



**Audited Consolidated Financial Statements
as of and for the fiscal years
ended December 31, 2020, December 31,
2019 and December 31, 2018**

Linus Digital Finance AG
(formerly: Linus GmbH)
Berlin

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Linus Digital Finance AG (formerly: 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: Linus GmbH), Berlin
Audited consolidated statement of financial position as at 31 December 2020, 2019 and 2018

Assets	Notes	31.12.2020	31.12.2019	31.12.2018	01.01.2018
		EUR	EUR	EUR	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	31.12.2019	31.12.2018	01.01.2018
		EUR	EUR	EUR	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

Attributable to the equity holders of the parent									Non-controlling interests	Total Equity
Treasury shares										
in EUR		Issued capital (Note 18)	Number	Amount	other capital reserves	Retained earnings	other components of equity	Total		
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

	Note	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

	Note	01.01.2020 - 31.12.2020 EUR	01.01.2019 - 31.12.2019 EUR	01.01.2018 - 31.12.2018 EUR
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

Reconciliation of equity as per 1 January 2018 between local accounting standards and IFRS	
<i>EUR k</i>	1 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.

Reconciliation of equity as per 31 December 2018 between local accounting standards and IFRS	
<i>EUR k</i>	31 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.

Reconciliation of profit for the year 2018 between local accounting standards and IFRS

<i>EUR k</i>	2018
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 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.

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
Amendment to IFRS 1 <i>Subsidiary as a first-time adopter</i>	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.

Fiscal year ended 31 December 2020, EUR k	Linus Corporate	Linus Funds	Total segments	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
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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Fiscal year ended 31 December 2019, EUR k	Linus Corporate	Linus Funds	Total segments	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

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:

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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
Total liabilities			131,295	65,545
Geographic information			2020	2019
			EUR k	EUR k
Revenues from external customers				
Germany			8,490	6,577
other Europe and rest of the world			364	--
Total			8,854	6,577

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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<i>EUR k</i>	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%

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Name of subsidiary	Country	Principal activities	consolidated since	equity interest (%)		
				2020	2019	2018
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%
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 lost 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%	--
				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.

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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	--

* 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.

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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.

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

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Summarized cash flow information for fiscal year ended 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
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 (Special AIFs)

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.

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

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<i>EUR k</i>	Linus Debt Invest 1 GmbH & Co. KG		Linus Debt Invest 3 GmbH & Co. KG	
	2020	2019	2020	2019
Non-current liabilities	--	--	--	-2,251
Equity	1,354	3,690	7	326
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:

<i>EUR k</i>	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

<i>EUR k</i>	2020	2019	2018
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
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
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:

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	31 December 2020	31 December 2019	31 December 2018	2020	2019	2018
<i>EUR k</i>						
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.

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

<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

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<i>EUR k</i>	Property, plant and equipment	Intangible assets		Total
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	--	--
	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

<i>EUR k</i>	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

<i>EUR k</i>	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.

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:

<i>EUR k</i>	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:

<i>EUR k</i>	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>

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The following amounts were recognized through profit or loss in the reporting period:

<i>EUR k</i>	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:

<i>EUR k</i>	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:

<i>EUR k</i>	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

<i>EUR k</i>	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
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).

	2020	2019
Composition of non-current financial liabilities	EUR k	EUR k
Non-controlling interests in Linus Debt Invest DACH I GmbH & Co. KG	56,082	56,082
Non-controlling interests in Linus EMS 39 GmbH & Co. KG	2,104	2,104
Non-controlling interests in Linus RLP 23 GmbH & Co. KG	1,697	1,697
Non-controlling interests in Linus FRS 46 GmbH & Co. KG	855	855
Non-controlling interests in Linus GBW 6 GmbH & Co. KG	--	--
Non-controlling interests in Fides LWS 13 GmbH & Co. KG	--	--
Total	96,369	60,738

	2020	2019
Composition of current financial liabilities	EUR k	EUR k
Non-controlling interests in Linus Debt Invest DACH I GmbH & Co. KG	--	--
Non-controlling interests in Linus PRI GmbH & Co. KG	--	--
Non-controlling interests in Fides BLT 48 GmbH & Co. KG	--	--
Non-controlling interests in Fides SPK GmbH & Co. KG	--	--
Non-controlling interests in Fides MBT GmbH & Co. KG	--	--
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.

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.

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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.

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.

Linus Digital Finance AG (formerly: Linus GmbH)
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Financial liabilities			Carrying amount		
EUR k	measured at	level	31 December 2020	31 December 2019	31 December 2018
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		
EUR k	measured at	Level	31 December 2020	31 December 2019	31 December 2018
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

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.
			2019: -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 1,583k. 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.
			2018: --	
		Development of the total cost of investment of the financed real estate project	2020: 0% to 30%	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. 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.
			2019: 0% to 30%	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. 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.
			2018: --	
		Development of the average risk score for the financed real estate project	2020: -1 to +1	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. 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.
			2019: -1 to +1	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. 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.
			2018: --	

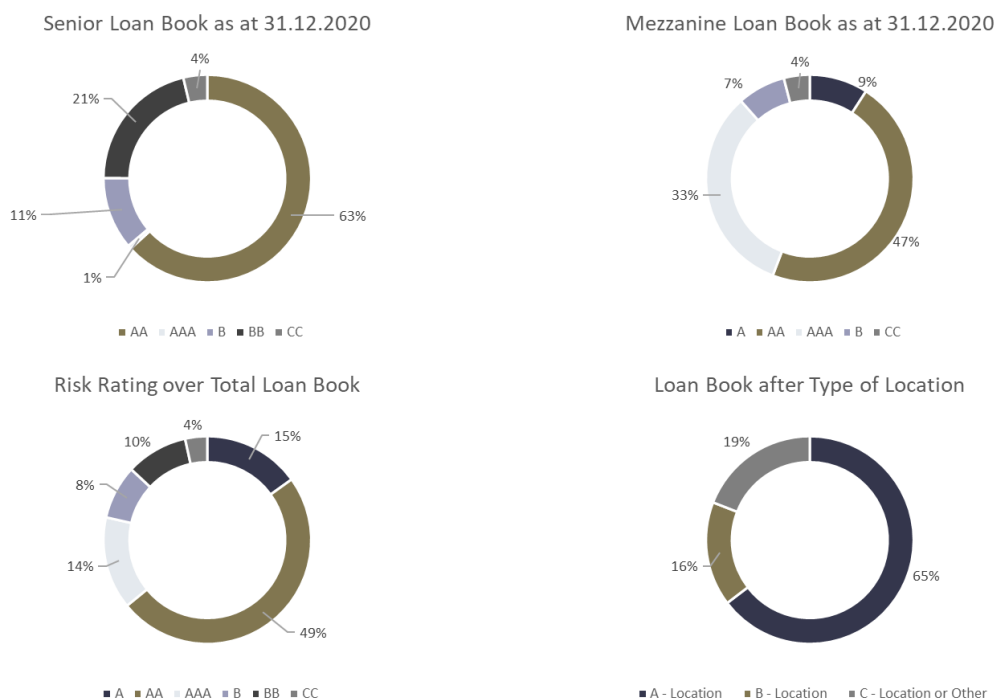
22.5. Financial instruments risk management objectives and policies

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%), 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.

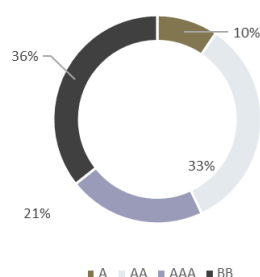
As of 31 December 2020, the total loan volume comprises of a Mezzanine Loan Portfolio of EUR 87.9m in 2020, EUR 55.7m in 2019 and EUR 0m in 2018 and a Senior Loan Portfolio of EUR 114.5m in 2020, EUR 63.2m in 2019 and EUR 0m in 2018. Based on the risk assessment as per 31 December 2020, the Company only 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.

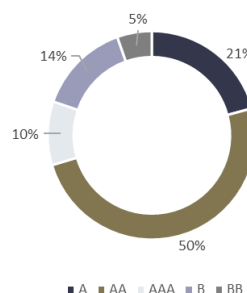


As at 31 December 2019, the breakdown for the portfolio is presented below:

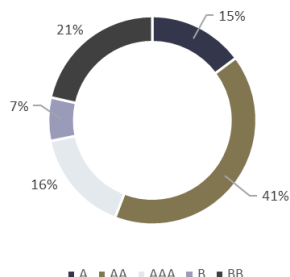
Senior Loan Book as at 31.12.2019



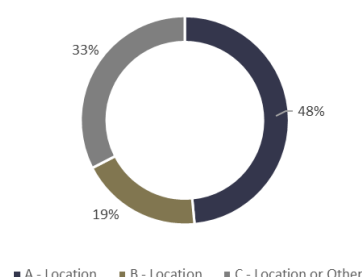
Mezzanine Loan Book as at 31.12.2019



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.

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 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.

<i>EUR k</i>		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
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	--	--	--	--

<i>EUR k</i>		Services/loans to related parties	Services from related parties	Receivables from related parties	Liabilities to related parties
Other	2020	--	--	--	--
	2019	52.90	--	53.59	--
	2018	--	--	--	--

Key management personnel of the Group		Number of shares
Shares held in the group parent by members of management as of 31 December**		
	2020	7,543
	2019	5,903
	2018	5,628

Loans to related parties

Loans to related parties Key management personnel of the Group: Loan to director	Received Interest	Receivables from related parties
	2020	1.13
	2019	2.00
	2018	0.88
		53.98
		102.81
		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 1 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 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 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.

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The expense recognized for employee 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	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	2020 (WAEP, in EUR)	2019	2019 (WAEP, in EUR)	2018	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	--	--

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 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