MBT GmbH & Co. KG, Fides SPK GmbH & Co. KG and Fides BLT 48 GmbH & Co. KG.

In 2019, finance costs contain EUR 2,962.01k of profit share of minority interests in the entities Linus Debt Invest DACH I GmbH & Co. KG, Linus FRS 46 GmbH & Co. KG, Linus EMS 39 GmbH & Co. KG and Linus RLP 23 GmbH & Co. KG.

Finance income

Finance income contains EUR 9,928.42k in 2020, EUR 3,624.20k in 2019 and 0k in 2018 of Group's income from the granting of real estate private debt loans.

Other finance income

<i>EUR k</i>	2020	2019	2018
Write-off of a loan carried at amortized cost	—	-400.00	—
Fair value adjustments of non-current financial assets (real estate private debt loans)	78.54	—	—
Fair value adjustments of current financial assets (real estate private debt loans)	754.62	—	—
Total other finance income	833.16	-400.00	—
Thereof attributable to non-controlling interests*	824.95	—	—

* capital contributions by non-controlling interests in Linus Debt Invest DACH I GmbH & Co. KG and other Special-AIFs are presented as financial liabilities. Consequently, income attributable to such non-controlling interests is presented as finance costs. The amounts shown in this line refer to the portion of the "total other income" that is attributable to non-controlling interests and is presented as finance costs. For further details, see notes 1.3.5 and 3.17.2.

Other finance income in 2019 results from the write-off of a loan carried at amortized cost. Further proceeds from this loan are not to be expected.

14. INCOME TAXES

Income taxes contained in the net profit or loss for the period break down as follows:

<i>EUR k</i>	2020	2019	2018
<u>Current income tax:</u>			
Current income tax charge	1,636.28	1,085.93	77.11
thereof for the current year	1,636.28	1,085.93	77.11
<u>Deferred tax:</u>			
Relating to origination and reversal of temporary differences	2.41	—	—
Income tax expense for the fiscal year	1,638.69	1,085.93	77.11

According to the Group's assessment there are no matters with uncertain tax treatment.

Deferred taxes

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities in the consolidated statement of financial position and their tax bases.

Deferred tax relates to the following:

<i>EUR k</i>	Consolidated statement of financial position			Consolidated statement of profit or loss		
	31 December 2020	31 December 2019	31 December 2018	2020	2019	2018
Revaluation of financial assets at fair value through profit or loss	-75.33	—	—	-75.33	—	—
Revaluation of financial liabilities at fair value through profit or loss	71.34	—	—	71.34	—	—
Leases	1.58	0.00	0.00	1.58	0.00	0.00
Deferred tax expense for the fiscal year	-2.41	0.00	0.00	-2.41	0.00	0.00
Net deferred tax liabilities*	2.41	0.00	0.00			

*) reflected in the statement of financial position as "Deferred tax liabilities"

Unused tax losses

The Group has tax losses that arose in Germany of 136,641 in 2020, EUR 15,483 in 2019 and EUR 12,129 in 2018 and in the United Kingdom of EUR 330,978 in 2020, EUR 0 in 2019 and EUR 0 in 2018 that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for since their inception and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognize all unrecognized deferred tax assets from unused tax losses, the profit would increase by EUR 104k in 2020, EUR 1k in 2019 and EUR 4k in 2018.

Outside basis differences

There were no outside basis differences as of the reporting date as well as for prior years.

Linus Digital Finance AG (formerly: Linus GmbH)**Audited Notes to the Consolidated Financial Statements for fiscal years 2020, 2019 and 2018**Reconciliation

Reconciliation of tax expense and the accounting profit multiplied by Germany's domestic tax rate for 2020, 2019 and 2018:

<i>EUR k</i>	31 December 2020	31 December 2019	31 December 2018
Earnings before tax from continuing operations/profit before tax for the period	4,957.75	3,742.41	372.85
Expected income tax expense at Germany's statutory income tax rate of 30.18% (2019: 30.18%; 2018: 30.18%)	1,496.25	1,129.46	112.53
Utilization of previously unrecognized tax losses	-0.80	-2.35	-41.03
Non-use of tax losses	91.01	14.17	—
Tax-free gains on disposals of interests in incorporated companies	—	-142.87	—
Share of result of associates (incorporated companies and partnerships)	-23.89	75.60	—
Share-based payments	17.85	1.69	—
Non-deductible expenses for tax purposes			
Impairment of goodwill	—	—	0.91
Other non-deductible expenses	18.96	10.23	4.71
Effect of lower tax rates in the United Kingdom	39.31	—	—
At the effective income tax rate of 33%; 2019: 29%; 2018: 21%	1,638.69	1,085.93	77.11
Income tax expense reported in the profit and loss account	1,638.69	1,085.93	77.11

15. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The composition and development of assets of the Group as follows:

<i>EUR k</i>	Property, plant and equipment	Intangible assets	Total	
Acquisition and production cost	Furniture, fixtures and office equipment	Licenses with finite useful life	Goodwill	
1 January 2018	7	2	7	16
Additions	30	42	3	75
Disposals	—	-2	—	-2
31 December 2018	37	42	10	89
Additions	45	14	3	62
Disposals	—	—	—	—
31 December 2019	82	56	13	151
Additions	215	—	—	215
Disposals	—	—	—	—
31 December 2020	297	56	13	366

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<i>EUR k</i>	Property, plant and equipment	Intangible assets	Total	
Depreciation	Furniture, fixtures and office equipment	Licenses with finite useful life	Goodwill	
1 January 2018	2	1	–	3
Amortization, depreciation and impairment in the year	16	4	3	23
Disposals	–	-2	–	-2
31 December 2018	18	3	3	24
Amortization, depreciation and impairment in the year	29	19	–	48
Disposals	–	–	–	–
31 December 2019	47	22	3	72
Amortization, depreciation and impairment in the year	46	19	–	65
Disposals	–	–	–	–
31 December 2020	93	41	3	137
Net carrying amount				
31 December 2020	204	15	10	229
31 December 2019	35	34	10	79
31 December 2018	19	39	7	65

Property, plant and equipment related to the furniture, fixtures and office equipment of the Group. Intangible assets mainly relate to acquired software (with finite useful life). Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Furniture, fixtures and office equipment 3 to 13 years
- Licenses 3 to 5 years

16. TRADE RECEIVABLES

<i>EUR k</i>	31 December 2020	31 December 2019	31 December 2018
Receivables from third-party customers	2,854.02	2,460.84	426.99
Receivables from associates	795.40	130.48	–
Receivables from joint ventures	26.81	18.67	22.82
Receivables from other related parties	–	25.08	68.81
	3,649.44	2,635.08	518.62
Allowance for expected credit losses and allowance to account for interest free non-current receivables	-248.96	–	–

<i>EUR k</i>	31 December 2020	31 December 2019	31 December 2018
	3,400.48	2,635.08	518.62

No interest is charged on the trade receivables. In case of the finance brokerage commission that is referred to as out fees, the maturity is based on the time of repayment of the loan underlying the finance brokerage.

Other trade receivables generally have a maturity of 7 to 30 days.

There were no overdue receivables as of 31 December 2020, 2019 and 2018.

17. CASH AND CASH EQUIVALENTS/CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents mainly comprise bank balances.

Additional information on the statement of cash flows Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances. They are reported under the statement of financial position item “cash and cash equivalents”.

18. ISSUED CAPITAL, CAPITAL RESERVES AND RETAINED EARNINGS

18.1. Capital and capital increase 2020

The issued capital as of 31 December 2018 and 31 December 2019 amounted to EUR 25k. In 2020 a capital increase of EUR 2.58k was performed. Due to this, the issued capital as of 31 December 2020 amounted to EUR 27.58k and was fully paid in.

18.2. Purchase of Linus UK Facility Ltd. from Pelion Green Future GmbH

The capital reserves result from the purchase of Linus UK Facility Ltd. by the parent company. The group parent acquired all shares in and loan receivables from Linus UK Facility Limited, London from its shareholder Pelion Green Future GmbH in fiscal year 2020. The purchase price amounted to a total of EUR 4,121.76k whereas the net assets of Linus UK Facility Ltd. upon acquisition amounted to EUR 4,265.60k. In accordance with IAS 1.109, the difference of EUR 143.84k was recorded as a contribution to the capital reserves.

18.3. Buyback of issued share capital (treasury shares) in 2020

On 5 May 2020 and on 21 October 2020, the parent company acquired 376 and 510 treasury shares, respectively, at a nominal value of EUR 1 each for a total purchase price of EUR 599,764.84, resulting in a reduction of retained earnings at the parent company level of EUR 598,878.84.

18.4. Capital contributions of non-controlling interests in 2020

In 2020, the parent Company founded Linus Capital Ltd., UK. The managing directors of Linus Capital Ltd. have contributed 14.5 GBP (EUR 16.13) to the issued share capital of Linus Capital Ltd., representing non-controlling interests in the consolidated financial statements of the Linus Group. The net loss 2020 of Linus Capital Ltd. relates to non-controlling interests in the amount of EUR 47,991.95.

18.5. Sale of treasury shares to Picus Capital GmbH

On 17 December 2020, the parent Company and Picus Capital GmbH entered into a share purchase agreement pursuant to which Picus Capital GmbH acquired 886 treasury shares from the parent Company. Since the closing of the transaction (i.e. transfer of the shares and the payment of the purchase price) occurred on 21 January 2021, it was not recorded in the consolidated financial statements as of 31 December 2020.

19. PROVISIONS

EUR k	Provisions for preparing financial statements and audit fees	Total
1 January 2018	13	13
Added	21	21
Utilized	-13	-13
Reversed	–	–
31 December 2018	21	21
Added	122	122
Utilized	-21	-21
Reversed	–	–
31 December 2019	122	122
Added	152	152
Utilized	-59	-59
Reversed	-6	-6
31 December 2020	210	210

Provisions relate solely to the costs of preparing the unconsolidated and consolidated financial statements of the Group. All provisions as of each of the reporting date can be considered as short-term provisions. It is expected that these costs will be incurred in the respective subsequent period.

20. LIABILITIES

EUR k	31 December 2020	31 December 2019	31 December 2018
Trade payables	513.96	433.92	168.07
Interest-bearing loans and borrowings	–	953.67	561.08
Other current non-financial liabilities	1,884.99	1,706.69	65.21
	2,398.95	3,094.28	794.36

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on less than 30-day terms.
- Interest-bearing loans and borrowings in 2018 related to short-term shareholder loan liabilities, carrying an average interest rate in 2018 of 1.94% p.a. and were repaid in full along with accrued interest in 2019. As of 31 December 2019, a loan liability to an associate of EUR 953.67k was accounted for, which carries an interest rate of 7.00% p.a. As of 31 December 2018, there was no such loan liability. The loan had a term until 27 August 2020 and was repaid in full at that time along with accrued interest.
- Other current non-financial liabilities are non-interest bearing and are due within 30 days of the respective reporting date.

For explanations on the Group's liquidity risk management processes, refer to Note 22.5.

21. LEASES

The Group is a lessee of real estate. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

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Furthermore, the Group has concluded low-value leases for furniture, fixtures and office equipment. The Group applies the practical expedients for the leases of low-value assets.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the reporting period:

EUR k	Right of use for office property
1 January 2018	0
Additions (new contract)	178
Depreciation expense	-30
31 December 2018	148
Additions	0
Depreciation expense	-119
31 December 2019	29
Additions (new contract)	810
Depreciation expense	-151
31 December 2020	689

The following table shows the carrying amount of the lease liabilities and changes during the reporting period:

EUR k	31 December 2020	31 December 2019	31 December 2018
As of 1 January	29.69	148.41	–
Additions	810.42	–	178.07
Accretion of interest	1.47	0.08	0.02
Payments	-145.47	-118.80	-29.68
As of 31 December	696.11	29.69	148.41
<i>thereof current</i>	<i>158.48</i>	<i>29.69</i>	<i>–</i>
<i>thereof non-current</i>	<i>537.63</i>	<i>–</i>	<i>148.41</i>

The following amounts were recognized through profit or loss in the reporting period:

EUR k	2020	2019	2018
Depreciation expense of right-of-use assets	151.24	118.72	29.68
Interest expenses on lease liabilities	1.47	0.09	0.02
Expense relating to leases of low-value assets (included in other operating expenses)	13.33	8.20	3.07
Total amount recognized through profit or loss	166.04	127.01	32.77

The Group had total cash outflows for leases of EUR 158.80k in 2020, EUR 127.00k in 2019 and EUR 32.75k in 2018. The Group also had non-cash additions to right-of-use assets and lease liabilities of EUR 810.42k in 2020, EUR 0.00k in 2019 and EUR 178.07k in 2018.

The consolidated statement of financial position contains the following leases:

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EUR k	31 December 2020	31 December 2019	31 December 2018
Right-of-use assets	688.86	29.68	148.41
Lease liabilities > 5 years	–	–	–
Lease liabilities 1 to 5 years	537.63	–	148.41
Lease liabilities < 1 year	158.48	29.69	–

The Group determines the lease term for office property occupied as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. According to this standard, the lease of office space existing on 31 December 2020 and 2019, which contractually ends on 31 March 2025, was recognized excluding the contractually agreed option of renewal because it is not reasonably certain that this option will be exercised.

Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see note 4).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

EUR k	31 December 2020		31 December 2019		31 December 2018	
	within 5 years	Over 5 years	within 5 years	within 5 years	Over 5 years	within 5 years
Option of renewal expected not to be exercised	124.67	706.47	–	124.67	706.47	–

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**22.1. Financial assets**

EUR k	31 December 2020	31 December 2019	31 December 2018
Financial assets at fair value through profit or loss			
Non-current financial assets (real estate private debt loans)	74,647.54	49,175.00	–
Current financial assets (real estate private debt loans and interest accrued)	42,862.52	7,813.04	–
Total financial assets at fair value	117,510.06	56,988.04	0.00
Debt instruments at amortized cost			
Non-current financial assets (real estate private debt loans) - UK loans	2,450.22	–	–
Trade receivables	3,649.44	2,635.08	518.62
Loan to a director	53.98	102.81	100.81
Receivables from associates	679.95	88.04	–

Total financial assets*	124,343.66	59,813.97	619.43
Total current	47,191.92	10,536.16	518.62
Total non-current	77,151.74	49,277.81	100.81

* Non-cash financial assets

Financial assets at fair value through profit or loss consist solely of real estate private debt loans and interest accrued on these instruments. The loans are classified as either current or non-current on the basis of their original terms. Loans with an original term of one year or less are allocated to current financial assets and loans with an original term of more than one year are allocated to non-current financial assets. Accrued interest is allocated to current financial assets.

Debt instruments measured at amortized cost include trade receivables and a loan extended to a member of management (related party). For more details on the loan to the director, see note 23. In addition, as of 31 December 2019 there are current receivables from two associates (Linus EHS 14 GmbH & Co. KG and Linus SWK 33 GmbH & Co. KG) and as of 31 December 2020 current receivables from four associates (Linus EHS 14 GmbH & Co. KG, Linus SWK 33 GmbH & Co. KG, Linus FRS 46 GmbH & Co. KG and Linus RLP 23 GmbH & Co. KG).

22.2. Financial liabilities: Interest-bearing loans and borrowings

EUR k	Effective interest rate	Maturity	31 December 2020	31 December 2019	31 December 2018
Current interest-bearing loans and borrowings					
Interest-bearing loans and borrowings (several shareholder loans)	1.94% on average	On demand	–	–	561.08
Interest-bearing loans and borrowings (from associates)	7.0%	27 August 2020	–	953.67	–
Total interest-bearing loans and borrowings			–	953.67	561.08

Shareholder loans and loans from associates were unsecured.

22.3. Other financial liabilities

EUR k	31 December 2020	31 December 2019	31 December 2018
Financial liabilities at fair value through profit or loss			
Non-current financial liabilities	96,368.59	60,738.08	–
Current financial liabilities	25,067.93	400.00	–
Total financial liabilities at fair value	121,436.52	61,138.08	–
Other financial liabilities at amortized cost, other than interest-bearing loans and borrowings			
Current financial liabilities – Pelion Green Future GmbH for purchase of loans against Linus UK Facility Ltd.	4,121.76	–	–
Trade payables	513.96	433.92	168.07

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EUR k	31 December 2020	31 December 2019	31 December 2018
Financial liabilities at fair value through profit or loss			
Non-current financial liabilities	96,368.59	60,738.08	–
Current financial liabilities	25,067.93	400.00	–
Total financial liabilities at fair value	121,436.52	61,138.08	–
Non-current lease liabilities	537.63	–	148.41
Current lease liabilities	158.48	29.70	–
Total other financial liabilities	5,331.83	463.62	316.48
Total current	29,862.13	863.62	168.07
Total non-current	96,906.22	60,738.08	148.41

Non-current financial liabilities and current financial liabilities at fair value consist primarily of non-controlling interests in subsidiaries (for additional information see note 8.2).

Composition of non-current financial liabilities	2020 EUR k	2019 EUR k
Non-controlling interests in Linus Debt Invest DACH I GmbH & Co. KG	92,921	56,082
Non-controlling interests in Linus EMS 39 GmbH & Co. KG	2,082	2,104
Non-controlling interests in Linus RLP 23 GmbH & Co. KG	–	1,697
Non-controlling interests in Linus FRS 46 GmbH & Co. KG	–	855
Non-controlling interests in Linus GBW 6 GmbH & Co. KG	172	–
Non-controlling interests in Fides LWS 13 GmbH & Co. KG	1,194	–
Total	96,369	60,738

Composition of current financial liabilities	2020 EUR k	2019 EUR k
Non-controlling interests in Linus Debt Invest DACH I GmbH & Co. KG	9,065	–
Non-controlling interests in Linus PRI GmbH & Co. KG	2,582	–
Non-controlling interests in Fides BLT 48 GmbH & Co. KG	1,188	–
Non-controlling interests in Fides SPK GmbH & Co. KG	6,345	–
Non-controlling interests in Fides MBT GmbH & Co. KG	5,888	–
Loan from Pelion Green Future GmbH for purchase of loans against Linus UK Facility Ltd.	4,122	–
Current account with Linus UK Facility Ltd.	–	400
Total	29,190	400

These non-controlling interests participate in the profit of the respective subsidiary. Consequently, there is no need to disclose the effective interest rate. Non-controlling interests in subsidiaries have a right to receive their share in any liquidation surplus of the respective subsidiary and their dividend distributions. The current and non-current financial liabilities have been increased to account for fair value effects by the amount of 824,955.28 EUR in 2020, 0.00 EUR in 2019 and 0.00 EUR in 2018. This fair value adjustment has been triggered by the fair value adjustment of the real estate debt private loans.

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All other financial liabilities are unsecured.

22.4. Fair value

The following table presents the carrying amounts and fair values of all financial assets that are recognized in the consolidated financial statements, stating their measurement category pursuant to IFRS 9 and their level in the fair value hierarchy pursuant to IFRS 13. Cash and cash equivalents are not presented.

Financial assets			Carrying amount		
			31 December 2020	31 December 2019	31 December 2018
EUR k	measured at	level			
Investments in associates	at equity	3	6,492.73	4,817.89	186.94
Loan to a director	AC	n/a*	53.98	102.81	100.81
Non-current real estate private debt loans	FV	3	74,647.54	49,175.00	—
Non-current financial assets			81,194.25	54,095.70	287.75
Current financial assets (real estate private debt loans and interest accrued)	FV	3	42,862.52	7,813.04	—
Trade receivables	AC	n/a*	3,649.44	2,635.08	518.62
Receivables from associates	AC	n/a*	679.95	88.04	—
Current financial assets			47,191.92	10,536.16	518.62

Financial assets			Fair value		
			31 December 2020	31 December 2019	31 December 2018
EUR k	measured at	level			
Investments in associates	at equity	3	6,492.73	4,817.89	186.94
Loan to a director	AC	n/a*	53.98	102.81	100.81
Non-current real estate private debt loans	FV	3	74,647.54	49,175.00	—
Non-current financial assets			81,194.25	54,095.70	287.75
Current financial assets (real estate private debt loans and interest accrued)	FV	3	42,862.52	7,813.04	—
Trade receivables	AC	n/a*	3,649.44	2,635.08	518.62
Receivables from associates	AC	n/a*	679.95	88.04	—
Current financial assets			47,191.92	10,536.16	518.62

*) the carrying amounts are reasonable approximations of the fair value of these assets.

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The carrying amount of the current and non-current financial assets as of 31 December 2019 corresponded to their fair values because the respective real estate private debt loans were first granted close to the balance sheet date and, as of 31 December 2019, there have been no significant changes in the circumstances since they were granted.

Financial liabilities			Carrying amount		
			31 December 2020	31 December 2019	31 December 2018
<i>EUR k</i>	measured at	level			
Non-current financial liabilities	FV	3	96,368.59	60,738.08	—
Lease liabilities	AC	n/a	537.63	—	148.41
Other non-current financial liabilities			96,906.22	60,738.08	148.41
Current financial liabilities	FV	3	25,067.93	400.00	—
Current financial liabilities	AC	n/a*	4,121.76	—	—
Interest-bearing loans and borrowings	AC	n/a*	—	953.67	561.08
Lease liabilities	AC	n/a*	158.48	29.70	—
Trade payables	AC	n/a*	513.96	433.92	168.07
Other current financial liabilities			29,862.13	1,817.28	729.15

Financial liabilities			Fair value		
			31 December 2020	31 December 2019	31 December 2018
<i>EUR k</i>	measured at	Level			
Non-current financial liabilities	FV	3	96,368.59	60,738.08	—
Lease liabilities	AC	n/a*	537.63	—	148.41
Other non-current financial liabilities			96,906.22	60,738.08	148.41
Current financial liabilities	FV	3	25,067.93	400.00	—
Current financial liabilities	AC	n/a*	4,121.76	—	—
Interest-bearing loans and borrowings	AC	n/a*	—	953.67	561.08
Lease liabilities	AC	n/a*	158.48	29.70	—
Trade payables	AC	n/a*	513.96	433.92	168.07
Other current financial liabilities			29,862.13	1,817.28	729.15

*) the carrying amounts are reasonable approximations of the fair value of these assets.

The following measurement methods are applied:

AC – amortized cost

FV – at fair value

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The following levels of the fair value hierarchy pursuant to IFRS 13 are used to measure and disclose fair value:

Level 3: fair value based on valuation techniques involving inputs that are not based on observable market data

The management assessed that the fair values of cash and cash equivalents, current real estate private debt loans and accrued interest, trade receivables, receivables from associates, trade payables and current interest-bearing loans and borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Group applied the following methods and assumptions to calculate the fair values:

- The carrying amount of other non-current financial assets that are measured at amortized cost (loan to a director) approximates its fair value as there have not been any significant changes to the applicable valuation parameters since this financial asset was first recognized.
- The fair value of non-current real estate private debt loans is determined by the Group using the discounted cash flow method. This valuation technique requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate and credit risk. The discount rate is composed of three components: the risk-free rate, the credit risk premium and the interest spread. The key inputs affecting the credit risk premium are the probability of default (PD) and the loss given default (LGD). When measuring the probability of default for a real estate private debt loan, the Group applies a risk scoring model. This involves modeling an average risk score for each real estate private debt loan from the individual risks (credit risk score, market risk score, liquidity risk score and operational risk score) that is expressed as a grade from 0 (extremely high risk) to 10 (extremely low risk). The individual risks consider the following parameters, among others:
 - Credit Risk Score of the customer, equity ratio for the real estate project
 - Market Risk Score – historical volatility of the real estate market, total cost of investment and the Loan-to-Value ratio of the project
 - Liquidity Risk Score – including the micro and macroeconomic situation of the project, asset category, project size
 - Operational Risk Score – quality, experience and size of the project developer, legal framework

The most significant unobservable inputs when using the discounted cash flow method are the market value and total cost of investment of the real estate project receiving the finance as well as the individual risk score of the project. These inputs require the use of estimates and assumptions by management.

- The fair value of non-controlling interests in subsidiaries (see note 7.2) is determined by the Group using the discounted cash flow method. This valuation technique requires management to make certain assumptions about the model inputs, including forecast cash flows and the discount rate. Estimates and assumptions used in the measurement of fair value of non-current real estate private debt loans have a direct impact on the fair value of non-current financial liabilities.

Description of significant unobservable inputs used in the valuation:

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2020, 2019 and 2018 are shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-current real estate private debt loans	DCF method	Development of the market value of the financed real estate project	2020: -20% to 20%	A 15% increase in the market value of all financed real estate projects would lead to an increase in the fair value of loans of EUR 1,377k. A 15% decrease in the market value of all financed real estate would lead to a decrease in the fair value of loans of EUR 1,883k.

Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
		2019: -20% to +20%	<p>A 15% increase in the market value of all financed real estate projects would lead to an increase in the fair value of loans of EUR 1,583k.</p> <p>A 15% decrease in the market value of all financed real estate projects would lead to a decrease in the fair value of loans of EUR 1,710k.</p>
		2018: –	
	Development of the total cost of investment of the financed real estate project	2020: 0% to 30%	<p>A 15% increase in the total cost of investment of all financed real estate projects would lead to a decrease in the fair value of loans of EUR 1,309k.</p> <p>A 15% decrease in the total cost of investment of all financed real estate projects would lead to an increase in the fair value of loans of EUR 539k.</p>
		2019: 0% to 30%	<p>A 15% increase in the total cost of investment of all financed real estate projects would lead to a decrease in the fair value of loans of EUR 2,422k.</p> <p>A 15% decrease in the total cost of investment of all financed real estate projects would lead to an increase in the fair value of loans of EUR 20k.</p>
		2018: –	
	Development of the average risk score for the financed real estate project	2020: -1 to +1	<p>An increase of 1 point in the average score of all financed real estate projects would lead to an increase in the fair value of loans of EUR 575k.</p> <p>A decrease of 1 point in the average score of all financed real estate projects would lead to a decrease in the fair value of loans of EUR 1,0k.</p>
		2019: -1 to +1	<p>An increase of 1 point in the average score of all financed real estate projects would lead to an increase in the fair value of loans of EUR 1,093k.</p> <p>A decrease of 1 point in the average score of all financed real estate projects would lead to a decrease in the fair value of loans of EUR 2,053k.</p>
		2018: –	

22.5. Financial instruments risk management objectives and policies

The risk management of the Company focuses on financial, operative and legal risks. The most significant risks of the Group arising from the financial instruments it uses are the risks of counterparty default (credit risk), liquidity risks, and market risks (the risk of changing interest rates).

The most important financial instruments used by the Linus Group are non-current financial assets (as of 31 December 2020: 56.28% of total assets; as of 31 December 2019: 72.05%; as of 31 December 2018: 8.19%),

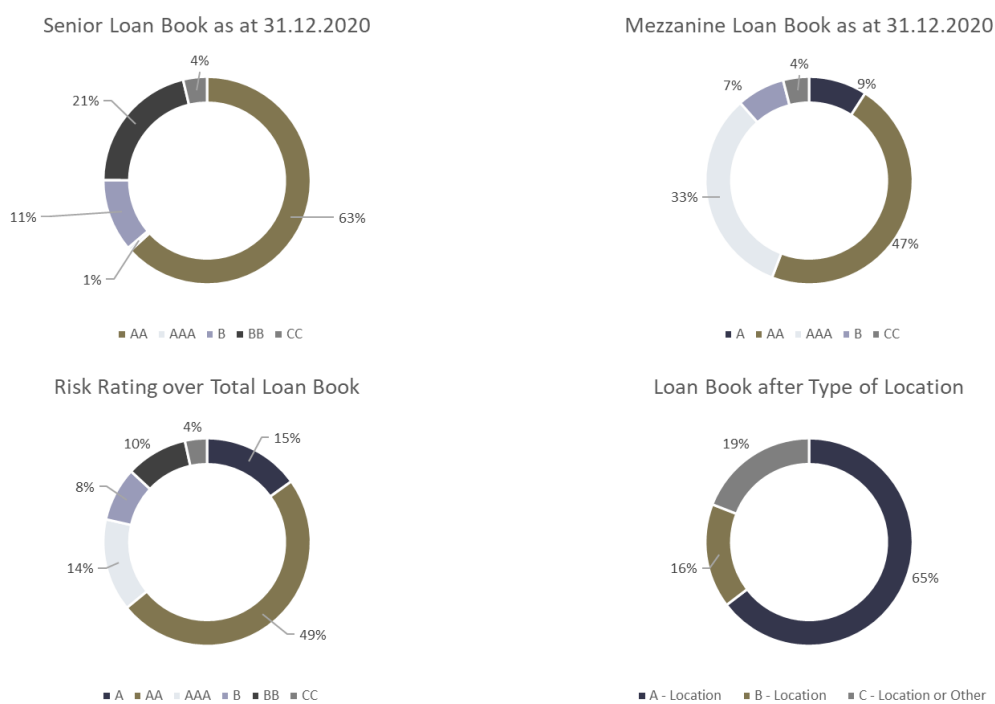
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current financial assets (2020: 31.27% of total assets; 2019: 11.42%; 2018: 0.00%), interests in associates (as of 31 December 2020: 4.74% of total assets; as of 31 December 2019: 7.04%; as of 31 December 2018: 15.19%) and cash and cash equivalents (as of 31 December 2020: 3.02% of total assets; as of 31 December 2019: 4.73%; as of 31 December 2018: 12.52%). Moreover, the Group carries trade receivables and trade payables as well as loan receivables and loan payables arising from ordinary operating activities.

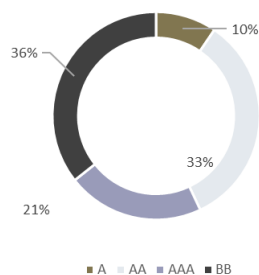
As of 31 December 2020, the total loan volume comprises of a Mezzanine Loan Portfolio of EUR 87.9m in 2020, EUR 55.7m in 2019 and EUR 0m in 2018 and a Senior Loan Portfolio of EUR 114.5m in 2020, EUR 63.2m in 2019 and EUR 0m in 2018. Based on the risk assessment as per 31 December 2020, the Company only holds two loans with a high-risk rating (CC) based on its Probability of Default. As of 31 December 2019, and 2018 the company holds no loans. As per 31 December 2020 and 2019, the highest risk comes from a hotel property in a tertiary location. As per 31 December 2020 and 2019, the lowest risk, based on the assessed Probability of Default comes from residential properties in A-Locations.

The following pie charts present a more detailed breakdown as of 31 December 2020, showing the shares in % of the total loan volume.

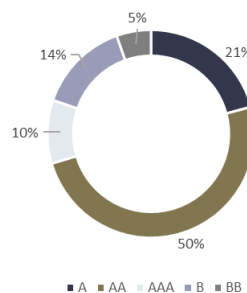


As at 31 December 2019, the breakdown for the portfolio is presented below:

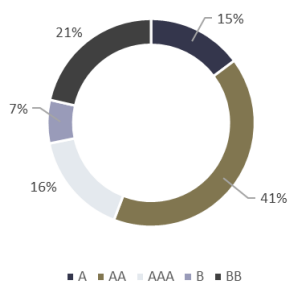
Senior Loan Book as at 31.12.2019



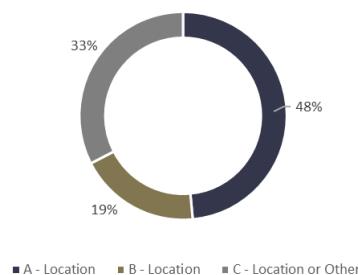
Mezzanine Loan Book as at 31.12.2019



Risk Rating over Total Loan Book



Loan Book after Type of Location



There was no loan book as per 31 December 2018.

The Group manages its cash on current accounts to ensure it has sufficient liquidity and secure the face value of the instruments.

Investment risk is managed by means of active loan controlling in operations. This is particularly true for the financial instruments held by the Linus Group that are measured at fair value through profit or loss.

The primary objective of financial risk management is to set an acceptable level of risk and ensure that no risks are entered into beyond this limit. The risk management approach used for operative and legal risks is designed to ensure the proper functioning of internal policy guidelines and procedures to minimize operating and legal risks.

The wide range of legal requirements means that a distinction must be made between counterparty default risks, market price risks, liquidity risks and operational risks when reporting risk. The risk assessment of the relevant risk categories for the Company is presented below.

Risks of counterparty default

The risk of counterparty default is the risk that business partners are unable or unwilling to meet their contractual performance obligations, a risk that is assessed as part of the Fair Value determination. The most significant contractual partners are borrowers. In our conservative risk strategy, the Group has defined lending parameters in terms of volume and location, but also in terms of the category of property, that are in harmony with the risk appetite defined by management. Other key parameters include the quality of collateral and the possibilities for syndication, appropriate risk premiums and an ability to avoid subordinating loans.

The back office (credit risk management) monitors credit risks independently of the front office. In addition to its regular control activities, this unit casts a second vote in addition to the front office when loans are approved on the basis of the authorities assigned to it.

All lending exposures are subject to a recurring revision process with an annual revision of the credit rating. Furthermore, the recoverability of the real estate serving as collateral is reviewed on an annual basis or on an ad hoc basis if needed.

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In future, credit losses will be managed in a central database. To date, the company has not suffered any official credit losses. The expected credit losses will be recorded at the portfolio level for statistical purposes. Non-performing loans or potential defaults are used to calculate and benchmark initial Probabilities of Default and credit losses. This in turn, enables LINUS to analyse and monitor credit default risks of the lending portfolio, by cross-analysing the risk profiles of individual loans.

The credit-rating of a loan is determined based on an AAA-D rating system with eight risk classifications, whereby AAA is the best, e.g. very low risk, and D the worst rating meaning default, as the following chart illustrates.

Rating	Description	Associated PD
AAA	Very low risk	From 0.00% To 3.70%
AA	Low risk	From 3.70% To 6.42%
A	Moderately low risk	From 6.42% To 11.11%
BB	Moderate risk	From 11.11% To 19.25%
B	Moderately high risk	From 19.25% To 33.33%
CC	High risk	From 33.33% To 57.74%
C	Very high risk	From 57.74% To 99.99%
D	Default	From 100.00% To 100.00%

The rating model was developed accounting for 17 of the most important quantitative and qualitative factors of a project. These are divided into four risk categories: credit risk, market risk, liquidity risk, and operational risk. The risk categories are individually rated and subsequently weighted to derive an overall risk score and Probability of Default for a project. The rating model and the subsequent risk score are also used in the determination of the fair value of real estate private debt loans, as described in section 22.4.

The risk model distinguishes between three types of loans: land banking, ground-up/value-add developments, and existing buildings. This allows LINUS to assess each loan according to project-specific factors and derive more accurate risk profiles.

Irrespective of the type of loan, LINUS quantifies the standard risk using a set of risk parameters. These are the Probability of Default (PD), the Exposure at Default (EaD), the Loss-Given-Default (LGD), and the Expected Loss (EL).

The overall risk score is inversely linked to a Probability of Default (PD) meaning the higher the score the lower the PD and vice versa. The Exposure at Default (EAD) depends on the delta between the Loan Detachment- and Loan Attachment Point of a given LINUS loan. The difference between the loan Detachment Point and the Recovery Value of an asset in case of default leads to the Loss Given Default. In our model, the Recovery Value equates three times the annualized volatility of an asset value, to account for a “worst-case scenario”. Additional Securities meaning guarantees or other collateral reduce the Loss Given Default according to a recoverability rate reflecting the value of the collateral. Finally, the Expected Loss is derived as the product of the multiplication of the LGD and PD.

Current and non-current financial assets measured at amortized cost are of less significance for the Group. They are monitored on a case-by-case basis and impairment tested individually. No impairment losses were needed for any current and non-current financial assets measured at amortized cost as of 31 December 2020, 2019 or 2018. Consequently, none were recognized.

Cash and cash equivalents are deposited at banks with immaculate credit ratings. The probability of default among banks is deemed to be low.

Market risks

Market risks comprises all risks that arise from unfavorable market developments that could have a negative impact on profit or loss or carrying amounts of the Company's line items. They primarily include the risk of changes in interest rates, property values and currency risks.

Risks for the Group from the property and capital markets

Adverse conditions on global or local markets where the Group operates, including the ongoing COVID-19 pandemic, could reduce the value and demand for property and real estate finance. In addition, the Linus Group is exposed to substantial competition when it comes to financing new property developments or finding co-investors. The digitization of real estate finance has not yet become firmly entrenched on the market. If the Group is unable to win a base of faithful customers, the long-term returns and sustainability of the business model of the Group could be impaired.

Property prices in Germany have risen sharply in Germany in recent years. If this trend slows or reverses, or if property prices suddenly fall, this could have a negative impact on demand for property and real estate financing.

The Group endeavors to mitigate these risks by constantly monitoring the property and capital markets, offering market-conform terms and conditions and keeping a customer-focus in its business dealings.

Interest risks for the Group and the risk of changes in the market value of real estate

The interest rates arranged with borrowers are fixed and are therefore not subject to an interest risk. The Group monitors market developments for its real estate private debt finance as there is a risk that the market interest rates for such loan finance could fall and therefore reduce the future financial performance of the Group. However, this risk is currently deemed to be low. If market interest rates rise, it can be assumed that the interest rates for the kinds of loans extended by the Group will also rise.

In the field of real estate private debt finance, the Group is exposed to the risk that the market values of the property projects that are financed by its loans decline, e.g., due to a general erosion in market prices for real estate or for certain asset classes (e.g., hotels, offices, apartments). An increase in interest rates could have an adverse impact on the value of real estate, which could potentially lead to defaults on existing real estate loans. There is a risk for the Group that a decrease in real estate prices restricts the ability of borrowers to repay the real estate private debt loans.

Furthermore, there is a risk with regard to property development projects that the costs of construction and the cost of investment increase, e.g., due to general inflation for construction and planning services. There is a risk for the Group that an increase in the costs of construction and the cost of investment for real estate restricts the ability of borrowers to repay the real estate private debt loans.

The Group monitors these risks by regularly and closely controlling the projects it finances and by constantly monitoring the property markets and capital markets.

Currency risks

Due to the fact that there are no foreign-exchange exposures at the level of the Group and that no investments are made in securities and no debt financing, the market risk is deemed to be insignificant.

Liquidity risk

The liquidity risk refers to the risk that the Group becomes unable to pay its debts.

The operating activities of the Group are financed by the capital contributed by shareholders and retained earnings.

To issue real estate private debt loans the Group also draws on unrelated co-investors who contribute capital to the Special AIFs (e.g., Linus Debt Invest DACH I GmbH & Co. KG) managed by the Group. There is a risk that (co-)investors become unable to contribute additional capital resulting in the Group becoming unable to meet its

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contractual obligation to pay out the agreed loans. In light of the financial resources of the (co-)investors, this risk is deemed to be insignificant.

In order to secure attractive investment opportunities at short notice, the Group enters into commitments to finance new projects via Linus Debt Invest DACH 1 GmbH & Co. KG even before co-investors have been drawn in. There is a risk that Linus Debt Invest DACH 1 GmbH & Co. KG might have insufficient capital or that the Group fails to set up additional funds, which might jeopardize the success of the Group's business model. The Group counters this risk by actively building its base of co-investors and processing its projects with a focus on customer needs.

The liquidity projections, which are revised on a monthly basis and monitored accordingly, serve to monitor this risk at the level of the parent company. The parent company has put in place the requisite procedures to ensure that the liquidity projections and monitoring are performed properly. The cash flows and movements on the accounts are monitored on a weekly basis and reported to the CEO and COO.

The table below summarizes the maturity profile of the Group's financial liabilities, based on contractual undiscounted payments:

Fiscal year ended 31 December 2020	On demand	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
Non-current financial liabilities	–	–	–	96,368.59	–	96,368.59
Lease liabilities	13.36	26.72	120.22	537.63	–	697.92
Trade payables	513.96	–	–	–	–	513.96
Interest-bearing loans and borrowings	–	–	–	–	–	–
Current financial liabilities	–	–	29,189.69	–	–	29,189.69
	527.31	26.72	29,309.91	96,906.22	–	126,770.16

Fiscal year ended 31 December 2019	On demand	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
Non-current financial liabilities	–	–	–	60,738.08	–	60,738.08
Lease liabilities	9.90	19.80	–	–	–	29.70
Trade payables	433.92	–	–	–	–	433.92
Interest-bearing loans and borrowings	–	–	953.67	–	–	953.67
Current financial liabilities	–	–	400.00	–	–	400.00
	443.82	19.80	1,353.67	60,738.08	–	62,555.37

Fiscal year ended 31 December 2018	On demand	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
Lease liabilities	9.90	19.80	89.10	29.70	–	148.50
Trade payables	168.07	–	–	–	–	168.07
Interest-bearing loans and borrowings	–	–	561.08	–	–	561.08
Current financial liabilities	–	–	–	–	–	–
	177.97	19.80	650.18	29.70	–	877.65

Operational risks

Operational risks exist in the form of a potential failure of processes, personnel and systems. In its risk management system, the Group has implemented measures by which operational risks can be detected at an early

stage and appropriately managed and monitored in order to reduce the risks and their potential impact on the Group.

As part of the Group's management of operational risks the CRO conducts a quarterly assessment of significant risk categories. Risks that are not classified as significant are assessed at intervals of up to 12 months.

The success of the Group depends on its ability to effectively build its business. For example, the Group must continue to improve its infrastructure to cope with a higher volume of business. An expansion of the online platform, which extends to the IT infrastructure, an increase in the number of investment projects and a growing workforce will make processes within the Group more complex and more challenging. The risk of disruptions and breaches of compliance can rise.

The projected growth could also pose major challenges to the Group's management and its key employees, who must become more productive. However, the teams within the Group may not be suitably equipped to cope with the increase in the workload. There is a risk that the available human resources will be insufficient for the expanding business divisions. The ability of the Group to recruit an adequate number of new employees, IT experts in particular, to handle the expanding work volume in good time, depends on the availability of qualified employees on the market and the ability of the Group to offer them more attractive employment conditions than other employers. There is a risk that the Group will not be able to recruit the number of employees it needs or not at acceptable terms and conditions. The Company attempts to mitigate the limits on future growth due to limited internal capacities (HR risk) by ensuring adequate growth in its workforce coupled with a flexible back-up in the form of external service providers.

An inability to efficiently manage future growth could have a substantial impact on the Group's business, financial position, cash flows, financial performance and prospects.

As a result of the increase number and complexity of its processes and the persons and business units involved in these processes, a focus must also be placed on the risk posed by interfaces. This is countered by means of interdepartmental written policies and procedures.

There is a risk that the due diligence process conducted by the Group when issuing real estate private debt loans does not cover all the relevant facts, which might lead to elevated credit risks. The Group counters this risk by making use of specialized legal and technical consultants.

Legal risks exist mainly with regard to new regulatory requirements. The Group attempts to counter these risks by making an early analysis of their impact on our business activities, making any needed adjustments and implementing the new requirements.

23. RELATED PARTIES

Related parties include the shareholders who exercise significant influence over the Linus Group, associates, joint ventures, non-consolidated subsidiaries and individuals who can exercise significant influence over the financial and operating policies of the Group. Individuals with significant influence over the financial and operating policies of the Group include all individuals in key positions and their close family members. Within the Group, this relates to members of the Management Board.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant fiscal year.

EUR k		Services/loans to related parties	Services from related parties	Receivables from related parties	Liabilities to related parties
Entities with significant influence over the Group:					
	Pelion Green Future GmbH	2020	–	–	4,121.76
		2019	–	–	–
		2018	–	–	561.08

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EUR k		Services/loans to related parties	Services from related parties	Receivables from related parties	Liabilities to related parties
Joint venture in which the parent is a venturer:					
Linus Debt Invest 1 GmbH & Co. KG	2020	42.73	–	23.91*	–
	2019	64.01	–	13.98*	–
	2018	199.56	–	18.13*	–
Linus Debt Invest 3 GmbH & Co. KG	2020	7.82	–	2.9*	–
	2019	18.66	–	4.69*	–
	2018	14.53	–	4.69*	–
Associates					
	2020	11.20	57.77***	795.40	0.02
	2019	142.44	60.31***	130.48	953.67
	2018	0.72	–	–	44.63
Other related parties					
Linus UK Facility Limited	2020	since 30.11.2020 fully consolidated entity of Linus group			
	2019	98.71	–	25.08*	400.00
	2018	101.39	–	15.12*	–
Arvantis Group GmbH	2020	–	9.75	–	–
	2019	–	152.74	–	–
	2018	–	44.80	–	–
Global Growth Capital S.à.r.l. and Parson GmbH****	2020	–	8,653.78***	–	101,984.42
	2019	–	2,734.74***	–	56,082.39
	2018	–	–	–	–
Other	2020	–	–	–	–
	2019	52.90	–	53.59	–
	2018	–	–	–	–
Key management personnel of the Group					
Shares held in the group parent by members of management as of 31 December**		Number of shares			
	2020	7,543			
	2019	5,903			
	2018	5,628			

Loans to related parties		Received Interest	Receivables from related parties
Loans to related parties Key management personnel of the Group:			
Loan to director			

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2020	1.13	53.98
2019	2.00	102.81
2018	0.88	100.81

* these amounts are classified as trade receivables.

** the total number of shares in the group parent amounted to 27,580 as of 31 December 2020, 25,000 as of 31 December 2019, 25,000 as of 31 December 2018 and 25,000 (31 December 2017).

*** relates to finance costs

**** non-current financial liabilities originating from the equity held in Linus Debt Invest DACH I GmbH & Co. KG

23.1. Transactions with shareholders who exercise significant influence

Pelion Green Future GmbH, Schönefeld is a shareholder who can exercise significant influence directly over the Company. Pelion Green Future GmbH is controlled by Alexander Samwer. Consolidated financial statements are not compiled or published by either Pelion Green Future GmbH or Alexander Samwer.

23.2. Pelion Green Future GmbH, Schönefeld, and its subsidiaries

Pelion Green Future GmbH extended shareholder loans to the parent company in the years 2017 and 2018 at an average interest rate of 1.94% p.a. on the respective principal outstanding. The loan liabilities of the group parent towards Pelion Green Future GmbH amounted to EUR 451.47k on 1 January 2018 (opening statement of financial position) and EUR 561.08k on 31 December 2018. These shareholder loans, which are equipped with a qualified letter of subordination were fully repaid in the year 2019 including the interest accrued on the date of repayment.

Pelion Green Future GmbH has invested in entities (Linus Debt Invest 1 GmbH & Co. KG, Linus Debt Invest 3 GmbH & Co. KG, Linus UK Facility Limited) for which the Linus Group renders a variety of services (e.g., arranging loans, asset management, management remuneration, short-term loans). The income generated by the Group from these entities amounted to EUR 45.55k in 2020, EUR 176.39k in 2019 and EUR 306.12k in 2018, almost all of which was generated by the parent company.

The group parent acquired all shares in and loan receivables from Linus UK Facility Limited, London from Pelion Green Future GmbH in fiscal year 2020. The purchase price amounted to a total of EUR 4,121.76k (whereas the net assets of Linus UK Facility Ltd. upon acquisition amounted to EUR 4,265.60k) and was not yet settled as of 31 December 2020. In accordance with IAS 1.109, the difference of EUR 143.84k was recorded as a contribution to the capital reserves.

23.3. Parson GmbH, Schönefeld, and its subsidiaries

The indirect controlling shareholder Alexander Samwer also controls Parson GmbH, Schönefeld. Parson GmbH has invested 10.0% as founding limited partner in Linus Debt Invest DACH I GmbH & Co. KG, Berlin, for which the Linus Group renders a variety of services (e.g., arranging loans, asset management, management remuneration, short-term loans). Linus Debt Invest DACH I GmbH & Co. KG, Berlin, has been fully consolidated in the Linus Group since 4 January 2019. The income generated vis-à-vis Linus Debt Invest DACH I GmbH & Co. KG amounted to EUR 1,938.82k in 2020, EUR 327.50k in 2019 and EUR 0.66k in 2018, almost all of which was generated by the parent company.

23.4. Global Growth Capital S.à.r.l., Luxembourg

During the 2018 to 2020 reporting periods, the indirect controlling shareholder Alexander Samwer had invested via Global Founders GmbH, Grünwald, directly in Rocket Internet S.E., Berlin, which controls Global Growth Capital S.à.r.l., Luxembourg. Moreover, Mr. Alexander Samwer's brother is the Chief Executive Officer (CEO) of Rocket Internet S.E.

Global Growth Capital S.à.r.l. has invested 87.0% as founding limited partner in Linus Debt Invest DACH I GmbH & Co. KG, Berlin, for which the Linus Group renders a variety of services (e.g., arranging loans, asset management, management remuneration, cost allocations). Linus Debt Invest DACH I GmbH & Co. KG, Berlin, has been fully consolidated in the Linus Group since 4 January 2019. The income generated vis-à-vis Linus Debt Invest DACH I GmbH & Co. KG amounted to EUR 1,938.82k in 2020, EUR 327.50k in 2019 and EUR 0.66k in 2018, almost all of which was generated by the parent company.

In some cases, the Group acts as a lead manager and collateral agent for real estate private debt loans, which the Group grants in a consortium with Global Growth Capital S.à.r.l. As the Group is in a position to grant certain loans only by forming this consortium, no special fees are charged for this service. The scope of collateral managed

Linus Digital Finance AG (formerly: Linus GmbH)***Audited Notes to the Consolidated Financial Statements for fiscal years 2020, 2019 and 2018***

in escrow accounts for Global Growth Capital S.à.r.l. amounted to EUR 164,598k as of 31 December 2020, EUR 55,125k as of 31 December 2019 and EUR 0 k as of 31 December 2018.

23.5. Transactions with entities having shareholders who exercise significant influence on the parent company

In 2019, the Linus Group generated revenues with other entities, which are controlled by Mr. Alexander Samwer, but do not belong to the Linus Group. Here, income was generated from finance brokerage (EUR 37.50k) and cross-charging of costs (EUR 15.4k).

Arvantis Group GmbH (an entity controlled by Mr. Alexander Samwer) has rendered certain administrative, bookkeeping and secretarial services for the parent company as part of a service agreement. Remuneration expenses recognized in the Group in this regard amounted to EUR 9.75k in 2020, EUR 152.74k in 2019 and EUR 44.80k in 2018.

On 17 December 2020, the parent company and Picus Capital GmbH, an entity controlled by Mr. Alexander Samwer, entered into a share purchase agreement pursuant to which Picus Capital GmbH acquired 886 treasury shares from the Company. The purchase price amounted to EUR 2.7 million in total. The closing of the transaction (transfer of the shares and payment of purchase price) occurred on 21 January 2021.

On 8 July 2020, Linus UK Facility Ltd, since 30 November 2020 a fully consolidated entity, granted a credit facility to Selina Finance Ltd., an entity controlled indirectly by Mr. Alexander Samwer, at an interest rate of 5.00% p.a. On 31 December 2020, the Linus UK Facility Ltd. had a loan receivable against Selina Finance Ltd. in the amount of EUR 2,450,221.91. Finance income for the group amounted to EUR 13,446.10 for the period from 30 November 2020 to 31 December 2020.

On August 2017, Linus UK Facility Ltd, since 30 November 2020 a fully consolidated entity, granted a credit facility that was later assigned to Casavo S.R.L. and Casavo Gamma, respectively, at an interest rate of 7.00% p.a. Casavo S.R.L. and Casavo Gamma S.R.L. are entities controlled indirectly by Mr. Alexander Samwer. Loans against Casavo S.R.L. and Casavo Gamma S.R.L. amounted to EUR 460,980.87 as per 30 November 2020 and were repaid to Linus UK Facility Ltd. in full in December 2020.

23.6. Transactions with key management personnel

At Linus the managing directors of the parent company are reported as the key management personnel. In fiscal years 2018 to 2020 the Group did not form any supervisory body so there is no other key management personnel.

Loans to directors

The parent company granted a loan of EUR 100k to then managing director of the parent company (Dominik Pederzani) in 2018. The loan bears interest of 2.0% p.a., has a term of 6 years from disbursement and is unsecured. The loan is recognized under non-current financial assets. The outstanding loan amounted to EUR 53.98k as of 31 December 2020, EUR 102.81k as of 31 December 2019 and EUR 100.81k as of 31 December 2018. In the reporting periods, the Group recognized finance income from the loan of EUR 1.13k in 2020, EUR 2.0k in 2019 and EUR 0.88k in 2018.

Compensation of key management personnel of the Group

EUR k	2020	2019	2018
Short-term employee benefits	297.44	335.00	200.00
Termination benefits	–	–	–
Share-based payments	8.64	2.07	–
Total compensation paid to key management personnel	306.08	337.07	200.00

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

Purchase of Shares from Dominik Pederzani

On 21 October 2020, the parent company, Brodi Vermögensverwaltung UG (haftungsbeschränkt) (now Brodi GmbH), Berlin, an investment vehicle of then managing director Dominik Pederzani, and certain other parties entered into a share purchase agreement under which the Company purchased from Brodi Vermögensverwaltung UG (haftungsbeschränkt) 510 shares in the Company for a total purchase price of EUR 0.4 million.

Purchase of Shares from Dr. Matthias Schulz

On 5 May 2020, the parent company, Dr. Matthias Schulz Vermögensverwaltung UG (haftungsbeschränkt), Berlin, an investment vehicle of then managing director Dr. Matthias Schulz, and certain other parties entered into a share purchase agreement under which the Company purchased from Dr. Matthias Schulz Vermögensverwaltung UG (haftungsbeschränkt) 376 shares in the Company for a total purchase price of EUR 0.2 million.

Share based payments

Members of key management personnel are also beneficiaries of share-based payments. For details, refer to Note 25.

24. CONTINGENT LIABILITIES AND OTHER CONTRACTUAL OBLIGATIONS

There are no contingent liabilities as of the reporting date, particularly not from warranties or collateral for third-party liabilities.

The Group has the following other contractual obligations:

EUR k	31 December 2020	31 December 2019	31 December 2018
Rental and lease agreements (including incidental rental expenses)	53.16	14.91	18.96

As of 31 December 2019, rental and lease agreements (including incidental rental expenses) only report incidental rental expenses and obligations from short-term contracts or low-value contracts as contractual obligations. Since the first-time application of IFRSs, all other obligations from rental and lease agreements have been shown in the equity and liabilities and no longer present contractual obligations.

25. SHARE-BASED PAYMENTS

25.1. Share-based plan at parent company's level

Under a shareholders' agreement, amended from time to time, certain senior managers of the parent company (hereinafter referred to as "beneficiaries") have been granted shares of the parent. Under the shareholders' agreement, the beneficiaries' shares in the company are subject to a vesting call option in favor of the parent company or the majority shareholder of the parent company, Pelion Green Future GmbH. The right to exercise a call option is granted in favor of the party, which has originally sold the shares to the respective beneficiary. The vesting call option may be exercised by the parent company or Pelion Green Future GmbH, respectively, within vesting periods varying between five and 7 years. The vesting period and the initial cliff period (12 months period after the start of the vesting period) are individually determined for each beneficiary. The beneficiaries must remain in service for a period of five to seven years from the date of grant. The vesting call option in favor of Pelion Green Future GmbH or the parent company shall expire if no vesting event occurs during the respective vesting period. The vesting event is generally defined as the valid termination of the employment contract between the beneficiary and the Group. Each beneficiary shall not, prior to the end of three years after the respective vesting start, initiate a sale of its respective shares. The shares are subject to a right of first refusal in favor of the remaining shareholders and subject to tag along and drag along rights and obligations. The shareholders' agreement provides for certain liquidity events, under which defined exit proceeds will be distributed to the shareholders participating in the liquidity event. For the purpose of distribution of exit proceeds, the shareholders' agreement includes provisions on liquidation preferences in favor of Pelion Green Future GmbH and the parent company, respectively. Economically, these liquidation preferences represent the "exercise price" of the beneficiaries' shares, because

Linus Digital Finance AG (formerly: Linus GmbH)***Audited Notes to the Consolidated Financial Statements for fiscal years 2020, 2019 and 2018***

the beneficiaries will have to pass on the liquidation preferences to Pelion Green Future GmbH and the parent company, respectively. In the following disclosures, the amount of liquidation preference per share will be referred to as “exercise price”.

The contractual term of the vesting call options is five to seven years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

The Group accounts for the above-mentioned share-based plan as an equity-settled plan.

The fair value of shares granted is estimated at the date of grant using a simplified Black-Scholes-Merton-simulation model, taking into account the terms and conditions on which the shares were granted. The shares vest in instalments (10% each 6 months). Therefore, graded vesting is applied.

The expense recognized for employee services received during the year is shown in the following table:

<i>EUR k</i>	2020	2019	2018
Expense arising from equity-settled share-based payment transactions	58.95	5.59	–
Total expense arising from share-based payment transactions	59.95	5.59	–

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) as explained above of, and movements in, shares held by the beneficiaries during the year:

	2020		2019		2018	
	2020	(WAEP, in EUR)	2019	(WAEP, in EUR)	2018	(WAEP, in EUR)
Outstanding at 1 January	5,903	1.00	5,628	1.00	4,063	1.00
Granted during the year	2,580	731.70	275	1.00	2,501	1.00
forfeited during the year	-940	1.00	–	–	-935	1.00
Outstanding at 31 December	7,543	250.94	5,903	1.00	5,628	1.00
thereof unvested at 31 December	4,052		2,414		3,725	

The weighted average remaining contractual life (vesting period) for the shares as at 31 December 2020, 2019 and 2018, respectively, was:

	2020	2019	2018
Weighted average contractual life	4.7	4.6	4.5
thereof unvested	4.2	3.8	3.8

The weighted average fair value of shares granted during the year was EUR 682.11 in 2020, EUR 162.00 in 2019 and EUR 1.00 in 2018.

The range of “exercise prices” (as defined above) for vesting stock outstanding at the end of the year was EUR 1.00 to EUR 783.85 in 2020, EUR 1.00 to EUR 1.00 in 2019 and EUR 1.00 to EUR 1.00 in 2018.

The following table lists the inputs to the model used for the share-based payment plan for the fiscal years ended 31 December 2020, 2019 and 2018, respectively:

	2020	2019	2018
Weighted average fair values at the measurement date (EUR)	380.76	160.96	0.53
Dividend yield (%)	0.00%	0.00%	0.00%
Expected volatility (%)	72.18%	62.81%	62.81%
Risk-free interest rate (%)	-0.83%	-0.65%	-0.29%
Expected life of share vesting (vesting period) (years)	5	6	5.5
Weighted average share price (EUR)	682.11	162	1
Model used	Black-Scholes-Merton		

The expected life of the vesting shares is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the vesting stock is indicative of future trends, which may not necessarily be the actual outcome.

25.2. Share-based plan at level of Linus Capital Ltd., UK

Under a shareholders' agreement dated 13 March 2020, certain senior managers of Linus Capital Ltd., UK, (hereinafter referred to as "UK-beneficiaries") have been granted shares of Linus Capital Ltd. Under the shareholders' agreement, the UK beneficiaries' shares in Linus Capital Ltd. are subject to a vesting call option in favor of the parent company. The vesting call option may be exercised by the parent company within a vesting period of five years, taking into account an initial cliff period (12 months period after the start of the vesting period). The UK-beneficiaries must remain in service for a period of five years from the date of grant. The vesting call option in favor of the parent company shall expire if no vesting event occurs during the respective vesting period. The vesting event is generally defined as the valid termination of the employment contract between the UK-beneficiary and the Group. The shares are subject to a right of first refusal in favor of the remaining shareholders and subject to tag along and drag along rights and obligations. The shares have been issued to the UK-beneficiaries at their face value. For the purpose of the following disclosures, the exercise price will be disclosed as the face value of the issued shares.

The contractual term of the vesting call options is five years and there are no cash settlement alternatives for the UK beneficiaries. The Group does not have a past practice of cash settlement for these awards.

The Group accounts for the above-mentioned share-based plan as an equity-settled plan.

The fair value of shares granted is estimated at the date of grant using a simplified Black-Scholes-Merton-simulation model, taking into account the terms and conditions on which the shares were granted. The shares vest in instalments (5% each 3 months). Therefore, graded vesting is applied.

The expense recognized for UK-beneficiaries services received during the year is shown in the following table:

EUR k	2020	2019	2018
Expense arising from equity-settled share-based payment transactions	0.2	—	—
Total expense arising from share-based payment transactions	0.2	—	—

Linus Digital Finance AG (formerly: Linus GmbH)**Audited Notes to the Consolidated Financial Statements for fiscal years 2020, 2019 and 2018****Movements during the year**

The following table illustrates the number and weighted average exercise prices (WAEP) as explained above of, and movements in, shares held by the beneficiaries during the year:

	2020	2020 (WAEP, in EUR)	2019	2019 (WAEP, in EUR)	2018	2018 (WAEP, in EUR)
Outstanding at 1 January	—	—	—	—	—	—
Granted during the year	1,450	1.00	—	—	—	—
forfeited during the year	—	—	—	—	—	—
Outstanding at 31 December	1,450	1.00	—	—	—	—
thereof unvested at 31 December	1,450		—		—	

The weighted average remaining contractual life (vesting period) for the shares as at 31 December 2020, 2019 and 2018, respectively, was:

	2020	2019	2018
Weighted average contractual life	5.0	—	—
thereof unvested	4.2	—	—

The weighted average fair value of shares granted during the year was EUR 1.00 in 2020, EUR 0k in 2019 and EUR 0k in 2018.

The range of “exercise prices” (as defined above) for vesting stock outstanding at the end of the year was EUR 1.00 to EUR 1.00 in 2020, for 2019 and 2018 a range was not applicable.

The following tables list the inputs to the model used for the share-based payment plan for the years ended 31 December 2020, 2019 and 2018, respectively:

	2020	2019	2018
Weighted average fair values at the measurement date (GBP)	518.48	—	—
Dividend yield (%)	0.00%	—	—
Expected volatility (%)	56.55%	—	—
Risk-free interest rate (%)	0.26%	—	—
Expected life of share vesting (vesting period) (years)	5.0	—	—
Weighted average share price (GBP)	0.73	—	—
Model used	Black-Scholes-Merton	—	—

The expected life of the vesting shares is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the vesting stock is indicative of future trends, which may not necessarily be the actual outcome.

26. SUBSEQUENT EVENTS

After the reporting date 31 December 2020, on 23 February 2021, the parent company as purchaser and Picus Capital GmbH, an entity controlled by Mr. Alexander Samwer, as seller entered into a share purchase agreement relating to 81,501 shares in Selina Finance Limited, a private limited company registered office in London, UK, which provides financing solutions to UK business owners. The purchase price amounted to EUR 1.35 million in

Linus Digital Finance AG (formerly: Linus GmbH)

Audited Notes to the Consolidated Financial Statements for fiscal years 2020, 2019 and 2018

total, subject to a discount for an upfront payment. Selina Finance Limited is not listed at a stock exchange. After the closing of the transaction the parent company holds around 3% of Selina Finance Limited's capital.

After the reporting date 31 December 2020, on 4 February 2021, the parent company as purchaser and Picus Capital GmbH, an entity controlled by Mr. Alexander Samwer, as seller entered into a share purchase agreement relating to 1,382 shares in Casavo Management S.p.A., a joint stock company with its registered office in Milano, which provides technology based solutions and services for online real estate transactions. The purchase price amounted to EUR 1.35 million in total and relates to around 0.8% of the issued share capital of Casavo management S.p.A. The closing of the transaction took place on 5 February 2021. Casavo Management S.p.A. is not listed at a stock exchange.

On 17 December 2020, the parent company and Picus Capital GmbH, an entity controlled by Mr. Alexander Samwer, entered into a share purchase agreement pursuant to which Picus Capital GmbH acquired 886 treasury shares from the Company. The purchase price amounted to EUR 2.7 million in total. The closing of the transaction (transfer of the shares and payment of purchase price) occurred after the reporting date 31 December 2020, on 21 January 2021.

The parent company was converted from a GmbH (German limited liability company) to an Aktiengesellschaft (stock corporation) by change of legal form by shareholders' resolutions dated 22/28 January 2021 and was registered and announced in the commercial register on 10 February 2021 under the number HRB 225909 B.

The issued capital of the parent company was raised from the previously EUR 27,580 to the current EUR 50,000 after the reporting date 31 December 2020. In a shareholders meeting on 19 February 2021, the issued capital of the parent company was raised by EUR 5,613. The entry of the capital increase in the commercial register took place on 19 March 2021.

After the reporting date 31 December 2020, the parent company drove forward the structured process for listing the parent company's shares on the stock exchange that had been started before the reporting date.

Except for the events mentioned above, there were no other events after the end of the fiscal year that are of material significance for the assets, liabilities, financial position and financial performance.

27. AUTHORIZATION OF THE FINANCIAL STATEMENTS FOR ISSUE

The management board authorized the issue of the consolidated financial statements on 25 March 2021.

Berlin, 25 March 2021

The Management Board

English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers)

Independent auditor's report

To Linus Digital Finance AG

Opinion

We have audited the consolidated financial statements of Linus Digital Finance AG, Berlin, and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, 31 December 2019, 31 December 2018, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, including a summary of significant accounting policies, for the fiscal years from 1 January to 31 December 2020, from 1 January to 31 December 2019, from 1 January to 31 December 2018.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRSs) as adopted by the EU as issued by the International Accounting Standards Board (IASB), give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, 31 December 2019, 31 December 2018, and of its financial performance for the fiscal years from 1 January to 31 December 2020, from 1 January to 31 December 2019, from 1 January to 31 December 2018.

Pursuant to Sec. 322 (3) Sentence 1 HGB ("Handelsgesetzbuch": German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements.

Basis for the opinion

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB 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 consolidated financial statements" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Responsibilities of the management and the supervisory board for the consolidated financial statements

The management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB 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 consolidated financial statements.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements 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 opinion. 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 control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of estimates made by the management and related disclosures.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our respective opinion. 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 Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Berlin, 25 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer
Wirtschaftsprüfer
[German Public Auditor]

Nasirifar
Wirtschaftsprüfer
[German Public Auditor]



**Audited Annual Financial Statements
(HGB)
as of and for the fiscal year ended
December 31, 2020**

**Linus Digital Finance AG
(formerly: Linus GmbH)
Berlin**

Linus Digital Finance AG (formerly: Linus GmbH), Berlin
Balance sheet as at 31 December 2020

ASSETS	31.12.2020 EUR	31.12.2019 EUR	LIABILITIES	31.12.2020 EUR	31.12.2019 EUR
A. FIXED ASSETS			A. EQUITY		
I. Intangible assets			I. Subscribed capital	27,580.00	25,000.00
Purchased intangible assets	15,068.00	33,870.00	Treasury shares	<u>-886.00</u>	<u>0.00</u>
II. Property, plant and equipment				26,694.00	25,000.00
Other equipment, furniture and fixtures	196,755.00	35,073.00	II. Retained earnings	0.00	176,155.19
III. Financial assets			III. Net income	0.00	2,484,558.15
1. Investments in affiliated companies	1,694,669.11	1,015,087.69	IV. Unappropriated profit	5,895,824.71	0.00
2. Loans to affiliated companies	4,326,677.71	0.00		5,922,518.71	2,685,713.34
3. Investments in companies in which a participating interest is held	48,237.00	67,847.00	B. PROVISIONS		
4. Other loans	<u>53,978.48</u>	<u>102,811.86</u>	1. Tax provisions	2,428,777.98	1,154,203.97
	6,123,562.30	1,185,746.55	2. Other provisions	<u>388,928.06</u>	<u>374,680.75</u>
B. CURRENT ASSETS				2,817,706.04	1,528,884.72
I. Receivables and other assets			C. LIABILITIES		
1. Trade receivables	4,202,196.94	2,382,795.46	1. Liabilities to banks	1.80	1.80
2. Receivables from affiliated companies	444,479.08	0.00	2. Trade payables	215,857.38	185,339.12
3. Other assets	<u>62,726.75</u>	<u>100,448.65</u>	3. Liabilities to affiliated companies	584,579.21	400,000.00
	4,709,402.77	2,483,244.11	4. Liabilities to companies in which participations are held	110.00	0.00
II. Cash on hand and bank balances	2,706,572.60	1,057,211.62	5. Other liabilities	<u>4,250,096.33</u>	<u>27,381.63</u>
C. PREPAID EXPENSES	39,508.80	32,175.33		5,050,644.72	612,722.55
			- thereof for taxes EUR 121,580.07 (PY EUR 24,826.95)		
			- thereof for social security and similar obligations EUR 4,588.25 (PY EUR 2,554.68)		
	<u>13,790,869.47</u>	<u>4,827,320.61</u>		<u>13,790,869.47</u>	<u>4,827,320.61</u>

Linus Digital Finance AG (formerly: Linus GmbH), Berlin
Profit and loss account for the financial year 2020

	01.01.2020 31.12.2020 EUR	01.01.2019 31.12.2019 EUR
1. Revenue	7,839,030.74	5,774,057.32
2. Other operating income - thereof income from currency translation EUR 6.10 (PY EUR 2,071.67)	9,746.34	884,021.16
3. Personnel expenses		
a) Wages and salaries	-1,738,967.14	-1,356,768.14
b) Social security and pension expenses	<u>-294,860.02</u>	<u>-191,218.63</u>
	-2,033,827.16	-1,547,986.77
4. Amortization and depreciation of intangible assets and property, plant and equipment	-64,533.68	-47,475.13
5. Other operating expenses - thereof expenses from currency translation EUR -2,208.55 (PY EUR 0.00)	-2,247,960.77	-1,121,668.22
6. Income from participations - thereof from affiliated companies EUR 1,064,424.06 (PY EUR 166,465.89)	1,916,355.21	166,465.89
7. Income from other investments and long term loans	38,473.45	2,325.19
8. Other interest and similar income	14,227.82	0.00
9. Impairment on financial assets and short term investments - thereof extraordinary depreciation EUR -7,614.23 (PY EUR -525,737.75)	-7,614.23	-525,737.75
10. Interest and similar expenses	-1,458.00	-20,010.95
11. Income taxes	<u>-1,628,449.51</u>	<u>-1,079,432.59</u>
12. Earnings after taxes	3,833,990.21	2,484,558.15
13. Net income	3,833,990.21	2,484,558.15
14. Retained earnings	2,660,713.34	0.00
15. Offset of retained earnings due to acquisition of treasury shares	-598,878.71	0.00
16. Unappropriated profit	5,895,824.71	0.00

Linus Digital Finance AG (formerly: Linus GmbH), Berlin

Notes to the Annual Financial Statements 2020

I. General information

I.1. Information on the identification of the company according to the commercial register

Company name according to commercial register: Linus Digital Finance AG

Registered office according to commercial register: Berlin

Register entry: Commercial Register

Register court: Berlin (Charlottenburg)

Register no.: HRB 225909 B

I.2. Information on the financial statements

These annual financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB [“Handelsgesetzbuch”: German Commercial Code] as well as in accordance with the relevant provisions of the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act]. The Company is subject to the requirements for small-sized corporations.

The structure of the balance sheet and the profit and loss account is based on the provisions of Sections 266 and 275 (2) HGB (nature of expense method).

Linus GmbH was converted into a German stock corporation (Aktiengesellschaft) by resolution on the change of legal form on January 22, 2021. Entry in the Commercial Register took place on February 10, 2021.

II. Summary of accounting policies and valuation methods

The following accounting policies and valuation methods, which remained unchanged in comparison to the prior year, were used to prepare the annual financial statements.

Intangible assets acquired are recognized at acquisition costs and are amortized over their useful lives if they have a limited life. Amortization is charged using the straight-line method over an economic useful life of three years.

Property, plant and equipment are recognized at acquisition or production costs and are depreciated if they have a limited life. Scheduled depreciation is based on the estimated useful lives between three to twenty-three years. Low-value assets of property, plant and equipment with acquisition costs of less than EUR 800.00 are expensed in the year of acquisition.

Financial assets are recognized and measured as follows:

- participation at the lower of acquisition costs or net realizable value
- Shares in affiliated companies at the lower of acquisition costs or net realizable value
- Loans at the lower of nominal value or net realizable value

Financial assets (investments in partnerships) are recognized at the lower of acquisition costs or net realizable value plus acquisition-related costs. Additional contributions increase the acquisition costs. Shares in losses of the partnership interest are not recognized in the balance sheet as long as there is no permanent impairment of the investment. Shares in profits from the partnership are recorded as investment income, insofar as withdrawable profit shares exist.

Receivables and other assets, cash and bank balances are stated at nominal value. All items subject to risk are written off in full individually.

Non-interest bearing or low-interest receivables due in more than one year are discounted using the average market interest rate corresponding to their residual maturity and risk content.

Prepaid expenses relate to payments prior to the balance sheet date which represent expenses for a certain period after this date.

Tax provisions and other provisions account for all uncertain liabilities and potential losses from pending transactions. They are recognized at the settlement value necessary according to prudent business judgment, taking into account all identifiable risks and contingent liabilities.

Liabilities are recognized at the settlement value.

Assets and liabilities in foreign currency are translated using the mean spot rate on the reporting date (Section 256a HGB).

If they had residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2

HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied.

III. Disclosures on the balance sheet

III.1. Co-affiliation notes

Individual items may be allocated to more than one balance sheet item in the present classification. For reasons of clarity and transparency, the following explanation is provided:

The notes on co-affiliation relate to the following items and circumstances:

Trade receivables in the balance sheet of EUR 4,202,196.94 (previous year: EUR 2,382,795.46): This contains receivables from companies in which a participating interest is held of EUR 24,225.75 (previous year: EUR 201,286.43) and receivables from affiliated companies of EUR 687,557.48 (previous year: EUR 62,705.07).

Other assets in the balance sheet of EUR 62,726.75 (previous year: EUR 100,448.65): This includes receivables from companies in which a participating interest is held of EUR 4,620.00 (previous year: EUR 4,620.00) and receivables from affiliated companies of EUR 1,124.47 (previous year: EUR 1,124.47).

Trade payables in the balance sheet of EUR 215,857.38 (previous year: EUR 185,339.12): This contains payables to affiliated companies of EUR 16,573.93 (previous year: EUR 17,746.42).

Other liabilities in the balance sheet of EUR 4,250,096.33 (previous year: EUR 27,381.63): This includes liabilities to companies in which a participating interest is held of EUR 65.21 (previous year: EUR 0.00) and liabilities to shareholders of EUR 4,121,762.80 (previous year: EUR 0.00), both related to trade.

III.2. Receivables and other assets

Trade receivables with a residual maturity of more than one year amount to EUR 2,014,482.98 (previous year: EUR 523,622.06).

Receivables from affiliated companies totalling EUR 444,479.08 (previous year: EUR 0.00) include receivables of EUR 104,044.90 (previous year: EUR 0.00) with a residual maturity of more than one year.

In 2018, the company granted a loan of EUR 99,924.17 to a then managing director of the company (Dominik Pederzani). The loan bears interest of 2.0% p.a., has a term of 6 years from disbursement and is unsecured. The outstanding loan amounted to EUR 102,810.86 (31 December 2019) and EUR

53,977.48 (31 December 2020). In the reporting periods, the company recognized interest income from the loan of EUR 1,998.48 (2019) and EUR 1,128.70 (2020). In the reporting periods, the company received repayments from the managing director in the amount of EUR 0.00 (2019) and EUR 49,962.08 (2020).

III.3. Equity

Development of retained earnings as of 31 December 2020:

	EUR
Unappropriated profit as of 01.01.2020	0.00
Net profit	3,833,990.21
Retained earnings	2,660,713.34
Offset of retained earnings due to acquisition of treasury shares	598,878.84
Unappropriated profit as of 31.12.2020	<u>5,895,824.71</u>

III.4. Liabilities

As in the previous year, all liabilities have a residual maturity of up to one year.

IV. Other disclosures

IV.1. Extraordinary items

The other operating income of the previous year includes the profit from the sale of shares in a corporation in the amount of EUR 874,202.00.

The impairment on financial assets of the previous year includes the depreciation on a loan granted in the amount of EUR 399,999.00 as well as a depreciation on the book value of the share in an affiliated company in the amount of EUR 125,738.75.

IV.2. Other financial obligations

As of the balance sheet date, the capital contributions not yet called for the investments reported under financial assets and payment obligations not yet called for loans totalled EUR 8,947,547.67 (previous year: EUR 3,048,697.08).

Other financial obligations from rental and lease agreements amount to EUR 700,537.68 (PY: EUR 29,700.00) and are due within one year (160,292.50; PY: EUR 29,700.00) and between one and five years (540,245.18; PY: 0.00), respectively.

IV.3. Number of employees

During the financial year, the company had an average of 24 (PY: 16) employees.

IV.4. Group relationships

In its capacity as the ultimate parent company, the company prepares voluntary consolidated financial statements in accordance with IFRS.

Berlin, 25 March 2021

The Management Board

Neuhoff, David

Olbert, Frederic

Independent auditor's report

To Linus Digital Finance AG

Opinion

We have audited the annual financial statements of Linus Digital Finance AG, Berlin, which comprise the balance sheet as at 31 December 2020, and the income statement for the fiscal year from 1 January to 31 December 2020 and notes to the financial statements, including the recognition and measurement policies presented therein.

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 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 2020 and of its financial performance for the fiscal year from 1 January to 31 December 2020 in compliance with German legally required accounting principles.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the opinion

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB 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" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements.

Responsibilities of the management and the Supervisory Board for the annual financial statements

The management is 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 compliance with German legally required accounting principles. In addition, the management is responsible for such internal control 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 is 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.

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

Auditor's responsibilities for the audit of the annual financial statements

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 as well as to issue an auditor's report that includes our opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB 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.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, 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 opinion. 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 control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of estimates made by the management and related disclosures.
- Conclude on the appropriateness of the managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related 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 or, if such disclosures are inadequate, to modify our respective opinion. 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 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 German legally required accounting principles.

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.

Note concerning first-time audit

The annual financial statements of Linus Digital Finance AG for the preceding fiscal year ended on 31 December 2019 which form the basis for the figures provided for comparison in the annual financial statements as of 31 December 2020 are unaudited.

Berlin, 25 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer
Wirtschaftsprüfer
[German Public Auditor]

Nasirifar
Wirtschaftsprüfer
[German Public Auditor]

15. GLOSSARY

€.....	The single European currency adopted by certain participating member states of the European Union, including Germany.
AIF.....	Alternative investment funds.
AktG.....	The German Stock Corporation Act (<i>Aktiengesetz</i>).
Articles of Association.....	The Company's articles of association.
Arvantis.....	Arvantis Group Holding GmbH.
Authorized Capital.....	According to § 6 of the Articles of Association, the Management Board is authorized in the period until April 15, 2026 with the consent of the Supervisory Board, to increase the Company's share capital in an amount of up to €3,028,333.00, once or in several instances, by issuing up to 3,028,333 new no-par value bearer shares (<i>auf den Inhaber lautende Stückaktien</i>) with no-par value (<i>Stückaktien</i>) against contributions in cash and/or in kind.
BaFin.....	The German Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>).
Berenberg.....	Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany (telephone: +49 (0)40 350 600; website: www.berenberg.de), LEI 529900UC2OD7II24Z667.
Bonds.....	Convertible bonds (<i>Wandelschuldverschreibungen</i>), warrant bonds (<i>Optionsschuldverschreibungen</i>), profit participation rights (<i>Genussrechte</i>), and/or profit participating bonds (<i>Gewinnschuldverschreibungen</i>) (or a combination of these instruments).
CAGR.....	Compound annual growth rate, which indicates the annual mean rate of growth for each year of the relevant period.
CBRE.....	European Commercial Real Estate Finance – 2017 Update, last accessed on March 22, 2021, https://www.cbre.com/research-and-reports/European-Commercial-Real-Estate-Finance-2017-Update .
Clearstream.....	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
Code.....	The German Corporate Governance Code, as recast on December 16, 2019 and published in the German Federal Gazette (<i>Bundesanzeiger</i>) on March 20, 2020.
Company.....	Linus Digital Finance AG, with its registered office at Alexanderstraße 7, 10178 Berlin, Federal Republic of Germany (telephone: +49 (0)30 629 3968 10, website: www.linus-finance.com), legal entity identifier 8945005ERTYEKPYE7N23, and registered in the commercial register (<i>Handelsregister</i>) of the local court (<i>Amtsgericht</i>) of Charlottenburg, Germany, under docket number HRB 225909 B.
COVID-19.....	A strain of the coronavirus and the infectious disease caused by it.

COVID-19 Mitigation Act	A legislative act adopted by the German legislator on March 27, 2020 (<i>Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht</i>) providing for several temporary exemptions from certain statutory rules for the year 2020 which were extended into 2021 by the Act on the Further Reduction of the Procedure for the Relief of Remaining Debt (<i>Gesetz zur weiteren Verkürzung des Restschuldbefreiungsverfahrens</i>) dated December 22, 2020.
D&O	Directors and officers.
Data Protection Act	German Federal Data Protection Act (<i>Bundesdatenschutzgesetz</i>).
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortization.
ECB	The European Central Bank.
EEA	European Economic Area.
Euro	The single European currency adopted by certain participating member states of the European Union, including Germany.
EY	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin branch office, Friedrichstraße 140, 10117 Berlin, Germany.
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
German GAAP	The German generally accepted accounting principles of the HGB.
Germany	The Federal Republic of Germany (<i>Bundesrepublik Deutschland</i>).
Group	The Company together with its consolidated subsidiaries.
GWG	German Act on the Tracing of Profits from Serious Crimes (<i>Geldwäschegesetz</i>).
HGB	The German Commercial Code (<i>Handelsgesetzbuch</i>).
IFRS	International Financial Reporting Standards, as adopted by the European Union.
ISIN	International securities identification number.
IT systems	The Company's financial, accounting, information and other data processing systems.
KAGB	The German Capital Investment Code (<i>Kapitalanlagegesetzbuch</i>).
KVG-Agreement	The Agreement entered into on January 17, 2019, by Linus Capital Management GmbH and the LINUS Fund on the appointment of Linus Capital Management GmbH as the external capital management company (<i>externe Kapitalverwaltungsgesellschaft</i>) of the LINUS Fund.
LEI	Legal entity identifier.
LINUS	The Company together with its consolidated subsidiaries.

LINUS Fund	A real estate debt fund in the form of a closed-end special alternative investment fund (Linus Debt Invest DACH I GmbH & Co. KG) managed through Linus Capital Management GmbH.
Listing	The Company will apply for the admission to trading of all its 6,056,666 existing ordinary bearer shares with no-par value (<i>Stückaktien</i>) on the General Standard segment of the regulated market (<i>regulierter Markt</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>).
Listing Agent	Berenberg.
Management Board	The Company's management board (<i>Vorstand</i>).
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended.
Major Shareholders	Shareholders of the Company directly holding an interest in the Company's share capital and voting rights that would qualify as a notifiable interest within the meaning of Sections 33 <i>et seq.</i> of the German Securities Trading Act.
MSCI	Real Estate Market Size 2019, published in June 2020, https://www.msci.com/documents/1296102/19878845/MSCI_Real_Estate_Market_Size_2020.pdf/06a13e2c-0230-f253-26fa-3318cecb1c59 .
Principal Shareholder	A shareholder holding 95% of a company's share capital.
Prospectus	This prospectus.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended.
Short Selling Regulation	Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended.
Supervisory Board	The Company's supervisory board (<i>Aufsichtsrat</i>).
Tele Media Act	The German Tele Media Act (<i>Telemediengesetz</i>).
UCITS	Undertakings for collective investments in transferable securities.
UK	The United Kingdom.
UmwG	The German Transformation Act (<i>Umwandlungsgesetz</i>).
WKN	German Securities Code (<i>Wertpapierkennnummer</i>).
WpHG	The German Securities Trading Act (<i>Wertpapierhandelsgesetz</i>).
WpÜG	The German Securities and Acquisition and Takeover Act (<i>Wertpapiererwerbs- und Übernahmegesetz</i>).

16. RECENT DEVELOPMENTS AND TREND INFORMATION

16.1 Recent Developments

By resolution of the shareholders' meeting of January 22, 2021, Linus GmbH's share capital was increased by €22,420.00 to €50,000.00 against contributions in cash. The capital increase and the corresponding amendment of the articles of association (*Gesellschaftsvertrag*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on February 10, 2021, immediately prior to the conversion into a German stock corporation (*Aktiengesellschaft*).

By resolution of the shareholders' meeting of January 22, 2021, the Company changed its legal form from a limited liability company (*Gesellschaft mit beschränkter Haftung*) to a stock corporation (*Aktiengesellschaft*) under German law and its legal name to Linus Digital Finance AG. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on February 10, 2021.

On February 4, 2021, the Company as purchaser and Picus Capital GmbH, an affiliate of Arvantis, as seller entered into a share purchase agreement relating to 1,382 shares (or 0.8% of Casavo Management S.p.A.'s issued share capital) in Casavo Management S.p.A., a joint stock company under Italian law (*Società per azioni*) with its registered office in Milano, which provides technology based solutions and services for online real estate transactions. The purchase price amounted to €1.35 million in total. The closing of the transaction took place on February 5, 2021. The purchase price is subject to an adjustment mechanism (capped at €0.5 million) agreed in the share purchase agreement, which will be based on the valuation of Casavo Management S.p.A. in the context of an envisioned financing round of the company and will only apply in the event that such financing round closes on or prior to June 30, 2021.

By resolution of the shareholders' meeting of February 19, 2021, the Company's share capital was increased by €5,613.00 to €55,613.00 against contributions in cash. The capital increase and the corresponding amendment of the articles of association (*Satzung*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on March 19, 2021.

On February 23, 2021, the Company as purchaser and Picus Capital GmbH, an affiliate of Arvantis, as seller entered into a share purchase agreement relating to 81,501 shares (or approximately 3% of Selina Finance Limited's capital: 65,955 Series A shares and 15,546 ordinary shares) in Selina Finance Limited, a private limited company incorporated under the laws of England and Wales with registered office in London, UK, which provides financing solutions to UK business owners. The purchase price amounted to €1.35 million in total, subject to a discount for an upfront payment. The closing of the transaction, which is expected to occur in the second half of 2021, is *inter alia* subject to the approval of the Financial Conduct Authority in accordance with Part XII of the Financial Services and Markets Act 2000. The agreement shall automatically terminate and the seller shall repay in full any deposit to the purchaser if the closing conditions are not satisfied within six months after the signing date.

On March 10, 2021, the Company agreed on a non-binding term sheet with a global alternative investment firm for a €200 million non-recourse revolving loan facility. Negotiations about a binding facility agreement are ongoing. This facility would be used on a revolving basis to temporarily finance a significant portion of the more senior tranches of the loans provided to Sponsors. The facility would bridge the time between origination and syndication to co-investors and syndication partners, a function currently fulfilled by the LINUS Fund.

By resolution of the shareholders' meeting of April 16, 2021, the Company's share capital was increased by €5,890,263.00 to €5,945,876.00 from the Company's reserves (*Kapitalerhöhung aus Gesellschaftsmitteln*). The capital increase and the corresponding amendment of the articles of association (*Satzung*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on April 30, 2021.

By resolution of the shareholders' meeting of April 16, 2021, the Company's share capital was increased by €110,790.00 to €6,056,666.00 against contributions in cash. The capital increase and the corresponding amendment of the articles of association (*Satzung*) was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg on April 30, 2021. The 110,790 new shares were sold to pre-listing investors at a price of €25.23 per share.

16.2 Trend Information

The pandemic spread of COVID-19, in recent months has affected all key economies worldwide, including all markets in Europe, disrupted public life and the operations of multiple businesses. While the COVID-19 pandemic has not significantly impacted the existing financing portfolio managed by us, we saw a noticeable decrease in new projects at the beginning of the pandemic in the spring of 2020. Even though the demand for real estate financing recovered in the course of 2020, the Company is not yet in a position to assess the near-term and long-term effects of the COVID-19 pandemic on its business and cannot rule out that there will be additional downturns.

Since December 31, 2020, we have more than doubled the size of our staff from 20 to a total of 44 employees in connection with the further growth of our business. To support our expansion plans, we intend to hire additional expert personnel going forward. Furthermore, marketing activities have been expanded.

In April 2021, LINUS completed the first syndication of a financing project to co-investors with a tokenized contractual structure digitally recorded on the Ethereum blockchain. The focus of this pilot project is primarily on the acceleration and simplification of processes as well as potential future tradability of investments.

As of the date of this Prospectus, three new projects with an investment volume of €26 million were contracted and financing paid out in 2021. By the end of 2021, we aim to collect a total of more than €300 million in new co-investor funds from institutional and semi-professional investors (*i.e.*, excluding the LINUS Fund) and a total of more than €1 billion co-investor funds in the mid-term.