

This document is a translation of the approved prospectus made under the sole responsibility of the Issuer.

Securities Prospectus
for the Public Offering of
Subordinated Token-based Bonds
2019/2029
with an Aggregate Principal Amount of up to
EUR 2,750,000
of
Exporo Düsseldorf Fliesenhaus GmbH, Hamburg

This document (the "**Prospectus**") is a prospectus within the meaning of Article 6(3) of REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**") for the purpose of a public offering of up to 2,750 floating interest rate subordinated bonds subject to a pre-insolvency enforcement restriction, each bond with a principal amount of EUR 1,000, which are not physically represented by a securities certificate and which may only be transferred by means of tokens generated by the Issuer (hereinafter the "**EXP2-Tokens**") on the Ethereum blockchain (the "**Token-based Bonds**") in the Federal Republic of Germany, the Grand Duchy of Luxembourg, and the Republic of Austria. This Prospectus has been approved by the Luxembourg Supervisory Authority for the Financial Sector (*Commission de Surveillance du Secteur Financier*, "**CSSF**"). Applications for notification of the Prospectus to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**"), and the Austrian Financial Market Authority (*Finanzmarktaufsicht*, "**FMA**") have been filed pursuant to Article 25 of the Prospectus Regulation. Pursuant to Article 6 (4) of the Luxembourg Law of 16 July 2019 on Securities Prospectuses, as amended, the CSSF assumes no responsibility for the economic or financial creditworthiness of the transaction, or for the quality and solvency of the Issuer. The approved Prospectus and any supplements thereto can be accessed and downloaded at the Issuer's website ([/www.exporo.de/ir-projekt98](http://www.exporo.de/ir-projekt98)) and the website of the Luxembourg Stock Exchange (www.bourse.lu). The validity of this Prospectus will expire on 2 September 2020. The obligation to prepare a supplement to the Prospectus in the event of significant new factors, material mistakes or material inaccuracies expires upon the expiry of the Prospectus.

The Token-based Bonds are not and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold within the United States of America or to or for the account or benefit of any U.S. Person (as defined in Regulation S of the U.S. Securities Act).

02 September 2019

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1. Summary

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| SECTION 1 - INTRODUCTION AND WARNINGS |
| Description of the securities: Token-based Bonds with an aggregate principal amount of up to EUR 2,750,000; no ISIN/WKN were assigned. |
| Issuer's identity and contact data: Exporo Düsseldorf Fliesenhaus GmbH, with its registered office in Hamburg, Am Sandtorkai 70, 20457 Hamburg, Germany LEI: 529900WB8IC64H1KDT55 |
| Competent authority that has approved the Prospectus: Commission de Surveillance du Secteur Financier ("CSSF") 283, route d'Arlon L-1150 Luxembourg Tel.: (+352) 26 25 1 - 1 (switchboard) Fax: (+0352) 26 25 1 – 2601 E-mail: direction@cssf.lu |
| Date of approval of the Prospectus: 2 September 2019 |
| Warnings |
| <p>This summary should be read as an introduction to the Prospectus and the investor should base any decision as to whether or not to invest in the bonds on the Prospectus in its entirety.</p> <p>Investors could lose part or all of their capital invested.</p> <p>In the event that claims are brought before a court based on information contained in a Prospectus, the investor appearing as plaintiff may, under national law, be required to bear the costs of translating this Prospectus prior to the commencement of legal proceedings.</p> <p>Only those persons who have submitted and transmitted the summary, together with any translations thereof, shall be liable under civil law, but only in the event that the summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent or, when read together with the other parts of the Prospectus, does not provide the key information which would assist the investor in making a decision regarding investments in the Token-based Bonds.</p> |
| SECTION 2 - KEY INFORMATION ABOUT THE ISSUER |
| Who is the Issuer of the Token-based Bonds? |
| <p>The Issuer of the Token-based Bonds is Exporo Düsseldorf Fliesenhaus GmbH, with its registered office in Hamburg, Germany. It is a limited liability company (<i>Gesellschaft mit beschränkter Haftung</i>, "GmbH") under German law. The Issuer is registered in the commercial register of the Local Court (<i>Amtsgericht</i>) of Hamburg under the number HRB 156418. The Issuer's Legal Entity Identifier (LEI) is: 529900WB8IC64H1KDT55. Dr Björn Maronde is the managing director of the Issuer.</p> <p>Exporo AG, with its registered office in Hamburg, is the sole shareholder of the Issuer. Exporo AG is in a position to exercise significant control over the Issuer; no control and profit and loss transfer agreement exists. There are no indirect equity interests or control relationships.</p> <p>The auditor for the Issuer's audited interim financial statements as at 30 June 2019 is FACT GmbH Wirtschaftsprüfungsgesellschaft, Johanna-Waescher-Straße 13, 34131 Kassel, Germany.</p> <p>As at the date of the Prospectus, the Issuer's business consists solely of the rental and management of a residential and commercial property located at Gerresheimer Landstraße 110, 40627 Düsseldorf, Germany, which is recorded in the Düsseldorf land register of the Local Court (<i>Amtsgericht</i>) of Düsseldorf von Unterbach, folio 3156, serial nos. 5 and 6 of the inventory register, district of Unterbach, parcels 175 and 86 of lot 33, size 811m² and 322 m² (the "Property").</p> <p>The Issuer purchased the Property in accordance with the law of obligations on 12 June 2019. The purchase price for the Property totals EUR 4.25 million (including land transfer tax, notary and court costs and broker's fees of approximately EUR 4.714 million). As at the date of the Prospectus, the Issuer has not yet acquired</p> |

ownership title to the Property because it has not yet paid the purchase price and has not yet been recorded in the land register as owner of the Property.

The Property will serve as first-ranking collateral in the form of a real estate lien for a loan from a German credit institution (hereinafter the “**Bank**”), which the Issuer will take out for the (partial) financing of the acquisition of the Property (hereinafter the “**Bank Loan**”). As at the date of the Prospectus, an offer of financing has been made by the Bank.

The purchase price of the Property is intended to be paid from the proceeds of the bond issue and the Bank Loan. If not enough bonds have been placed by the date on which the purchase price is due, the Issuer may obtain pre-financing from Bridge Capital GmbH, other pre-financing companies or private individuals, which would then be repaid from the proceeds of the issue (hereinafter the “**Pre-financing**”).

What is the key financial information about the Issuer?

The key financial information about the Issuer presented in the Prospectus was taken from the audited interim financial statements as at 30 June 2019, which were prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*, “HGB”). The audit opinion for the audited interim financial statements was issued without qualification. The Issuer has no liabilities.

| Selected Financial Information | 30/06/2019 |
|--|------------------------------|
| Income statement | 01/04/2019-30/06/2019 |
| | (EUR) |
| Result after taxes / Net loss for the year | -2,908.27 |
| | |
| Cash flow statement | 30/06/2019 |
| | (EUR ‘000) |
| Cash flow operating activities | -11 |
| Cash flow from financing activities | 13 |
| Subsequent changes of funds | 2 |

What are the key risks that are specific to the Issuer?

The occurrence of any one or cumulative combination of various risks may have material adverse effects on the Issuer’s business, financial condition, operational results, and prospects resulting in the Issuer being unable or restricted in its ability to meet its interest and redemption obligations under the Token-based Bonds. In the worst case, this could cause the Issuer to become insolvent and therefore cause investors to lose their entire investment.

The economic success of the Issuer and its ability to meet interest and redemption obligations under the Token-based Bonds depend on rental income being sufficiently in excess of the costs associated with the Property and the Issuer’s other expenses, and the Issuer generating proceeds from the sale of the Property or sufficiently refinancing the Token-based Bonds.

Risks arising from the sale of the Property

The proceeds that may be generated from the sale of the Property depend on many uncertain factors, for example the lease situation, the quality of the location, and demand from investors.

Risk arising from the lack of regulatory approvals

There is a risk that the necessary regulatory approvals will not be granted at all or on time, or will only be granted subject to additional requirements or conditions.

Risks arising from the condition of the Property

There is a risk that there may be construction defects in the Property that have not been identified or have not been fully identified.

Maintenance risks

The costs associated with maintenance, repair and modernisation measures relating to the Property may be higher than planned, e.g., due to the occurrence of unexpected defects.

Lease-related risks

It is possible that lease agreements may not be concluded as planned in the future and that therefore the predicted amount of future rental income will not be realised.

Market development risks

A negative market development may have a negative impact on the value of the Property and the proceeds able to be generated from its sale.

Location development risks

The location of the Property may experience a negative development, having a negative impact on the value of the Property and the proceeds able to be generated from its sale.

Risks under the Bank Loan

If grounds for termination exist, there is a risk that the bank will demand immediate repayment of the Bank Loan in full. In this context there is a risk that the proceeds able to be generated from the sale of the Property will not be sufficient to fully discharge the Bank Loan and fully redeem the Token-based Bonds.

SECTION 3 - KEY INFORMATION ABOUT THE SECURITIES

What are the key features of the Token-based Bonds?

The Issuer is offering 2,750 Token-based Bonds with an aggregate principal amount of up to EUR 2,750,000. No German securities identification number (WKN) or ISIN have been allocated.

The securities are unsecured, subordinated Token-based Bonds issued with a pre-insolvency enforcement restriction.

The rights of the Bondholders include the right to interest payments and the repayment of capital, the right to termination without notice for cause, the right to vote on the sale of the Property, rights of information and the right to participate in Bondholder votes on amendments to the Bond terms and conditions.

The investors receive a number of EXP2 Tokens corresponding to the amount of Token-based Bonds subscribed, which represent the rights arising under the Token-based Bonds.

The Token-based Bonds can be transferred to third parties at any time by way of assignment. The transfer of rights arising from the Token-based Bonds requires the transfer of the EXP2 Tokens. The EXP2 Tokens can only be transferred via the Ethereum blockchain. Investors require a "wallet" that is compatible with Ethereum assets for this purpose. Investors who wish to purchase Token-based Bonds on the secondary market must register on the website at www.exporo.de and complete the KYC and AML process of Exporo Investment GmbH as registered users. Once the KYC and AML process has been completed successfully, the investor's Ethereum address is entered in the Global Whitelist Contract on the Ethereum blockchain so that the investor can subsequently receive EXP2 Tokens.

Term

The term of the Token-based Bonds starts on 3 September 2019 and ends at the expiry of 2 September 2029.

Interest

The Token-based Bonds will bear interest at a variable rate from 3 September 2019 (inclusive) until 2 September 2029 (inclusive). The amount of interest is largely dependent on sufficient excess rental income being generated over the costs of the Property and other expenses incurred by the Issuer.

The payments made by the contracting parties (in particular tenants of the Property) will be credited to a project account (the "**Project Account**"). The Issuer will use the Project Account to make the following payments:

- the costs associated with operating the Property (these include both the chargeable costs pursuant to the Regulation Governing the Calculation of Factors relating to Residential Lettings pursuant to the Second Housing Act (Second Calculation Regulation (*Zweite Berechnungsverordnung*, "II. BV")), such as caretaker services, including facility management, cleaning, insurance, etc. and non-chargeable operating costs that are not settled by third parties based on a statement in accordance with the statutory provisions or provisions set out in the lease agreement, as well as vacancy costs).
- the costs associated with property and asset management in relation to the Property.
- the costs associated with necessary maintenance, repair and/or modernisation measures relating to the Property.
- the costs associated with preparing valuation report to determine the value of the Property.
- the costs associated with tax and legal advice provided to the Issuer, as well as any costs associated with the auditor.

- the costs associated with tax payments and public fees to be paid by the Issuer.
- the costs associated with the Token-based Bonds, in particular for their interest, brokerage, management and collateralisation.
- the servicing of claims due under permissible liabilities; these essentially involve the obligations resulting from the Bank Loan and from the Pre-financing of the Property, including debt restructuring and/or extensions of the Bank Loan and/or the Pre-financing and loans and/or shareholder loans to finance necessary measures to retain and increase value, specifically for repairs to, or the maintenance and/or modernisation of the Property.
- the amounts required to set up a reserve for the repair, maintenance and/or ongoing modernisation of the Property.

The Quarterly Balance remaining at the end of the quarter following the deduction of the aforementioned costs, reserves and provisions will be paid out to the Bondholders pro rata, based on the ratio of the Token-based Bonds held by them to the Outstanding Token-based Bonds.

This means that every Token-based Bond will bear interest based on the following formula:

$$\frac{\text{Quarterly Balance} \times \text{Principal Amount}}{\text{Outstanding Token-based Bonds}}$$

The term “Quarterly Balance”, within the meaning of the formula above, refers to the Project Account balance remaining at the end of the quarter after deduction of the aforementioned payments.

The term “Principal Amount”, within the meaning of the formula above, refers to the Principal Amount of an individual bond in the amount of EUR 1,000.

The term “Outstanding Token-based Bonds”, within the meaning of the formula above, refers to the Principal Amount of all Token-based Bonds of all Bondholders that has been paid in on an interest payment date.

Interest payments are made quarterly in arrears. The first interest payment will take place on 15 January 2020. The interest payment and the redemption of the Token-based Bonds will be made in euros into a bank account held by the investor.

Redemption Amount

In the event of termination subject to a notice period following the end of the ordinary term, and in the event of the early termination of the term due to notice given by the Issuer based on a sale of the Property, the Token-based Bonds are to be repaid to the Bondholders at the redemption amount in each case (the “**Redemption Amount**”).

The Redemption Amount of the Token-based Bonds is calculated as follows:

Each Token-based Bond will be redeemed in the amount to be calculated based on the following formula, but at least at the Principal Amount:

$$\text{Principal Amount} + \frac{(\text{Sale Price} + \text{Reserves} - \text{Residual Debt} - \text{Outstanding Token-based Bonds}) \times 0.8 \times \text{Principal Amount}}{\text{Outstanding Token-based Bonds}}$$

The term “Principal Amount”, within the meaning of the formula above, refers to the Principal Amount of an individual bond in the amount of EUR 1,000.

The term “Sale Price”, within the meaning of the formula above, refers to either (a) in the event of a sale of the Property, the purchase price for the sale of the Property less transaction costs and taxes on the capital gains resulting from the sale or (b) in the event of a refinancing of the Token-based Bonds, the market value of the Property pursuant to the most recent valuation report.

The term “Reserves”, within the meaning of the formula above, refers to the maintenance reserve (exclusively) available on the Redemption Date.

The term “Residual Debt”, within the meaning of the formula above, refers to the principal Bank Loan claim on the Redemption Date, plus any prepayment penalties for the Bank Loan. The term “Bank Loan” is the loan granted by a German credit institution for which the Property serves as the first-ranking collateral in the form of a real estate lien.

The term “Outstanding Token-based Bonds”, within the meaning of the formula above, refers to the Principal Amount of all Token-based Bonds of all Bondholders paid in, in each case, on the Redemption Date of the Token-based Bonds or on the date of any early redemption of the Token-based Bonds.

Rank of the Token-based Bonds

The Bondholder undertakes not to assert any claims arising from the Token-based Bonds, particularly those claims to the payment of interest and repayment of the bond capital, as long as and to the extent that the partial or full settlement of such claims would result in overindebtedness of the Issuer within the meaning of section 17 of the German Insolvency Code (*Insolvenzordnung*, “InsO”) or an impending insolvency within the meaning of section 18 InsO or an insolvency within the meaning of section 19 InsO, in each case as amended (*vorinsolvenzliche Durchsetzungssperre* - pre-insolvency enforcement restriction).

As a result, the pre-insolvency enforcement restriction already applies to the period prior to the opening of insolvency proceedings. Accordingly, the Bondholder may not request the settlement of their claims arising from the Token-based Bonds if the Issuer is overindebted or insolvent, or if such overindebtedness or insolvency is imminent, at the time at which the Bondholder makes the payment request. The pre-insolvency enforcement restriction may lead to a permanent, indefinite non-fulfilment of the Bondholder’s claims.

In the event of insolvency proceedings initiated in respect of the Issuer’s assets or in the event of the Issuer’s liquidation, the claims arising from the Token-based Bonds will be subordinated to all non-subordinated claims and all subordinated claims within the meaning of section 39 (1) nos. 1 to 5 InsO. The investor may only assert its payment claims under the Token-based Bonds outside of insolvency proceedings initiated against the Issuer only on the basis of any future profit, liquidation surplus, or other free assets.

Termination Options

The Token-based Bonds may not be terminated early by the Bondholders subject to a notice period.

Extraordinary grounds for termination for cause shall include: failure to pay capital or interest for a period of 30 days; breach of other obligations under the Token-based Bonds (were such breach is not cured within 30 days); assumption of certain financial liabilities; failure to service third-party financial liabilities (third-party default); occurrence of a change of control; breach of information obligations and certain events in connection with any insolvency or winding-up of the Issuer. The right of termination shall lapse if the reason for termination is remedied before the right is exercised.

Following a resolution by the Bondholders to sell the Property, the Issuer is entitled to terminate the Token-based Bonds early for cause. Instead of selling the Property, the Issuer may also re-finance the Token-based Bonds, e.g., by way of a further bond issue, a bank loan or in another manner.

Where will the Token-based Bonds be traded?

It is not intended to admit or include the Token-based Bonds in trading on a regulated market or any other equivalent market.

Is there a guarantee for the Token-based Bonds?

No guarantee will be provided for the Token-based Bonds.

What are the key risks that are specific to the Token-based Bonds?

The Token-based Bonds are not a suitable investment for every investor. The decision of any potential investor whether to subscribe for the Token-based Bonds should be based based on their personal circumstances, income situation and investment expectations.

Transferability of the Token-based Bonds

Investors should consider that they may not be able to sell the acquired Token-based Bonds prior to maturity. Trading in the EXP2 Tokens on a crypto exchange may prove to be illiquid or impossible. Investors are also exposed to the risk of unfavourable price development of their EXP2 Tokens if they wish to sell the EXP2 Tokens prior to maturity.

Risk based on the pre-insolvency enforcement restriction

All payment claims of investors are subject to a pre-insolvency enforcement restriction. The pre-insolvency enforcement restriction may lead to a permanent, indefinite non-fulfilment of the bondholder’s claims.

Risk based on the priority of investors’ claims

Investors cannot require the Issuer to prioritise the settlement of their interest and repayment claims over the other claims of third parties. This also applies where such other claims rank *pari passu* with investors’ claims.

Regulatory framework governing the issue of token-based bonds and the lack of market confidence

Greater regulation of token-based bond issues in the future could render the Token-based Bonds untradeable for legal reasons and/or because of the market's lack of acceptance.

Debt financing

Debt financing increases the level of risk of the investment. The repayment of borrowed funds and the interest payments associated with such financing must be made by the investor, irrespective of any interest payments by the Issuer.

Risks arising from subordinated collateral

There is the risk that the provision of collateral is not valid. Accordingly, the collateral is not insolvency-proof. The realisation of collateral is limited to those cases in which the Issuer refuses to make payments to the Issuer despite liquidity being available and despite no pre-insolvency enforcement restriction applying. The collateral is also subordinate to the collateral pledged to the financing bank.

SECTION 4 - KEY INFORMATION ABOUT THE PUBLIC OFFERING OF SECURITIES

Under what conditions and when can I invest in the Token-based Bonds?

The Token-based Bonds are being offered in the Federal Republic of Germany, the Grand Duchy of Luxembourg, and the Republic of Austria in the context of a public offering and can be purchased by anybody there. The Token-based Bonds are subject to German law.

In parallel with the publication of the Prospectus, the Issuer will announce the opportunity to subscribe to the Token-based Bonds for prospective subscribers in Luxembourg in a major Luxembourg daily newspaper.

The Token-based Bonds will be issued at 100% of the Principal Amount of EUR 1,000 per Token-based Bond.

The Token-based Bonds have not and will not be registered in accordance with the U.S. Securities Act and may not be offered or sold within the United States.

The offer period will run from 3 September 2019 until 25 August 2020. The offer period may be curtailed at any time.

Investors who wish to subscribe to the Token-based Bonds and to receive EXP2 Tokens require a "wallet" that is compatible with Ethereum assets. If no Ethereum address (known as a "public key") is provided during the online subscription process, the Issuer cannot accept subscription orders.

The placement of the Token-based Bonds by Exporo Investment GmbH as investment broker (*Anlagevermittler*) shall be subject to payment of a performance-based fee of a maximum of 3.5% of the placed and paid-in bond capital and an investment brokerage fee of 0.10% p.a. of the respective Outstanding Token-based Bonds. The costs for preparing and conducting the issue of the Token-based Bonds amount to approximately EUR 100,000. Assuming the full placement of the Token-based Bonds, the total costs of the issue will amount to EUR 223,750.

The Issuer will not charge investors any costs for the issue of the Token-based Bonds. Fees may be incurred for the safe-keeping of the EXP2 Tokens in the investors' wallets and for the trading of the EXP2 Tokens on a crypto exchange.

Why has the Prospectus been drawn up?

The net issue proceeds from the Token-based Bonds in the amount of up to approx. EUR 2.55 million are to be invested in the purchase of the Property or the repayment of the Pre-financing. The issue proceeds together with the funds from the Bank Loan that is still to be taken out in the amount of up to EUR 2.5 million will be sufficient for this purpose.

There is no firm underwriting obligation for the offering of the bonds.

Conflicts of interest

Potential conflicts of interest from a legal, economic and/or personnel perspective exist at the issuer in that the sole managing director of the Issuer, Dr. Björn Maronde is at the same time a member of the Executive Board and shareholder of the Issuer's parent company, Exporo AG. The other members of Exporo AG's Executive Board are also Exporo AG shareholders. Together, the members of Exporo AG's Executive Board hold 29.11% of the share capital of Exporo AG, either directly or indirectly through companies that hold property. Dr Maronde also serves as managing director at other subsidiaries of Exporo AG. The Issuer's authorised signatory, Mr Thomas Lange, is moreover an employee of Exporo AG. Mr Ralf Schmähl, who is a member of Exporo AG's Supervisory Board, acts as a tax adviser to Exporo AG and receives fees for his services.

The net proceeds from the issue of the Token-based Bonds may also flow to Bridge Capital GmbH, a wholly-owned subsidiary of Exporo AG, in order to discharge a Pre-financing arrangement entered into in order to acquire the Property. The asset management of the property is to be carried out by Exporo AM GmbH, which is also a wholly-owned subsidiary of Exporo AG, in return for remuneration. Exporo Investment GmbH, which is also a wholly-owned subsidiary of Exporo AG, will take over the investment broking of the Token-based Bonds in return for remuneration. HmcS Treuhand GmbH, Hanover, will act as collateral trustee, in return for a fee, throughout the term of the Token-based Bonds.

2. Risk Factors

2.1. Note regarding the Risk Factors

The presentation of the risk factors in this section 2 is no substitute for obtaining advice that may be necessary from suitably qualified professional advisors. The decision to invest should not be made solely on the basis of these risk factors, because the information contained herein cannot replace advice and explanations tailored specifically to the needs, objectives, experience, knowledge and circumstances of the investor. Prospective investors are advised to obtain opinions from suitably qualified professional advisors if needed.

The following is a presentation of the risk factors that are specific to the Issuer and/or the Bonds, and which are of material significance for making an informed investment decision.

The Issuer has rated the significance of the individual risk factors as “low”, “medium” or “high” as at the date of the Prospectus. Where the Issuer has assessed a risk factor as being of “low” or “medium” significance, this does not mean that this risk could not have material adverse effects if it materialised, which in the worst case could cause the Issuer to become insolvent and therefore cause investors to lose their entire investment.

The occurrence of any one or cumulative combination of various risks may have material adverse effects on the Issuer’s net assets, financial condition and operational results, resulting in the Issuer being unable or restricted in its ability to meet its contractual interest and redemption obligations to investors under the Bonds.

In the worst case, this could cause the Issuer to become insolvent and as a result cause investors to lose their entire investment.

2.2. Risks in Connection with the Property

The economic success of the Issuer and its ability to meet interest and redemption obligations under the Bonds essentially depends on two factors: a sufficient excess of the expected rental income over the costs of the Property and the other expenses of the Issuer, and the proceeds from the sale of the Property or, alternatively, the successful refinancing of the Bonds by the Issuer in an amount that enables the Bonds to be redeemed. If the value of the Property falls, it may not be possible for the Issuer to realise any sale proceeds sufficient to redeem the Bonds at their par value. This may cause investors to lose all or part of their investment. If there is no increase of the value of the Property, the Redemption Amount will not exceed the par value of the Bonds. There may be specific risks associated with investing in the Property.

2.2.1 Risks Arising from the Sale of the Property

If the Issuer is unable to refinance the Token-based Bonds at maturity, redemption of the Token-based Bonds will depend on the sale of the Property and the proceeds generated from the sale. The proceeds from the sale of the Property depend on many factors, for example the lease situation (occupancy rate, tenant creditworthiness, amount of rent), the quality of the location, demand from investors, market and property-specific trends and macroeconomic or industry-specific circumstances.

As at the date of this Prospectus, it is not possible to predict whether it will be possible to generate sufficient proceeds from selling the Property to fully satisfy all repayment claims of Bondholders under the Token-based Bonds.

Furthermore, risks may arise in the course of selling the Property (e.g. the purchaser may become insolvent, the Issuer may assume warranties and liability), which could result in failure of the sale or in the sale having to be reversed, which could cause the Issuer to incur costs for which it is unable to claim reimbursement.

These risks could adversely affect the Issuer’s net assets, financial condition and operational results and jeopardise the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of these risks as “medium”.

2.2.2 Risk Arising from the Lack of Regulatory Approvals

There is a risk that the necessary regulatory approvals will not be granted at all or on time, or will only be granted subject to additional requirements or conditions. There is also the risk that previously granted building permits or consents will be revoked or withdrawn or made subject to additional requirements or conditions. Disputes with neighbours and residents may significantly delay the granting of regulatory approvals, and in some circumstances even prevent their granting. These risks may make it impossible for the sale of the Property to proceed, or mean that the expected sales proceeds cannot be achieved or the sale cannot be carried out within the planned time frame. The occurrence of this risks could have a negative impact on the Issuer's liquidity and jeopardise repayment of the loan and thus also the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of this risk as "medium".

2.2.3 Risks Arising from the Condition of the Property

The quality of the Property's construction is of key significance in terms of its long-term lettable and its value development. In this context there is a risk that unidentified construction defects may exist in the Property. The Issuer is required to fund the costs of fixing undetected construction defects or unforeseen repair and maintenance expenses from existing liquid assets and/or by taking out additional loans or own funds. Construction defects that have not been fixed or are unable to be fixed may lead to rent reductions, adversely affect the Issuer's future rental income and have a negative impact on the development of the value of the Property and the proceeds able to be generated from its sale. These risks could adversely affect the Issuer's net assets, financial condition and operational results and jeopardise the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of these risks as "low".

2.2.4 Maintenance Risks

The costs of maintaining and repairing the Property may be higher than budgeted, for example because the Property is getting older or because unexpected defects are uncovered. The level of reserves available for maintenance and repair may have been calculated too low, which would compel the Issuer to carry out maintenance and repairs using rental income and/or by borrowing additional capital. Nor can it be ruled out that necessary maintenance and repairs will not be able to be carried out adequately or at all because the Issuer will lack the liquidity to do so, which could have adverse effects on the lease situation and value of the Property. These risks could adversely affect the Issuer's financial condition and operational results and jeopardise the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of these risks as "low".

2.2.5 Lease-related Risks

The calculated rental income depends on the conclusion and continued existence of corresponding lease agreements that generate appropriate returns. It is possible that lease agreements will not be concluded as planned in the future, and therefore that the calculated amount of future rental income will not be realised.

Where lease agreements expire, it cannot be ruled out that a subsequent new lease will not take place or will only take place on less favourable terms. Nor can it be ruled out that a subsequent new lease will only be possible after extensive and cost-intensive conversion and/or modernisation measures or other adaptations to the competitive situation. Furthermore, the Property is a previously existing property that is competing with new buildings, so that a subsequent new lease may only be possible by discounting the rent appropriately. Furthermore, the service charges and additional costs payable by tenants in addition to the rent have increased significantly in recent years, which could limit the potential for increasing the rent under new leases.

The calculated rental income depends on the ability of individual tenants to pay the rent. Where one or even several tenants are unable to pay the agreed rent, this may result in a significant amount of lost rental income. This in turn may mean that the Issuer is no longer able to service its debt under the Bank Loan¹ or to meet other contractual covenants under the Bank Loan, such as compliance with capital

¹ JD Note: defined term.

ratios, which may give the Bank the right to terminate the Bank Loan and realise the security provided for the loan. A significant amount of lost rental income may also result in Bondholders receiving only small interest payments or none at all.

All of these risks could adversely affect the Issuer's net assets, financial condition and operational results and jeopardise the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of these risks as "low".

2.2.6 Risks Arising from the Development of the Real Estate Market

Real estate assets are subject to fluctuations in value and undergo various market cycles. The value of the Property is determined by various external factors which are outside the Issuer's control. These factors include deterioration of the economy, an increase in the supply of competing properties, lower demand from prospective purchasers, the deterioration of borrowing conditions, lower demand for rental properties, the deterioration of tenants' financial situation or falling rents. A negative market development may adversely affect the Issuer's future rental income and have a negative impact on the value of the Property and the proceeds able to be generated from its sale. This could adversely affect the Issuer's net assets, financial condition and operational results and jeopardise the interest and repayment claims of Bondholders. The Issuer rates these risks as "low".

2.2.7 Risks Arising from the Development of the Property's Location

The location of the Property may become less desirable due to various circumstances, such as the worsening of transport links or social services, environmental degradation or noise/odour emissions by third parties, which could in turn affect the Property's appeal and its intrinsic value, and therefore affect the marketing and letting of the Property. In addition, the Property could also be negatively affected if the activities of competitors change the local market situation for the worse. These risks could adversely affect the Issuer's financial condition and operational results and jeopardise the interest and repayment claims of Bondholders. The Issuer rates the occurrence of these risks as "low".

2.2.8 Risks Arising from the Operation of the Property

There is a risk that operating the property could result in unintentional loss of life, bodily injury, property damage or financial loss to third parties and that the Issuer will be held liable in out-of-court or in court proceedings to compensate for the resulting loss or damage. The occurrence of these risks could have a negative impact on the Issuer's liquidity and jeopardise repayment of the loan and thus also the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of these risks as "low".

2.2.9 Risk of Increased Costs

The budgeted costs and remuneration for the operation and management of the Property may increase as a result of unforeseeable additional expenses, an increase in real property tax or increases in operating expenses and administrative expenses that cannot be passed on to tenants. The Issuer would have to pay unforeseeable costs and additional expenses out of rental income. This risk could adversely affect the Issuer's net assets, financial condition and operational results and jeopardise the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of these risks as "low".

2.2.10 Risks Arising from the Lack of Insurance Cover

There is a risk that the Property has not been comprehensively insured against all types of damage, or that it is not even possible to obtain such insurance. Nor can it be ruled out that the insurer will refuse to reimburse any loss or damage incurred in full or at all in the event of an insured event. Non-insurable or only partially insured risks as well as losses that are not fully covered by the sum insured shall be borne by the Issuer itself. The occurrence of these risks could have a negative impact on the Issuer's liquidity and jeopardise repayment of the loan and thus also the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of these risks as "low".

2.2.11 Risks Arising from Legacy Contamination

It is not possible to rule out risks arising from legacy contamination (such as hazardous substances, soil contaminations). There is a risk that the Issuer will be compelled to remediate existing and/or future environmental pollution caused by legacy contamination, which could give rise to significant costs. If it is not possible to remediate legacy contamination, this could have material adverse consequences for the Property's value development and the proceeds generated from its sale. The occurrence of these risks could have a negative impact on the Issuer's liquidity and jeopardise repayment of the loan and thus also the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of these risks as "low".

2.3. Risks Arising from the Issuer's Business

2.3.1 Risks under the Bank Loan

The Bank Loan may be terminated at any time for cause. If important grounds for termination exist, there is a risk that the Bank will demand immediate repayment of the Bank Loan in full and threaten to realise the security provided for the loan. Such important grounds for termination include, but are not limited to, if the Issuer's financial situation has deteriorated significantly, if the Issuer fails to meet its payment obligations under the Bank Loan, if a court orders foreclosure against the Issuer or sequestration of the Property, or if the Property is sold without the Bank's consent. If grounds for termination exist, there is a risk that the Bank will demand immediate repayment of the Bank Loan in full and threaten to realise the security provided for the loan. In all likelihood, the Issuer will only be able to repay the loan prematurely after selling the Property. In this context there is a risk that the realisable proceeds from the sale of the Property will not be sufficient to fully discharge the Bank Loan. If the Issuer is unable to repay the Bank Loan, there is a risk that the Issuer will have to file for insolvency. This may lead to a total loss of the Bondholders' investment.

If the Bank Loan is not concluded, the Issuer's business model as described in this Prospectus will not be able to be implemented. If the transaction is reversed, the Issuer will redeem the Token-based Bonds at par value and repay this amount to the investors. Since the Issuer will not have generated any interest income in such a case, it will not be able to pay any interest on the Token-based Bonds. The Issuer rates the occurrence of these risks as "low".

2.3.2 Risks Arising from the Reversal of the Property Purchase Agreement

As at the date of this Prospectus, the Issuer has entered into a contractual obligation to purchase the Property, but has not yet paid the purchase price or acquired title to the Property. If the purchase price is not paid when due, the property purchase agreement may be reversed. Should the transaction be reversed, the Issuer's business model as described in this Prospectus will not be able to be implemented. If the transaction is reversed, the Issuer will redeem the Bonds at par value and repay this amount to the investors. Since the Issuer will not have generated any rental income in such a case, it will not be able to pay any interest on the Bonds. This may put the yield expectations of Bondholders at risk. The Issuer rates the occurrence of these risks as "low".

2.3.3 General Legal Situation and Market Conditions

The Issuer cannot rule out amendments to the laws, regulations and directives applicable as of the date of this Prospectus, or changes to the way in which they are interpreted. For example, the "brake on rents" has been approved in Berlin, and other cities are discussing whether to implement a similar scheme. To this extent, it is generally possible that legislative, judicial or regulatory action and/or a change in the market conditions could negatively affect the Issuer's liquidity and jeopardise repayment of the loan and thus also the interest and repayment claims of Bondholders under the Token-based Bonds. The Issuer rates the occurrence of these risks as "low".

2.3.4 Risks Arising from Conflicts of Interest

Due to the fact that the same persons (in some cases still) hold multiple roles, there exist diverse legal, economic and/or personnel interdependencies with regard to the Issuer. Interdependencies between

board members and/or shareholders of the Issuer and persons and/or companies which may have entered into material agreements with the Issuer or which may otherwise have a material connection with the Issuer always harbour the possibility of a conflict of interest between the relevant persons and/or companies. Such conflicts of interest can always arise if the commercial, economic and legal interests of the relevant persons and/or companies are not identical. Therefore it cannot be ruled out that when weighing the different, possibly conflicting, interests, the parties will arrive at different decisions than they would have, had such interdependencies not existed.

The Issuer's managing director, Dr Björn Maronde, is both a member of the Executive Board and shareholder of the Issuer's parent company, Exporo AG. Potential conflicts of interest could arise for Dr. Maronde in his role as managing director of the Issuer on the one hand and as a member of the Executive Board and shareholder of the Issuer's sole shareholder on the other. For instance, as managing director of the Issuer he may have an interest in preserving the capital in the Issuer, while Exporo AG and its shareholders might have an interest in profit distributions at the level of the Issuer and/or Exporo AG. Furthermore, Exporo AG's instructions to management may obligate the Issuer to take actions that are not in the Issuer's interest and may even impair the Issuer's continued existence or economic performance. Conflicts of interest may also arise if, for example, a service is to be purchased from Exporo AG or from an affiliate, even though this service could be purchased from another provider for less or at a better price/performance ratio.

Dr Maronde also serves as managing director at other subsidiaries of Exporo AG. Potential conflicts of interest could arise as a result of his position as managing director of the Issuer on the one hand and as managing director of the aforementioned subsidiaries of Exporo AG on the other. The economic interests of the individual subsidiaries could, for example, conflict with the economic interests of the Issuer and the Issuer's managing director could make decisions which benefit the subsidiaries rather than the Issuer.

The Issuer's authorised signatory, Mr Thomas Lange, is an employee of Exporo AG. To this extent, there exist potential conflicts of interest between the obligations of the authorised signatory vis-à-vis the Issuer and his obligations vis-à-vis Exporo AG. Thus, as an employee of Exporo AG, the authorised signatory could be obligated by instructions to take actions that are not in the Issuer's interest.

The other members of Exporo AG's Executive Board are also Exporo AG shareholders. Together, the members of Exporo AG's Executive Board hold 29.11% of the share capital of Exporo AG, either directly or indirectly through companies that hold property. In their capacity as shareholders, the members of Exporo AG's Executive Board could face conflicts of interest. For instance, the interest of the Issuer's managing director may be to preserve the capital in the Issuer, while the interest of Exporo AG and its shareholders may be to distribute profits at the level of the Issuer and/or Exporo AG.

Mr Ralf Schmähl, who is a member of Exporo AG's Supervisory Board, acts as a tax adviser to Exporo AG and receives fees for his services. To this extent, there are potential conflicts between his pecuniary interests and his obligations to Exporo AG as a member of the Supervisory Board.

The net proceeds from the issue of the Bonds may also flow to Bridge Capital GmbH, a wholly-owned subsidiary of Exporo AG, in order to discharge a Pre-financing arrangement entered into in order to acquire the Property. The asset management of the Property is to be carried out by Exporo AM GmbH, also a wholly-owned subsidiary of Exporo AG, in return for remuneration. Exporo Investment GmbH, which is also a wholly-owned subsidiary of Exporo AG, will assume responsibility for the investment brokerage of the Bonds in return for remuneration.

If conflicts of interest arise, it cannot be ruled out that the interests of the parties will not be weighed up in the Issuer's favour, which could have an adverse effect on the Issuer's net assets, financial condition and operational results and thus also indirectly on the interest and repayment claims of Investors. The Issuer rates the occurrence of these risks as "low".

2.4. Risks Relating to the Token-based Bonds

The Token-based Bonds are not a suitable investment for every investor. The decision of any potential investor whether to subscribe for the Token-based Bonds should be based on their personal circumstances, income situation and investment expectations.

2.4.1 Risks Relating to the Transferability of the Token-based Bonds

Although it is possible in principle to sell the Token-based Bonds before their maturity, the ability to do so is heavily restricted. There are no plans to have the Token-based Bonds admitted to trading on a

stock exchange. Accordingly, the Token-based Bonds can only be sold off the exchange, which could make them impossible to sell. Nor can it be excluded that an investor will only be able to sell his or her Token-based Bonds at a price that is considerably less than their par value.

The transfer of rights arising from the Token-based Bonds requires the transfer of the EXP2 Tokens representing the Token-based Bonds as a mandatory requirement (known as a limited ban on assignment - *Beschränktes Abtretungsverbot*). In turn, the EXP2 Tokens can only be transferred via the Ethereum blockchain. Investors who wish to purchase Token-based Bonds on the secondary market must first register on the website at www.exporo.de and complete the KYC and AML process of Exporo Investment GmbH as registered users. Once the KYC and AML process has been completed successfully, the investor's Ethereum address is entered in the Global Whitelist Contract on the Ethereum blockchain, so that the investor can subsequently receive EXP2 Tokens.

In certain circumstances it may not be possible to trade the EXP2 Tokens on a so-called crypto exchange because of the limited ban on assignment. The decision on the commencement of trading is otherwise the sole responsibility of the relevant crypto exchange. Trading on a crypto exchange is also no guarantee that investors wishing to sell will find sufficient demand to be able to resell the EXP2 Tokens. The Issuer is unable to predict the extent to which investor interest in its EXP2 Tokens will drive trading or how liquid trading might become. It is therefore possible that an investor will not be able to sell his or her EXP2 Tokens or will only be able to sell them at a price that is considerably less than the original purchase price. The price of tokens traded on crypto exchanges often fluctuates dramatically. Nor can it be ruled out that crypto exchanges will be subject to prudential regulation. In the event that a crypto exchange needs regulatory approval and does not have it, there is a risk that the supervisory authorities will take action against the crypto exchange and may prohibit its business model, which would render it impossible to continue trading. The Issuer rates the occurrence of these risks as "high".

2.4.2 Risk Based on the Pre-Insolvency Enforcement Restriction

All payment claims of investors are subject to a pre-insolvency enforcement restriction. All claims arising from the Token-based Bonds, particularly claims on the part of Bondholders for the payment of interest and repayment of the bond capital, may not be asserted as long as and to the extent that the partial or full settlement of such claims would result in overindebtedness of the Issuer within the meaning of section 17 InsO or result in an impending insolvency within the meaning of section 18 InsO or an insolvency within the meaning of section 19 InsO, in each case as amended (pre-insolvency enforcement restriction). As a result, the pre-insolvency enforcement restriction already applies to the period prior to the opening of insolvency proceedings. Accordingly, the Bondholder may not request the settlement of its claims arising from the Token-based Bonds if the Issuer is over-indebted or insolvent, or if such over-indebtedness or insolvency is imminent, at the time at which the Bondholder makes the payment request. The pre-insolvency enforcement restriction may lead to a permanent, indefinite non-fulfilment of the Bondholder's claims. The Issuer rates the occurrence of this risk as "high".

2.4.3 Risk Based on the Ranking of Investors' Claims

Investors cannot require the Issuer to prioritise the settlement of their interest and repayment claims over the other claims of third parties. This also applies where such other claims rank *pari passu* with investors' claims. In the event of the Issuer's liquidation, the subordinated claims will rank lower than all unsubordinated claims and all subordinated claims within the meaning of section 39 (1) nos. 1 to 5 InsO. This may result in the loss of the entire amount invested. If insolvency proceedings are commenced with respect to the Issuer's assets, investors may only assert their claims (interest, repayment) against the insolvency administrator as subordinated insolvency creditors. Payments will only be made to investors out of the insolvency estate if all senior claims, particularly unsubordinated claims and all subordinated claims within the meaning of section 39 (1) nos. 1 to 5 InsO, have been satisfied in full. The amount of the actual payments therefore depends on the value of the insolvency estate. If the insolvency estate is insufficient to satisfy subordinated claims in the insolvency proceedings, investors would lose their entire investment. The Issuer rates the occurrence of this risk as "high".

2.4.4 Regulatory Framework Governing the Issue of Token-based Bonds and the Lack of Market Confidence

The issue of token-based bonds is an innovative, blockchain technology-based method of raising capital in order to finance entrepreneurial projects. In the recent past, numerous bond issues of this kind were brought to market solely for the purpose of committing fraud. There was also a series of extremely financially questionable and highly speculative investment offers. These bond issues benefited from the convoluted legal framework at the time and the (seeming) lack of applicable regulatory restrictions. It cannot be ruled out that a regulatory framework will be created in the future which would render the issue of token-based bonds legally, technically or economically impossible. Data protection and/or anti-money laundering requirements could also give rise to legal restrictions, and, given blockchain technology's high energy consumption, environmental factors could also prevent token-based issues from being accepted by a broad investor base. This could result in greater regulation of the issued Token-based Bonds and/or render them untradeable for legal reasons and/or because of the market's lack of acceptance. The Issuer rates the occurrence of this risk as "high".

2.4.5 Risk Arising from Debt Financing the Investment Amount

The investors may, at their discretion, finance the purchase of the Token-based Bonds, in whole or in part, by borrowing funds. However, it should be noted that this would increase the level of risk of the Token-based Bonds. The repayment of borrowed funds and the interest payments associated with such financing must be made by the investor, irrespective of repayment of the nominal amount of the bond capital and any interest payments by the Issuer. The Issuer rates the occurrence of this risk as "high".

2.4.6 Risks Arising from Subordinated Collateral

The bond capital is secured by subordinated collateral. In this context, there is a risk that the provision of collateral is not valid (for example due to conflicting third-party security interests).

The subordination of and the pre-insolvency enforcement restriction on the Token-based Bonds also extend to the collateral to be provided. This means that the realisation of collateral is limited to those cases in which the Issuer refuses to make payments to the Issuer despite liquidity being available and despite no pre-insolvency enforcement restriction applying."Accordingly, the collateral is not insolvency-proof.

The collateral is also subordinate to the collateral pledged to the financing Bank. To this extent, there is a risk that it will not be possible to generate sufficient proceeds from realising the collateral to be able to satisfy all of the investors' interest and repayment claims. Nor can it be ruled out that realisation of the collateral will take such a long time that satisfaction of the Bondholders' claims will be delayed.

There is therefore a risk that the claims of Bondholders under the Token-based Bonds will not be able to be satisfied in full or at all from realisation of the collateral. The Issuer rates the occurrence of these risks as "medium".

2.4.7 Tax Risks

The tax information presented in this Prospectus in relation to the Token-based Bonds reflects the legal situation, current case law and commentary in the tax law literature as at the date of this Prospectus. Future legislative amendments and different interpretations of the law by the tax authorities and courts cannot be ruled out. In the Coalition Agreement dated 7 February 2018, the CDU (Christian Democratic Union), CSU (Christian Social Union) and SPD (Social Democratic Party of Germany) agreed to abolish the definitive withholding tax on interest income upon the establishment of the automatic exchange of information. Should the definitive withholding tax be abolished in the future, interest income would once again have to be taxed at the personal income tax rate. If the investor's personal income tax rate is higher than the lump-sum 25% limit for the definitive withholding tax, they would receive a lower after-tax return on the Token-based Bonds than previously.

It should also be noted that the legal position as to how the Token-based Bonds should be classified for tax law purposes is unclear, in particular it is unclear whether they constitute profit participation loans within the meaning of section 20 (1) no. 4 of the German Income Tax Act (*Einkommensteuergesetz*, "EStG") or participation rights within the meaning of section 20 (1) no. 1 EStG, which grant the right to participate in the profits and liquidation proceeds. This uncertainty particularly results from the fact that

it is argued in some tax law literature that (i) any performance-based remuneration suffices for a participation in profits and (ii) a participation in the liquidation proceeds must also be assumed if the repayment of the profit-sharing capital and the investor's share of the hidden reserves takes place or can be requested prior to liquidation. Other scholars take the view that (i) profit participation requires that investors participate in the net profit for the year or the net retained profit as calculated in accordance with commercial law principles (not the case here) and (ii) investors participate in liquidation proceeds only if the profit-sharing capital and pro rata hidden reserves cannot be paid out until the Issuer goes into liquidation. According to the latter view, there would be no participation in the profits or the liquidation proceeds in the present case. The fact that the Token-based Bonds are secured is also an argument against classifying them as an (equity) participation right in the present case.

Apart from the different tax consequences for investors presented in the section on taxation, if the Token-based Bonds were classified as participation rights within the meaning of section 20 (1) no. 1 EStG, then the Issuer would not be able to claim a tax deduction under section 8 (3) sentence 2 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*) for payments made in respect of the Token-based Bonds that did not constitute repayment of the nominal amount. This would reduce the funds available to the Issuer to make payments in respect of the Token-based Bonds. The Issuer rates the occurrence of these risks as "medium".

2.4.8 Risk of Losing the Private Key

The EXP2 Tokens are assigned to the respective wallets of the investors when they are issued. Investors can only access the EXP2 Tokens by using their "private key" to open their wallet. If the private key falls into the hands of a third party, the third party could misuse the investor's wallet and carry out unauthorised transactions. If the private key is lost, even if it is simply "forgotten", the EXP2 Tokens are irretrievably lost. The Issuer does not know the private keys of investors and is unable to recover private keys, nor can it restore or enable access to the wallet in any other way. It is therefore essential for investors to keep their private key somewhere safe. The Issuer cannot be held liable for the loss or unauthorised use of the private key. The investor's wallet must be compatible with Ethereum tokens. If EXP2 Tokens are transferred to an incompatible wallet, the investor will not generally be able to access the EXP2 Tokens and carry out transactions with them. This would mean a total loss of investment for the investor. The investor alone is responsible for deciding on the right (compatible) wallet. The Issuer rates the occurrence of these risks as "low".

2.4.9 Risks Arising from Blockchain Technology

Blockchain technology and all related technological components are still at an early stage of technical development. EXP2 Tokens are created when the Issuer generates the subscribed number of EXP2 Tokens on the Ethereum blockchain, and then transfers it to the wallet addresses of the investors by assigning the EXP2 Tokens to the respective addresses of investors. Blockchain technology may harbour errors that are unknown as at the date of this Prospectus, but which could give rise to unforeseeable consequences in the future. The blockchain technology may also be prone to technical difficulties which impair its functionality. A full or partial collapse of the Ethereum blockchain could disrupt or render impossible the issue of the Token-based Bonds and the ability to trade the EXP2 Tokens. In the worst case, this can lead to the irretrievable loss of the EXP2 Tokens. The Issuer rates the occurrence of these risks as "low".

2.4.10 Risk of Hacking Attacks

The blockchain technology, the Exporo "Smart Contract" and/or the wallets of investors could be prone to attacks by unauthorised third parties, in other words hacked. In the case of distributed denial-of-service (DDoS) attacks, hackers can, for example, overload a network or a blockchain with a large number of queries and/or transactions and (temporarily) bring down the network or the relevant blockchain. Such attacks can lead to the loss of the EXP2 Tokens. There have already been numerous hacking attacks in the past, including attacks on the Ethereum blockchain. Crypto exchanges can also be the target of hacking attacks. It is almost impossible to track down the perpetrators due to the general anonymity of blockchain technology. Any such attack and attacks on crypto exchanges could also permanently destroy investor confidence in blockchain technology. The Issuer rates the occurrence of these risks as "low".

2.4.11 Risk of Early Redemption of the Token-based Bonds

In certain cases, the Issuer has the right to terminate the Token-based Bonds early and repay the Bondholders. In such cases, the investor bears the risk of the total return on investment being lower than expected due to the early redemption of the Token-based Bonds. It is also possible that investors will only be able to reinvest the repaid capital on terms that are less favourable than the terms of the Token-based Bonds. The Issuer rates the occurrence of these risks as “low”.

2.4.12 Placement Risk

No guarantee is given that the Token-based Bonds offered in this Prospectus will be able to be placed. The Token-based Bonds are therefore exposed to a placement risk, which could result in the Issuer not having enough capital available to make its intended investments. If the placement is not sufficiently successful, the Issuer will redeem the Token-based Bonds at par value and repay this amount to investors. Since the Issuer will not have generated any interest income in such a case, it will not be able to pay any interest on the Token-based Bonds. The Issuer rates the occurrence of these risks as “low”.

3. General Information

3.1. Responsibility for the Content of the Prospectus

Exporo Düsseldorf Fliesenhaus GmbH with its registered office in Hamburg and business address at Am Sandtorkai 70, 20457 Hamburg, Federal Republic of Germany, hereby accepts responsibility for the information contained in this Prospectus pursuant to Article 11 of the Prospectus Regulation and declares pursuant to Article 11 of the Prospectus Regulation that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and that this Prospectus makes no omission likely to affect its import.

Notwithstanding Article 23 of the Prospectus Regulation, the Issuer is under no legal obligation to update this Prospectus. In the event claims are asserted before a court of law based on information contained in this Prospectus, the investor appearing as plaintiff may be required to bear the costs of translating the Prospectus prior to the commencement of legal proceedings in compliance with the national laws of the Member States of the European Economic Area.

3.2. Approval of the Prospectus

This Prospectus was approved by the CSSF as the competent authority pursuant to the Prospectus Regulation. The CSSF has only approved this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as a confirmation of the Issuer nor as an endorsement of the Issuer.

3.3. Auditor

The auditor for the audited interim financial statements as at 30 June 2019 is FACT GmbH Wirtschaftsprüfungsgesellschaft, Johanna-Waescher-Straße 13, 34131 Kassel, Germany, and is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*) in Berlin.

The auditor has consented to the inclusion of its report on the audit of the interim financial statements in this Prospectus.

With the exception of the interim financial statements, no other information in this Prospectus has been audited by the Issuer's auditor.

3.4. Forward-looking Statements

This Prospectus contains certain forward-looking statements. Forward-looking statements are any statements not relating to historical facts and events. Statements containing words such as "expect", "plan", "aim", "estimate", "intend", "assume", "presume", "likely" or similar expressions are indicative of such forward-looking statements. Forward-looking statements are based on current plans and expectations of the Issuer and on certain assumptions which may subsequently prove to be inaccurate or incorrect. A variety of factors may cause the actual business performance of or income generated by the Issuer to differ materially from the business performance or income assumed in the forward-looking statements. As such, the Issuer and its managing directors can give no assurance that the described developments will in fact occur.

Investors are furthermore advised that the Issuer assumes no obligation to update or revise the forward-looking statements to reflect future events or developments beyond that which is required by law (specifically the obligation to publish supplements pursuant to Article 23 of the Prospectus Regulation).

3.5. Figures and Currency Information

Certain figures (including certain percentages) have been rounded in accordance with normal commercial practice. Therefore, in some cases the total amounts stated in this Prospectus might not match the totals of the individual amounts stated in the underlying sources. Unless stated otherwise, all currency information contained in this Prospectus is in euros.

3.6. Consent to Use of the Prospectus by Financial Intermediaries

The Issuer hereby consents to the use of this Prospectus, including any supplements by financial intermediaries and the subsequent resale or final placement of the Token-based Bonds by financial intermediaries within the Grand Duchy of Luxembourg, the Federal Republic of Germany, and the Republic of Austria. Consent to use the Prospectus is granted for the entire duration of the offer period. The offer period is expected to run from 3 September 2019 until 25 August 2020. The grant of consent is not subject to any further conditions. The Issuer hereby states that it assumes liability for the content of the Prospectus also with respect to the subsequent resale or final placement of the Token-based Bonds.

If a financial intermediary makes an offer, it shall inform the investors of the terms and conditions of the offer upon submission of the offer. Any financial intermediary who uses the Prospectus must state on its website that it is using the Prospectus with the Issuer's consent and in accordance with the terms and conditions of such consent.

3.7. Third-party Information

Any information sourced from third parties has been accurately and completely reproduced in this Prospectus. To the extent known to the Issuer and inferred from information published by third parties, no facts have been omitted that would render the information reproduced herein inaccurate or misleading. The Issuer has verified the sources of the information. Any website included in this Prospectus is for information purposes only and does not form part of this Prospectus. The CSSF has neither examined nor approved the content of the websites included in this Prospectus.

The Issuer has retained Klaus Wagner MRICS, REV, a DIN EN ISO/IEC 17024-certified expert for real estate valuation, surveyor (DIA) and real estate expert (ebs), office for real estate valuation, Poststraße 33, 20354 Hamburg, Germany, to prepare an expert opinion on the market value of the property in accordance with Article 39 of the Delegated Regulation to the Prospectus Regulation² and in accordance with margin no. 130 of the recommendations³ of the European Securities and Markets Authority (ESMA) dated 20 March 2013 (the “**Valuation Report**”). The Valuation Report is attached as an annex to this Prospectus. The Valuation Report has been included in the Prospectus with the consent of the expert.

No other statement or report by a person acting as an expert has been included in the Prospectus.

No rating has been prepared for the Issuer or for the Token-based Bonds at the request or with the cooperation of the Issuer.

3.8. Documents on Display

For the period during which this Prospectus is valid, copies of the Issuer's articles of association, the audited interim financial statements and the Valuation Report (each in paper form) may be inspected during regular business hours at the registered office of the Issuer at Am Sandtorkai 70, 20457 Hamburg, Federal Republic of Germany. The Prospectus is available online on the website of the Luxembourg Stock Exchange at www.bourse.lu and on the website of the Issuer at www.exporo.de/ir-projekt98. The information contained on the Issuer's website does not constitute part of the Prospectus.

3.9. Important Information

No person is authorised to make any representations or statements in connection with the issuance and the offering of Token-based Bonds other than those contained in this Prospectus and, if made, such statements or representations may not be relied upon as having been authorised by the Issuer.

Neither the provision of this Prospectus nor the offer, sale or delivery of the Token-based Bonds constitutes any warranty that (i) the information contained in this Prospectus will be accurate at any time

² COMMISSION DELEGATED REGULATION (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

³ ESMA update of the CESR recommendations on the consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

after the date of publication of this Prospectus or at any time after the publication of a supplement to this Prospectus; or (ii) no adverse changes in the Issuer's business and/or financial condition and results of operation will occur at any time after the date of publication of this Prospectus or at any time after the date of publication of any supplement to this Prospectus; or (iii) any other information supplied in connection with the issuance of the Token-based Bonds will be accurate at a time other than the time at which it was communicated or dated.

The Token-based Bonds may not be a suitable investment for all investors. Before deciding to purchase the Token-based Bonds, investors are advised to make their own enquiries into the Issuer's financial condition and results of operation and make their own assessments as to the Issuer's creditworthiness. Neither this Prospectus nor any other statements made in connection with the Token-based Bonds shall constitute a recommendation by the Issuer to the investor to purchase the Token-based Bonds.

This Prospectus does not constitute, and may not be used in connection with, an offer or solicitation of an offer in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation or to any person to whom it is unlawful to make such offer or solicitation. The Issuer does not represent that this Prospectus will be lawfully distributed, or that the Token-based Bonds will be lawfully offered, in accordance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and assumes no liability in this respect for facilitating any such offering or distribution. In particular, the Issuer has not taken any action in those jurisdictions in which such action is required for the purpose of offering the Token-based Bonds or distributing the Prospectus.

The offer, sale and delivery of the Token-based Bonds as well as the distribution of this Prospectus are subject to legal restrictions in certain jurisdictions. The Issuer advises persons who come into possession of this Prospectus to acquaint themselves with and observe any such restrictions.

In particular, the Token-based Bonds are not and will not be registered under the U.S. Securities Act and are not subject to U.S. tax laws. With only a few limited exceptions, the Token-based Bonds may not be offered, sold or delivered into or within the United States of America or to any U.S. persons.

4. Information relating to the Issuer

4.1. General Information about the Issuer

The legal and commercial name of the Issuer is Exporo Düsseldorf Fliesenhaus GmbH (article 1 of the articles of association). Founded on 22 March 2019, the Issuer is organised as a limited liability company (*Gesellschaft mit beschränkter Haftung*, “GmbH”) under German law and was entered in the commercial register of the local court (*Amtsgericht*) of Hamburg on 1 April 2019 under the number HRB 156418. The Issuer’s Legal Entity Identifier (LEI) is: 529900WB8IC64H1KDT55.

The Issuer’s registered office is in Hamburg (business address: Am Sandtorkai 70, 20457 Hamburg, Federal Republic of Germany). The telephone number is: +49 40 / 210 91 73 00. The Company has been established for an indefinite term. The Issuer is governed by German law.

The object of the Issuer pursuant to article 2 of the articles of association is the acquisition, management and sale of, as well as investing in real estate projects and the purchase, holding and sale of loan receivables. The object does not include the ongoing purchase of receivables on the basis of framework agreements with or without recourse (“factoring” within the meaning of the German Banking Act (*Kreditwesengesetz*, “KWG”)).

4.2. Organisational Structure

The Issuer is a wholly owned subsidiary of Exporo AG, Hamburg. The Issuer has no equity holdings in other entities.

Founded on 17 November 2014, Exporo AG is organised as a stock corporation (*Aktiengesellschaft*, “AG”) under German law and was entered in the commercial register of the local court of Hamburg on 5 December 2014 under the number HRB 134393. The company object of Exporo AG is the brokering of loan agreements pursuant to section 34f of the German Industrial Code (*Gewerbeordnung*, “GewO”) via a web or online portal.

Exporo AG’s registered office is in Hamburg. The address is: Am Sandtorkai 70, 20457 Hamburg, Germany.

The members of the Executive Board of Exporo AG are Simon Brunke (CEO), Dr Björn Maronde and Julian Oertzen. The members of the Supervisory Board of Exporo AG are Andreas Haug (Chairman), Christian Saller and Ralf Schmähl.

Exporo AG’s registered share capital is EUR 100,498. Following the completion of several financing rounds by five venture capital companies, the founders of Exporo AG still hold 37.54% of Exporo AG’s share capital while the venture capital companies together hold 62.46%. None of the venture capital companies holds more than an 18% interest in Exporo AG. None of the Company’s founders holds more than an 11% interest in Exporo AG.

The founders of Exporo AG have been implementing real estate financing together with project developers since 2012. This form of investment had previously only been accessible to major investors. With the Exporo crowdinvesting platform, the founders of Exporo AG realised their idea of opening the door to real estate investments for investors with smaller investment amounts. In December 2014, Exporo AG went live with the digital brokering of its first project in Hamburg. As at the date of the Prospectus, more than 202 real estate projects from third-party providers had been marketed, surpassing EUR 487 million in brokered capital.

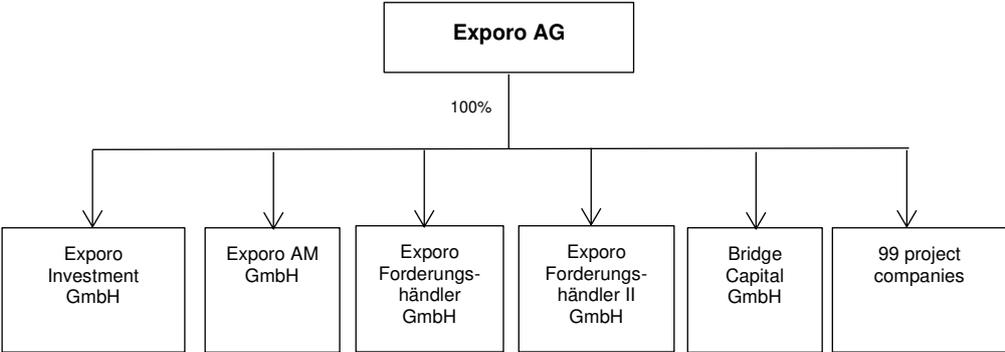
As at the date of the Prospectus, Exporo AG has numerous wholly owned subsidiaries, including:

Exporo Investment GmbH, which is authorised to provide the investment services the receipt and transmission of orders in financial instruments, investment advice and the execution of orders in financial instruments pursuant to section 1 (1a) sentence 2 KWG. In providing such financial services, Exporo Investment GmbH is not authorised to acquire the ownership or possession of customer funds or securities or trade in financial instruments for its own account.

Exporo AM GmbH is an asset management company whose business involves real estate management and the sale and rental of real estate.

Bridge Capital GmbH is a company that invests in domestic real estate projects in the early project stages by providing at short notice subordinated loans with qualified subordination.

Furthermore, as at the date of the Prospectus, Exporo AG is also the sole shareholder of 99 project companies whose business purpose is investing in domestic real estate projects and, as a financing company, are engaged in the purchase, holding and sale of loan receivables or, as a company which holds property (*Besitzgesellschaft*), the rental and management of real estate. Exporo AG will in all likelihood establish additional project companies in the future. The Issuer is one of these 99 project companies.



4.3. Governing Bodies of the Issuer

4.3.1 Management

Pursuant to its articles of association, the Issuer is managed and represented by its managing director. The management manages the company’s business and represents it as against third parties both in and out of court.

Dr Björn Maronde is the managing director of the Issuer. Dr Maronde is authorised to represent the Company acting alone and is exempt from the prohibition on multiple representation. Mr Thomas Lange is the Issuer’s authorised signatory (*Prokurist*) and is authorised to represent the Issuer acting jointly with a managing director. The management’s business address is: Am Sandtorkai 70, 20457 Hamburg, Federal Republic of Germany.

4.3.1.1 Management Competence and Experience

Dr Björn Maronde is a founder and member of the Executive Board of Exporo AG. After completing his law degree, he received his MBA from Kellogg-WHU School of Management in Vallendar, Germany. Prior to founding Exporo AG, he served as (interim) managing director at several start-ups and spin-offs, including from the Otto Bock Group.

Mr Thomas Lange has over 20 years’ experience in the real estate sector. After completing his training as a banker (*Bankkaufmann*), he advised real estate clients and accompanied estate financing transactions in the banking sector, acting among other things as an authorised signatory at SEB AG. At Exporo AG, he serves as a specialist for the assessment of real estate and real estate projects.

4.3.1.2 Potential Conflicts of Interest

Due to the fact that the same persons (in some cases still) hold multiple roles, there exist legal, economic and/or personnel interdependencies with regard to the Issuer. Interdependencies between board members or shareholders of the Issuer and companies which may have entered into material agreements with the Issuer or which are otherwise connected to the Issuer in a not insignificant way always harbour the possibility of a conflict of interest between the relevant companies. Therefore it cannot be ruled out that when weighing the different, possibly conflicting, interests, the parties will arrive at different decisions than they would have, had such interdependencies not existed. This could equally affect the Company’s earnings and thus the claims of investors.

The Issuer's managing director, Dr Björn Maronde, is both a member of the Executive Board and shareholder of the Issuer's parent company, Exporo AG. Potential conflicts of interest could arise for Dr. Maronde in his role as managing director of the Issuer on the one hand and as a member of the Executive Board of the sole shareholder and its shareholders on the other. For instance, as managing director he may have an interest in preserving the capital in the Issuer, while Exporo AG and its shareholders might have an interest in profit distributions. Furthermore, Exporo AG's instructions to management may obligate the Issuer to take actions that are not in the Issuer's interest and may even impair the Issuer's continued existence or economic performance. Conflicts of interest may also arise if, for example, a service is to be purchased from Exporo AG or from an affiliate, even though this service could be purchased from another provider for less or at a better price/performance ratio. However, the Issuer is of the view that the position as a member of the Executive Board and shareholder of Exporo AG does not result in a concrete conflict of interest with his duties as managing director of the Issuer.'

Dr Maronde also serves as managing director at other subsidiaries of Exporo AG. Potential conflicts of interest could arise as a result of his position as managing director of the Issuer on the one hand and as managing director of the aforementioned subsidiaries of Exporo AG on the other. The economic interests of the individual subsidiaries could, for example, conflict with the economic interests of the Issuer and the Issuer's managing director could make decisions which benefit the subsidiaries rather than the Issuer.

The Issuer's authorised signatory, Mr Thomas Lange, is an employee of Exporo AG. To this extent, there exist potential conflicts of interest between the obligations of the authorised signatory vis-à-vis the Issuer and his obligations vis-à-vis Exporo AG. Thus, as an employee of Exporo AG, the authorised signatory could be obligated by instructions to take actions that are not in the Issuer's interest.

There are no other potential conflicts of interest between the obligations of the managing director or the authorised signatory vis-à-vis the Issuer and their private interests or other obligations.

4.3.1.3 Management Practices

The Issuer has not formed any advisory board or appointed any committees. As a German limited liability company, the Issuer is not subject to the requirements and recommendations of the German Corporate Governance Code by the Government Commission. Therefore, the provisions of the Corporate Governance Code are not applied.

4.3.2 Shareholders' Meeting

Shareholders are represented at the shareholders' meeting of the Issuer in accordance with their share of the voting rights as stipulated in the articles of association. At the shareholders' meeting, which is the supreme decision-making body, the shareholders as a whole adopt their resolutions. Shareholder resolutions may in principle be adopted on all matters concerning the Company and relate in particular to the adoption of the annual financial statements and the appropriation of business results.

4.4. Share Capital

The share capital of the Issuer as at the date of the Prospectus is EUR 25,000. It has been paid in the amount of EUR 12,500 at the free disposal of management. It is held entirely by Exporo AG. The share capital is divided into 25,000 shares numbered 1 - 25,000 with a par value of EUR 1.00 each. The main features of the shares are the obligation to pay the capital contribution and the voting and dividend right. As the sole shareholder, Exporo AG is able to adopt all resolutions at the shareholders' meeting of the Issuer. Exporo AG is thus in a position to exercise significant control over the Issuer. The Issuer has no measures in place to prevent an abuse of control by Exporo AG. The Issuer is not aware of any agreements which could lead to a change of control of the Issuer. No domination and profit and loss transfer agreement exists.

5. Business of the Issuer

5.1. Principal Activities

As at the date of the Prospectus, the Issuer's business activities consists solely of the rental and management of a residential and commercial property located at Gerresheimer Landstraße 110, 40627 Düsseldorf, Germany, which is recorded in the Düsseldorf land register of the local court (*Amtsgericht*) of Düsseldorf von Unterbach, folio 3156, serial nos. 5 and 6 of the inventory register, district of Unterbach, parcels 175 and 86 of lot 33, size 811m² and 322 m² (the "**Property**").

The Issuer purchased the Property in accordance with the law of obligations on 12 June 2019, but as at the date of the Prospectus has not yet acquired ownership title to the Property because it has not yet paid the purchase price for the property and has not yet been recorded in the land register as the owner of the Property.

The management and administration of the Property includes in particular the selection and ongoing servicing of tenants, the collection of rents and the billing and settlement of ancillary charges with tenants, the performance of ongoing maintenance and repair of the Property, communication with contracted third parties, the tax office and other authorities as well as the exercise of the householder's right (*Hausrecht*).

The Property will serve as first-ranking collateral in the form of a real estate lien for a loan from a German credit institution (hereinafter the "**Bank**"), which the Issuer will take out for the (partial) financing of the acquisition of the Property (hereinafter the "**Bank Loan**"). As at the date of the Prospectus, an offer of financing has been made by the Bank.

The purchase price of the Property is intended to be paid from the proceeds of the bond issue and the Bank Loan. If not enough bonds have been placed by the date on which the purchase price is due, the Issuer may obtain pre-financing from Bridge Capital GmbH, other pre-financing companies or private individuals, which would then be repaid from the proceeds of the issue.

If the purchase price for the Property is not paid by the due date, the property purchase agreement may be reversed. Should the transaction be reversed, the Issuer's business model as described in this Prospectus cannot be implemented. If the transaction is reversed, the Issuer will repay the bonds to the investors at par value and any expenses incurred by the Issuer up until that time will be borne by the Issuer or its shareholder, respectively.

The Issuer will not engage in any other business activities during the term of the Token-based Bonds. The Issuer will generate income solely from rental income from the Property and, if applicable, from the sale of the Property. A sale of the Property is not planned until at least five years of the term of the Token-based Bonds have elapsed, provided the bondholders have previously voted to sell the property by a majority resolution. Following a sale of the Property and payment of the purchase price, the Issuer will terminate the Token-based Bonds early and redeem them early. Thereafter the Issuer will be dissolved. Management and administration of the Property will be performed on the Issuer's behalf by Exporo AM GmbH.

5.2. The Property

The residential and commercial building erected in 1977 and 1983 was built in solid construction. On the ground floor of the five-storey building there are two store units (approx. 260 m²), on the upper floors ten offices/practices (1,160 m²) as well as a kindergarten (256 m²) and six apartments (533 m²). The Property has a total rental space of approx. 2,208 m². There are also 14 parking spaces for cars on the Property and 17 underground parking spaces. The Valuation Report for the Property is attached as an annex to this Prospectus.

| | |
|------------------|---|
| Key data: | |
| Address | Gerresheimer Landstraße 110, 40627 Düsseldorf, Germany |
| Type of use | residential and commercial building |

| | |
|---|--|
| Year of construction: | 1977, respectively 1983, modernised on an ongoing basis |
| Type of construction | solid |
| Lot size | approx. 1,133 m ² |
| Number of residential units | 6 |
| Total rental space of residential units | approx. 2,208m ² |
| Number of commercial units | 13 commercial units, 2 storage units, 3 antennas |
| Total rental space of commercial units | approx. 1,675m ² |
| Number of car parking spaces | 17 underground parking spaces/ 14 outdoor parking spaces |

5.3. Key Markets

With a population of 619,651, the state capital of North Rhine-Westphalia is the second largest city in the state. It is internationally recognised as a hub for media, fashion and a prime business location for numerous international companies.

Situated on the Rhine river, it is part of the Rhine-Ruhr metropolitan region, which is home to 10 million residents. It is thus an important nucleus of the central European economic area. The Rhine metropolitan region is often high on the list in quality of living rankings, as a study by the consulting firm Mercer, for example, shows. In that study, Düsseldorf is ranked number 6 in a global comparison. The city is known nationwide for its traditional carnival, which attracts many thousands of visitors every year. Noteworthy is the enormous number of residents from East Asia, which has led to the establishment of a large Japanese community in the past decades.

The city boasts diverse inland ports on the Rhine river and its airport is the intercontinental hub of North Rhine-Westphalia. Düsseldorf's connection to the motorway network and federal highways is excellent. The A 44, the A 52, the A 46 and the A 59 can be reached quickly from the city area. The same is true for the A 57 and the A 3. The federal roads B 1, B 7, B 8, B 228 and B 326 run right through the city. Düsseldorf has two ICE long-distance train stations, the main station and Düsseldorf Airport. Residents and visitors alike also benefit from the Benrath regional train station and the 25 metro stations. The public transport system makes it possible to navigate the city quickly and easily.⁴

The city of Düsseldorf has a qualified rent index. The average rent in Düsseldorf is currently EUR 11.68 per square metre. For apartments with a size of up to 40 square metres, the average rent is EUR 14.32 per square metre. The average monthly rent for apartments between 40 and 80 square metres is EUR 10.88 per square metre. The average rent for an apartment between 80 and 120 square metres is EUR 11.54 per square metre. For apartments with more than 120 square metres, the average monthly rent is EUR 13.01 per square metre.⁵

5.4. Material Agreements

As of the date of this Prospectus, the Issuer has entered into the following material agreements:

5.4.1 Property Purchase Agreement

On 12 June 2019, the Issuer entered into a property purchase agreement for the acquisition of the Property. The purchase price for the Property totals EUR 4.25 million (including land transfer tax, notary and court costs and broker's fees of approximately EUR 4.714 million). As at the date of the Prospectus,

⁴ <https://exporo.de/standortanalyse/duesseldorf/>.

⁵ <https://mietspiegeltabelle.de/mietspiegel-duesseldorf/>.

the Issuer has not yet acquired ownership title to the Property because it has not yet paid the purchase price and has not yet been recorded in the land register as owner of the Property.

5.4.2 Loan Agreement

On 18 July 2019, the Issuer entered into a loan agreement for the partial financing of the acquisition of the Property. The loan volume amounts to EUR 2.5 million, the interest rate on the loan is 1.06% p.a. and is fixed until 30 June 2029. During the fixed interest period, the loan agreement may only be terminated for cause.

5.4.3 Asset Management Agreement

On 22 July 2019, the Issuer entered into an asset management agreement with Exporo AM GmbH. The asset management services comprise the commercial and technical management of the Property as well as representing the Issuer as owner of the Property. The commercial and technical management of the Property includes the ongoing monitoring of the Property to ensure compliance with the annual budget and the business plan, the commissioning, coordination and monitoring of service providers, control and reporting on the rental situation, rental income and liabilities, as well as the planning of rental and cost development. The term of the agreement is ten years. Exporo AM GmbH receives a net fee of 5% of the current actual rental income and 0.3% p.a. of the total investment costs of the Property for providing asset management services.

5.4.4 Collateral Trust Agreement

The Issuer has entered into a Collateral Trust Agreement with HmcS Treuhand GmbH, Hanover. Please refer to section 7.13 of this Prospectus for details.

The Issuer plans to enter into the following additional material agreements:

5.4.5 Pre-financing Agreement

The Issuer will enter into a financing agreement with Bridge Capital GmbH, another financing company or private individuals, if necessary, for partial pre-financing of the net issue proceeds. As at the date of the Prospectus, the volume of the pre-financing agreement has not yet been determined and may amount to up to EUR 2,750,000. The final amount of the pre-financing will depend on the status of the bond placement and the due date of the purchase price payment for the Property. The interest rate for the pre-financing agreement may be up to 9.50% p.a.

5.4.6 Brokerage Agreement

The Issuer will also enter into a brokerage agreement with Exporo Investment GmbH for the placement of the bonds. The Issuer will pay an exclusively performance-based fee corresponding to a maximum of 3.5% of the bond capital placed and paid in (maximum of EUR 96,250) for the brokering of the bonds, as well as a continuing investment brokerage fee of 0.10% p.a. on the bonds that are outstanding in each case (EUR 2,750 p.a.). This means that, assuming the full placement of the bonds with the involvement of Exporo Investment GmbH, placement-related brokerage commissions of EUR 123,750 will be incurred over the ordinary term of the bonds.

5.5. Court and Arbitration Proceedings

The Issuer has not been subject to any government intervention or party to any court proceedings or arbitration proceedings (including any proceedings that, to the Issuer's knowledge, are still pending or could still be initiated) in the last twelve months which have recently had or may in future have a material effect on the financial position or profitability of the Issuer.

5.6. Trend Information and Recent Business Developments

No recent events of particular importance to the Issuer have occurred which are highly relevant to an assessment of the Issuer's solvency.

Since the date of the audited interim financial statements as at 30 June 2019, there have been no material changes in the Issuer's debt and financing structure and no material changes in the Group's financial position or results of operations.

There has been no material deterioration in the Issuer's prospects since the date of the audited interim financial statements as at 30 June 2019.

The Issuer is not aware of any information about any known trends, uncertainties, inquiries, obligations or incidents which it reasonably believes will have a material effect on the Issuer's prospects at least in the current 2019 financial year.

5.7. Profit Forecasts or Estimates

The Issuer has not included any profit forecasts or estimates in this Prospectus.

6. Selected Financial Information

The selected financial information presented in the following section has been taken from the audited interim financial statements of the Issuer as at 30 June 2019. The audited interim financial statements are attached as an annex to this Prospectus.

The interim financial statements were prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*, "HGB") and audited in accordance with section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany - IDW), and issued with an unqualified auditor's opinion.

The interim financial statements have been audited in accordance with the auditing standards applicable in the Federal Republic of Germany.

| Selected Financial Information | 30/06/2019 |
|---|------------------------------|
| Balance sheet | (EUR) |
| | |
| Current assets | |
| Receivables from shareholders | 10,050.00 |
| Cash in banks | 1,588.53 |
| | |
| Equity | |
| Share capital | 25,000.00 |
| Outstanding capital not claimed | -12,500.00 |
| Accumulated Loss | -2,908.27 |
| | 9,591.73 |
| Provisions | |
| Other provisions | 2,046.80 |
| | |
| | 01/04/2019-30/06/2019 |
| Income statement | (EUR) |
| | |
| Other operating expenses | -2,958.27 |
| Interest and similar income | 50.00 |
| Result after taxes/ Net loss for the year | -2,908.27 |
| | |
| Cash flow statement | 30/06/2019 |
| | (EUR '000) |
| Cash flow operating activities | -11 |
| Cash flow from financing activities | 13 |
| Subsequent changes of funds | 2 |

7. Securities Note

7.1. Subject Matter of the Offering

The Issuer is offering Token-based Bonds in an Aggregate Principal Amount of up to EUR 2,750,000 at a floating interest rate in the form of a public offering within the Federal Republic of Germany, the Grand Duchy of Luxembourg, and the Republic of Austria.

In parallel with the publication of the Prospectus, the Issuer will announce the opportunity to subscribe to the Token-based Bonds for prospective subscribers in Luxembourg in a major Luxembourg daily newspaper..

The Token-based Bonds are split into 2,750 Token-based Bonds ranking *pari passu* with each other with a Principal Amount of EUR 1,000 each.

The securities being offered are unsecuritised, subordinated Token-based Bonds issued by the Issuer with a pre-insolvency enforcement restriction. The Token-based Bonds give rise to payment obligations for the Issuer vis-à-vis the investors. The Token-based Bonds only give rise to contractual claims of the Bondholders vis-à-vis the Issuer. The Token-based Bonds do not grant any participation or voting rights.

The Token-based Bonds and the interest claims will not be securitised. This also means that no certificate will be deposited with a custodian bank.

For each bond issued with a Principal Amount of EUR 1,000, an EXP2 Token representing the rights resulting from the Token-based Bonds will be issued to the investor by the Issuer. The EXP2 Tokens are based on the Ethereum blockchain.

The Ethereum blockchain is made up of a network of servers (“nodes”), which together have to reach an agreement on their past and current properties. There are various circumstances in which the server operators may use incompatible software versions to operate the blockchain, meaning that the Ethereum blockchain is split into two or more versions in the long term. The Token-based Bonds issued by the Issuer are always represented on the Ethereum blockchain that is recognised as the official Ethereum blockchain by the Ethereum Foundation www.ethereum.org.

The issue currency for the securities issue is the euro.

No German securities identification number (WKN) or ISIN were assigned.

Without the consent of the Bondholders, the Issuer is not authorised to increase the Token-based Bonds or enter into any other Financial Liabilities. “Financial Liabilities” in this sense are all obligations entered into by the Issuer resulting from taking out loans, silent participations, bonds, promissory notes or lease agreements. The obligations resulting from the Token-based Bonds, from the Pre-financing of the Property and from the Bank Loan, including debt restructuring and/or extensions of the Pre-financing, the Bank Loan, loans to finance the repair, maintenance and/or modernisation of the Property, shareholder loans and the refinancing of the Token-based Bonds by way of a further bond issue, by way of bank financing or in another manner shall not, however, constitute Financial Liabilities within the meaning of the Terms and Conditions of the bonds.

7.2. Reasons for the Offering and Use of Proceeds

The net issue proceeds from the Token-based Bonds in the amount of up to approx. EUR 2.55 million are to be invested in the purchase of the Property or the repayment of the Pre-financing. The issue proceeds together with the funds from the Bank Loan that is still to be taken out in the amount of up to EUR 2.5 million will be sufficient for this purpose. The fees and costs associated with the Offering are set out in section 7.3 below.

7.3. Fees and Costs of the Offering

The Token-based Bonds are to be placed by Exporo Investment GmbH as the investment broker (*Anlagevermittlerin*). The Issuer will pay an exclusively performance-based fee corresponding to a maximum of 3.5% of the bond capital placed and paid in (maximum of EUR 96,250) for the brokering of the Token-based Bonds, as well as a continuing investment brokerage fee of 0.10% p.a. on the Outstanding Token-based Bonds in each case (EUR 2,750 p.a.). This means that, assuming the full placement of the Token-based Bonds with the involvement of Exporo Investment GmbH, placement-

related brokerage commissions of EUR 123,750 will be incurred over the ordinary term of the Token-based Bonds.

The (fixed) costs associated with preparations for, and the implementation of, the issue amount to approx. EUR 100,000. These include the costs associated with the legal structuring of the Offering, costs for the approval of the Prospectus, costs for the trustee and the auditor and costs associated with marketing the issue. Consequently, assuming the full placement of the Token-based Bonds, the total costs of the issue will amount to EUR 223,750.

Upon the full placement of the Token-based Bonds, the Issuer will receive gross issue proceeds of EUR 2,750,000. Less the initial placement-related and fixed issue costs totalling approx. EUR 196,250, this will leave net issue proceeds for the Issuer of approx. EUR 2.55 million assuming the full placement of the Token-based Bonds with the involvement of Exporo Investment GmbH.

7.4. Terms and Conditions of the Offering

7.4.1 Purchase Price

The Token-based Bonds will be issued at 100% of the Principal Amount of EUR 1,000 per bond.

The bonds will be placed as flat bonds, i.e. without any accrued interest. The Issuer will not invoice investors for any costs in connection with the issue of the Token-based Bonds. In particular, no premium will be charged as a front-end load. Fees may be incurred for the safe-keeping of the EXP2 Tokens in the investors' wallets and for the trading of the EXP2 Tokens on a crypto exchange.

For information on the deduction of capital gains tax, please refer to the section entitled "Taxation".

Investors who subscribe to the Token-based Bonds and wish to receive EXP2 Tokens require a "wallet" that is compatible with Ethereum assets. If no Ethereum address (known as a "public key") is provided during the online subscription process, the Issuer cannot accept subscription orders. A web-enabled end device (smartphone, computer) is required in order to obtain a wallet.

A wallet is a sort of electronic purse. In technical terms, a wallet is a piece of software or hardware used to manage all Ethereum addresses and the corresponding private keys. An Ethereum wallet can be used to store, receive and transfer Ether and Ethereum tokens. This means that an Ethereum wallet is a sort of bridge used to manage one's own public and private keys. A key is a long sequence of letters and numbers. The public key is an "address" that is communicated to receive Ether or tokens. The private key is part of this address and is required in order to transfer tokens (or other crypto assets). Consequently, the wallet itself does not actually contain the tokens themselves, but rather only the public key and a corresponding private key. This means that the holder of the EXP2 Tokens is the person to whose Ethereum address (public key) the EXP2 Tokens available on the Ethereum blockchain are assigned to. As a result, a transfer does not involve the transfer of the EXP2 Tokens themselves, but rather only the right of disposal over the EXP2 Tokens. This is achieved by making a transfer from one address on the Ethereum blockchain to another. The transaction is comprehensible to everyone via the Ethereum blockchain.

An investor's wallet has to be able to store tokens that are issued and transferred on the Ethereum blockchain. Wallets that are capable of receiving EXP2 Tokens include MyEtherWallet, MetaMask or MyCrypto, for example. The wallets have to be set up by the investor to allow the management of the EXP2 Tokens. The investor has to enter the Smart Contract address of the EXP2 Tokens for this purpose. The EXP2 Token's Smart Contract address is published at www.exporo.de/blockchain.

7.4.2 Offer Procedure and Delivery of the Securities

The issue date for the Token-based Bonds is 3 September 2019, the scheduled start of the offer period. The issue date is not identical to the date on which the Token-based Bonds are delivered to the Bondholders.

The Token-based Bonds will be offered for public subscription in the period from 3 September 2019 to 25 August 2020. The right to shorten this period (in particular in the event of full placement) remains reserved.

Investors from the Grand Duchy of Luxembourg, the Federal Republic of Germany, and the Republic of Austria may view and download the Prospectus approved by the CSSF, including any supplements to the Prospectus and the subscription documents, on the Issuer's website at www.exporo.de/ir-projekt98.

The plan is to offer the Token-based Bonds to both retail and institutional Investors for subscription.

The minimum investment amount is EUR 1,000, i.e., investors must purchase at least one bond with a Principal Amount of EUR 1,000. No maximum amount has been defined for subscriptions to the Token-based Bonds.

Investors may subscribe to the Token-based Bonds during the subscription period by sending a purchase order (subscription form) to the Issuer. The purchase order is available from the Issuer online only. Investors enter their personal details, as well as the Ethereum wallet address to which the EXP2 Tokens are to be transferred.

As part of the subscription process, investors' identities are checked by Exporo Investment GmbH, which is responsible for the brokering of the Token-based Bonds as the investment broker, in accordance with the provisions of the German Money Laundering Act (*Geldwäschegesetz*, "GWG"). Exporo Investment GmbH is obliged to perform this check as a regulated financial services institution under the provisions of the German Banking Act (*Kreditwesengesetz*, "KWG").

As a financial services institution, Exporo Investment GmbH is subject to certain obligations regarding internal safeguards relating to the KYC/AML process and, in particular, the customer identification requirements under the German Money Laundering Act. Exporo Investment GmbH is, for example, obliged, before entering into a business relationship or executing a transaction, to verify the identity of the counterparty, any beneficial owner on whose behalf the counterparty is acting and the purpose and intended nature of the business relationship.

This involves collecting certain pieces of information from investors insofar as they are natural persons (e.g., name, date of birth, place of birth, nationality, etc.). Natural persons have to present official ID cards or passports as part of this check. Legal entities have to present register extracts, among other things.

All investors who have successfully completed the KYC and AML check performed by Exporo Investment GmbH are entered in a database together with their Ethereum address. Exporo Investment GmbH will check this database against the KYC and AML database on the Ethereum blockchain in order to ensure that the EXP2 Tokens are only transferred from and to investors whose identity has been successfully verified. Further details on the technical mechanism behind this process are provided in sections 7.4.3 and 7.11.

Investors who wish to purchase Token-based Bonds on the secondary market can register on the website at www.exporo.de and complete the KYC and AML process of Exporo Investment GmbH as registered users. Once the KYC and AML process has been completed successfully, the investor's Ethereum address is also entered in the GlobalWhitelist Contract on the Ethereum blockchain, meaning that the investor can receive EXP2 Tokens.

Investors pay an amount in euros, corresponding to the number of Token-based Bonds they have subscribed to, into the bank account specified by the Issuer. Investors receive an e-mail from the Issuer confirming that the payment has been received. The Token-based Bonds are issued outside the blockchain (so-called "off-chain") once the purchase order has been accepted.

Upon acceptance of the subscription following receipt of the subscription amount, a number of EXP2 Tokens corresponding to the number of Token-based Bonds purchased is generated and credited to the wallet of the investor concerned. In order to achieve this, the Issuer creates an "Ethereum Asset Issuer Wallet" and an Ethereum Smart Contract identification number and publishes these on the Exporo AG website at www.exporo.de/blockchain. This means that a recipient of EXP2 Tokens can be sure that he/she is receiving "genuine" EXP2 Tokens issued by the Issuer, and not tokens originating from another Issuer. The tokens generated by the Issuer on the Ethereum blockchain are transferred to the Ethereum address (public key) specified by the investor concerned. From this point in time onwards, investors have control over the EXP2 Tokens. The individual transaction is transparent to everyone, and the EXP2 Tokens can be uniquely assigned to an investor, or to their public key, via the Ethereum blockchain.

The Issuer reserves the right to reject or reduce individual subscriptions without having to state reasons. Subscriptions can be reduced, in particular, if the issue is oversubscribed. In the event that subscriptions are reduced or rejected, the excess amount paid will be transferred into the account specified by the investor without undue delay by way of a credit transfer. The Issuer will send confirmation of the Token-

based Bonds allocated without undue delay, either in writing or by e-mail. Any costs incurred in this connection will be borne by the Issuer. Investors do not have the option of reducing their subscription.

The results of the public offering of the Token-based Bonds will be published by the Issuer three days after the end of the subscription period on the website at www.exp2.de/ir-projekt98.

7.4.3 The Ethereum Blockchain and Smart Contracts

Ethereum blockchain

The EXP2 Tokens representing the rights arising from the bonds will be issued on the Ethereum blockchain. The Ethereum blockchain is currently the second-largest public blockchain in terms of the market capitalisation of its native and relevant cryptocurrency Ether (ETH). Ethereum is publicly accessible, subject to no restrictions and manages a uniform global dataset stored in a global network currently comprising more than 8,000 servers. Every server participating in the system checks and confirms each individual transaction that is to be published and stored on the blockchain. Transactions are stored/the dataset changed by adding a new block to the existing chain of blocks via a proof-of-work finalisation mechanism.

The Ethereum blockchain allows the installation of decentralised programs known as Smart Contracts. A Smart Contract is a tamper-proof and deterministic computer program stored on the blockchain that can be run on a decentralised infrastructure and features its own data table. These programs are used to create virtual contracts that execute transactions between business partners and their accounts (Ethereum addresses). The Ethereum blockchain keeps records on these transactions in the Smart Contract dataset and checks them automatically.

A Smart Contract also allows tokens to be created, enabling “tokenisation”, i.e., links between a bond, for example, and a token on the blockchain. The use of certain program code standards, such as the ERC20 standard for the Ethereum blockchain, enables a high degree of compatibility with a large number of wallets. In a broader sense, a Smart Contract allows program code to be executed using external and accepted transaction commands that can change the internal data properties, but not the program code, of the Smart Contract. In addition, a token can always be allocated to an Ethereum address and its transferability can be ensured.

Ethereum address

An Ethereum address or a public key is a clearly assignable identification number that is stored in the Ethereum blockchain register as read-only data. Wallets allow users to create and use a unique private key that is then used to generate the public key. The combination of the wallet and the private key allows transactions to be signed. These transactions can then be verified and executed on the blockchain using the public Ethereum address.

Smart Contract infrastructure

The generated EXP2 Token contract receives a unique and clearly assignable Ethereum address that can be used to authenticate the EXP2 Tokens. The EXP2 Token was developed based on the ERC20 standard for fungible tokens on the Ethereum blockchain. The ERC20 standard has been in place since 2015 and has been used to create more than 170,000 token contracts to date. The EXP2 Token contract performs two main functions:

The first function is the mapping function, which is responsible for managing the register. The EXP2 Token achieves this by managing an internal data table that assigns the tokens to the corresponding Ethereum addresses. This means that the EXP2 Token only exists as a dataset within the EXP2 Token contract and that the transaction details of the dataset can no longer be changed retroactively at a later date.

Second, the EXP2 Token contract allows EXP2 Tokens to be transferred from one Ethereum address to another. Holders of EXP2 Tokens who hold the tokens in custody themselves can make transfers themselves. Detailed information on the transfer process is set out in section 7.10.

The Issuer has taken the measures set out below, which are designed to minimise the risk associated with any unintended behaviour of the EXP2 Token contract, as well as the risk associated with any deliberate attacks. Open source protocol standards from within the Ethereum community were used to develop the EXP2 Token contract. These have undergone numerous private and professional security audits since 2015, meaning that they can ensure a very high level of security. In addition, the entire

program code used by the Issuer was reviewed as part of a professional audit procedure to identify any vectors of attack and was found to be secure.

7.4.4 Paying Agent and Depositary, Coordinator, Underwriting Agreement

The Issuer has not appointed any paying agent or depositary. The Issuer itself will act as the paying agent. The Issuer will act as the coordinator for the purposes of the Offering. No underwriting agreement has been concluded, nor are there any plans to conclude an underwriting agreement.

7.4.5 Interests of Natural Persons and Legal Entities

If required, Bridge Capital GmbH, a wholly-owned subsidiary of Exporo AG, can make Pre-financing available as the Issuer's pre-financing company. Exporo AM GmbH, which is also a wholly-owned subsidiary of Exporo AG, is to assume responsibility for the asset management of the Property in return for remuneration. Exporo Investment GmbH will assume responsibility for the investment broking of the Token-based Bonds in return for payment of a performance-based fee. HmcS Treuhand GmbH, Hanover, will act as the collateral trustee, in return for a fee, throughout the term of the Token-based Bonds. This means that these companies have a financial interest in the successful placement of the issue. Other than that, there are no third-party interests, to the Issuer's knowledge, that are critical to the Offering of the Token-based Bonds.

7.4.6 Admission to Trading and Trading Rules

As at the date of the Prospectus, the Issuer has not issued any securities that are admitted to trading on a regulated market. No application for admission to trading on a regulated market has been submitted for the Token-based Bonds to date, and there are no plans to submit any such application in the future either. It is impossible to rule out a scenario in which investors transfer the EXP2 Tokens directly to other parties and/or in which EXP2 Tokens are listed on a crypto exchange at the request of investors or other parties.

7.5. Legal Basis of the Token-based Bonds

The Token-based Bonds are floating rate securities which, unlike shares, do not grant any pure, profit-based dividend, but rather feature a variable interest rate over the entire term and grant the right to redeem the Token-based Bonds, at the Principal Amount at the very least, at the end of the term. The Redemption Amount is not subject to any stock market price fluctuations. Even before the end of the term, the Token-based Bonds can be transferred at any time, purchased by a prospective buyer, or assigned or pledged to third parties.

The bonds only give rise to contractual claims vis-à-vis the Issuer and do not grant any participation or voting rights at the Issuer's shareholders' meeting. In this respect, investors cannot exert any influence over the Issuer's business activities as a general rule.

The bonds are not covered by any deposit insurance and are not subject to any ongoing government supervision, in particular with regard to the manner in which the Issuer uses the bond capital.

The decision to offer the Token-based Bonds is based on a resolution passed by the Issuer's management on 7 August 2019.

7.6. Interest, Interest Payments

The Token-based Bonds will bear interest at a variable rate from 3 September 2019 (inclusive) until 2 September 2029 (inclusive). The interest rate is dependent on excess rental income being generated over the costs of the Property and other expenses incurred by the Issuer.

The payments made by the contracting parties (in particular tenants of the Property) will be credited to a project account (the "**Project Account**"). The Issuer will use the Project Account to make the following payments:

- the costs associated with operating the Property (these include both the chargeable costs pursuant to the Regulation Governing the Calculation of Factors relating to Residential Lettings pursuant to the Second Housing Act (Second Calculation Regulation (*Zweite Berechnungsverordnung*) - II. BV), such as caretaker services, including facility management, cleaning, insurance, etc. and non-chargeable operating costs that are not settled by third parties based on a statement in accordance with the statutory provisions or provisions set out in the lease agreement, as well as vacancy costs).
- the costs associated with property and asset management in relation to the Property.
- the costs associated with necessary maintenance, repair and/or modernisation measures relating to the Property.
- the costs associated with preparing valuation reports to determine the value of the Property.
- the costs associated with tax and legal advice provided to the Issuer, as well as any costs associated with the auditor.
- the costs associated with tax payments and public fees to be paid by the Issuer.
- the costs associated with the Token-based Bonds, in particular for their interest, brokerage, management and collateralisation.
- the servicing of claims due under Permissible Liabilities within the meaning of section 2.7 of the Bond Terms and Conditions.
- the amounts required to set up a reserve for the repair, maintenance and/or ongoing modernisation of the Property.

The Issuer does not incur any costs for personnel, company cars or other expenses not directly related to the management of the Property. The Issuer's managing director does not receive any remuneration, the Issuer does not employ any other staff and the business premises are made available to the Issuer free of charge by Exporo AG.

In order to keep the Property in good condition, the Issuer's maintenance and modernisation plans involve predicted costs of approx. EUR 200,000 over a period of 10 years. All maintenance and modernisation costs extending beyond this figure that are actually necessary are, however, deductible.

The Quarterly Balance remaining at the end of the quarter following the deduction of the abovementioned cost items will be paid out to the Bondholders pro rata, based on the ratio of the Token-based Bonds held by them to the Outstanding Token-based Bonds.

This means that every bond will bear interest based on the following formula:

$$\frac{\text{Quarterly Balance x Principal Amount}}{\text{Outstanding Token-based Bonds}}$$

The term "Quarterly Balance", within the meaning of the formula above, refers to the Project Account balance remaining at the end of the quarter after deductions to reflect the payments referred to above.

The term "Principal Amount", within the meaning of the formula above, refers to the Principal Amount of an individual bond in the amount of EUR 1,000.

The term "Outstanding Token-based Bonds", within the meaning of the formula above, refers to the Principal Amount of all Token-based Bonds of all Bondholders that has been paid in on an Interest Date.

The result of the calculation based on the formula set out above is an absolute amount to which a Bondholder is entitled for each bond that he/she holds.

The amount of interest is largely determined by the amount of the Quarterly Balance. Assuming that the Token-based Bonds are placed in full, the factors "Principal Amount" and "Outstanding Token-based Bonds" will remain unchanged. If the Outstanding Token-based Bonds amount to less than the Aggregate Principal Amount of the Token-based Bonds, each Bondholder's share of the Quarterly Balance will increase. In such cases, however, the amount of the Quarterly Balance will fall as a result of the Pre-financing that will still exist, because the interest rate on the Pre-financing is higher than the interest rate for the Token-based Bonds. The amount of the expenses for the Pre-financing largely depends on the duration and success of the placement of the Token-based Bonds.

The amount of the Quarterly Balance will largely depend on the amount of the rental income, the costs associated with the Property and other expenses incurred by the Issuer.

The amount of the rental income, the operating costs for the Property, the costs for ongoing administrative expenses incurred by the Issuer and interest payments and principal repayments on the Bank Loan can still be calculated as relatively constant amounts. In this respect, the interest payments and principal repayments on the Bank Loan are a major factor, albeit one that can be calculated.

Other factors that are of material significance to the Quarterly Balance but are more difficult to calculate than the other expenses incurred by the Issuer include the expenses for repair and maintenance of the Property, which could be much higher than the amount calculated by the Issuer and also depend on uncertain future events.

By contrast, the additions to the maintenance reserve only play a minor role in determining the amount of the Quarterly Balance.

Interest payments are made quarterly in arrears, subject to the provisions governing subordination and the pre-insolvency enforcement restriction, on the following Interest Dates: 15 January, 15 April, 15 July and 15 October of each year. The first Interest Date is 15 January 2020. The last Interest Date is the Redemption Date of the Token-based Bonds. If one of these days is not a business day, the payment is made on the next business day. The Issuer will make interest payments even if this would result in a balance sheet loss. The amount of the interest to be paid on an Interest Date will be calculated by the Issuer itself in its capacity as the calculation agent.

If the Issuer does not pay interest despite it falling due on an Interest Date, the interest due will bear interest as of the Interest Date (inclusive) and up until the day preceding the actual interest payment (inclusive) at a rate of 8% p.a. based on the 30/360 interest calculation method.

7.7. Term, Capital Repayment

The term of the Token-based Bonds starts on 3 September 2019 and ends at the expiry of 2 September 2029. In the event of termination subject to a notice period following the end of the ordinary term, and in the event of the early termination of the term due to notice given by the Issuer based on a sale of the Property, the Token-based Bonds are to be repaid to the Bondholders, subject to the provisions governing subordination and the pre-insolvency enforcement restriction, at the Redemption Amount in each case (the “Redemption Amount”).

The Redemption Amount comprises the Principal Amount of a bond and a value increase component. In the event that the Property is sold, the increase in value will be calculated based on the Sale Price achieved for the Property. In the event of the termination of the Token-based Bonds subject to a notice period or the refinancing of the Token-based Bonds not involving the sale of the Property, the increase in value will be calculated based on the most recent valuation report before the end of the term. This valuation report must be no older than 12 months. The valuation report is to be prepared by an independent expert.

Each bond will be redeemed in the amount to be calculated based on the following formula, but at least at the Principal Amount:

$$\text{Principal Amount} + \frac{(\text{Sale Price} + \text{Reserves} - \text{Residual Debt} - \text{Outstanding Token-based Bonds}) \times 0.8 \times \text{Principal Amount}}{\text{Outstanding Token-based Bonds}}$$

The term “Principal Amount”, within the meaning of the formula above, refers to the Principal Amount of an individual bond in the amount of EUR 1,000.

The term “Sale Price”, within the meaning of the formula above, refers to either (a) in the event that the Property is sold, the purchase price for the sale of the Property less transaction costs and taxes incurred on the capital gains resulting from the sale or (b) in the event of a refinancing of the Token-based Bonds, the market value of the Property pursuant to the most recent valuation report. This valuation report must be no older than 12 months. The valuation report is to be prepared by an independent expert.

The term “Reserves”, within the meaning of the formula above, refers to the maintenance reserve available on the Redemption Date (exclusive).

The term “Residual Debt”, within the meaning of the formula above, refers to the principal Bank Loan claim on the Redemption Date, plus any prepayment penalties for the Bank Loan. The Bank Loan is the loan granted by a German credit institution for which the Property serves as the first-ranking collateral in the form of a real estate lien.

The term “Outstanding Token-based Bonds”, within the meaning of the formula above, refers to the Principal Amount of all Token-based Bonds of all Bondholders paid in, in each case, on the Redemption Date of the Token-based Bonds or on the date of any early redemption of the Token-based Bonds.

The result of the calculation based on the formula set out above is an absolute amount to which a Bondholder is entitled in euros for each bond held.

As a result, the Redemption Amount for each bond consists of the Principal Amount of the bond (1st summand) and a value increase component based on the sale of the Property (2nd summand).

The increase in the value of the Property is calculated by first of all adding the available maintenance reserve to the Sale Price achieved in the event that the Property is sold, or to the market value of the Property pursuant to the most recent valuation report in the event of termination subject to a notice period, and then deducting the existing principal Bank Loan claim (plus any prepayment penalties) and the amount of the Outstanding Token-based Bonds. The Token-based Bonds participate in 80% of the increase in value calculated in this manner. If the value of the Property does not increase during the term of the Token-based Bonds, the Token-based Bonds will be redeemed at their Principal Amount.

The product of the calculation based on the formula set out above may be less than the Principal Amount. If this is the case, the Token-based Bonds will nevertheless be redeemed at the Principal Amount. If the Issuer cannot afford to redeem the Token-based Bonds at their Principal Amount using the liquidity available at the time of redemption, it will endeavour to obtain corresponding refinancing. The Redemption Amount will be calculated by the Issuer.

If the Issuer does not redeem the Token-based Bonds on the Redemption Date, either in full or in part, then the Outstanding Token-Based bonds will bear interest as of the Redemption Date (inclusive) and up until the day preceding the actual redemption (inclusive) at a rate of 8% p.a. based on the 30/360 interest calculation method.

7.8. Terms and Conditions governing Income

The income generated from the Token-based Bonds will be influenced by the factors described above in sections 7.6 and 7.7. This means that the income generated from the Token-based Bonds largely depends on the amount of the Quarterly Balance (as a component of the ongoing interest payment) and on an increase in the value of the Property (as a component of the Redemption Amount at the end of the term).

As explained above, the Quarterly Balance depends on excess rental income being generated over the costs associated with the Property and other expenses incurred by the Issuer.

An increase in the value of the Property depends primarily on the market prices to be achieved in the future. The Bondholders will participate in any increase in the value of the Property via the Redemption Amount. In the event that the Property increases in value, every bond with a Principal Amount of EUR 1,000 will be redeemed at an amount in excess of the Principal Amount. In order to calculate the annual income for investors, the Redemption Amount at the end of the term has to be expressed in relation to the actual term of the Token-based Bonds. In the event of termination of the Token-based Bonds subject to a notice period, this would be ten years, whereas in the event of termination of the Token-based Bonds for cause based on a resolution by the Bondholders to sell the Property, this period would be shorter (possibly significantly so). Assuming an equally high Redemption Amount for each bond, the annual income from the Token-based Bonds would increase in the event of a shorter term.

As the individual factors are variable, it is not possible to provide exact information on the income generated from the Token-based Bonds as at the date of this Prospectus.

7.9. Payment of Interest and Redemption of the Token-based Bonds

The interest and Redemption Amount of the Token-based Bonds will be paid in euros into a bank account held by the investor. The bank account details can be provided to the Issuer during the subscription process or entered on the website at www.exporo.de in the user details entered by the investor personally. Investors who acquire the Token-based Bonds as part of a secondary purchase involving the transfer of the EXP2 Token will provide the Issuer with their bank account details as part of the mandatory KYC and AML process. The Issuer will make payments to the individual listed as the Bondholder in the Register managed on the Ethereum blockchain at 12 noon CET on the last day of the quarter (31 March, 30 June, 30 September and 31 December) before the next Interest Date. The Token-based Bonds will be repaid to the individual listed as the Bondholder in the Register at 12 noon CET on the Redemption Date. The abovementioned payments release the Issuer from its corresponding liabilities under the Token-based Bonds in the amount of the payments made.

7.10. Subordination, Pre-insolvency Enforcement Restriction

The Token-based Bonds feature a subordination agreement and a pre-insolvency enforcement restriction.

The Bondholder undertakes not to assert any claims arising from the Token-based Bonds, particularly those claims to the payment of interest and repayment of the bond capital, as long as and to the extent that the partial or full settlement of such claims would result in overindebtedness of the Issuer within the meaning of section 17 InsO or an impending insolvency within the meaning of section 18 InsO or an insolvency within the meaning of section 19 InsO, in each case as amended (*vorinsolvenzliche Durchsetzungssperre* - pre-insolvency enforcement restriction).

As a result, the pre-insolvency enforcement restriction already applies to the period prior to the opening of insolvency proceedings. Accordingly, the Bondholder may not request the settlement of their claims arising from the Token-based Bonds if the Issuer is overindebted or insolvent, or if such overindebtedness or insolvency is imminent, at the time at which the Bondholder makes the payment request.

The pre-insolvency enforcement restriction may lead to a permanent, indefinite non-fulfilment of the Bondholder's claims.

In the event of insolvency proceedings initiated in respect of the Issuer's assets or in the event of the Issuer's liquidation, the claims arising from the Token-based Bonds will be subordinated to all non-subordinated claims and all subordinated claims within the meaning of section 39 (1) nos. 1 to 5 InsO.

This initially means that the claims of the Bondholders will not be satisfied until the claims of the unsubordinated insolvency creditors pursuant to section 38 InsO have been satisfied. These are all creditors that have a justified claim to assets against the debtor at the time the insolvency proceedings are opened.

In addition, the claims of the Bondholders will not be satisfied until the claims of the subordinated insolvency creditors pursuant to section 39 (1) InsO have been satisfied, insofar as there are still insolvency assets available for distribution. The subordinated claims within the meaning of section 39 (1) InsO include

- 1. interest that has accrued and late payment fees on claims of the insolvency creditors since the opening of the insolvency proceedings;**
- 2. the costs incurred by the individual insolvency creditors due to their participation in the proceedings;**
- 3. penalties, fines, administrative fines and coercive penalties, as well as the secondary consequences of a criminal or administrative offence giving rise to an obligation to make a monetary payment;**
- 4. claims to performance rendered free of charge by the debtor; and**
- 5. claims to the return of a shareholder loan or claims resulting from legal action that corresponds to such a loan in financial terms.**

The Bondholders may assert their claims arising from the Token-based Bonds, particularly those claims to the payment of interest and repayment of the bond capital, outside of insolvency proceedings initiated against the Issuer only on the basis of any (a) future profit, (b) liquidation surplus, or (c) other unrestricted assets. This does not, however, constitute the Bondholder's waiver of claims arising from the Token-based Bonds.

7.11. Transferability of the Token-based Bonds

The Token-based Bonds can be transferred to third parties at any time by way of assignment. Bonds cannot be transferred in part. The assignment of the rights arising from the Token-based Bonds requires the transfer of the EXP2 Tokens representing the Token-based Bonds as a mandatory requirement (known as a limited ban on assignment). The EXP2 Tokens are transferred exclusively via the Ethereum blockchain. The transfer of Token-based Bonds outside of the Ethereum blockchain is not permitted.

Holders of EXP2 Tokens who hold the tokens in custody themselves can make transfers themselves. The following requirements must be met to enable a successful transfer:

1. Wallet that can communicate with the Ethereum blockchain and the EXP2 Token Contract
2. Private key for the Ethereum address to which the tokens are assigned to
3. Ethereum address of the recipient
4. Sufficient number of EXP2 Tokens
5. Sufficient ETH (to cover transaction costs)
6. Ethereum addresses of the sender and the recipient in the GlobalWhitelist Contract

All of these components are mandatory requirements for executing a transaction involving the EXP2 Token. As soon as the transaction has been signed by the sender using the latter's private key and has been published in the Ethereum blockchain server network, it is checked by each participating server for its authenticity and validity. The inclusion of the transaction in a new block of the Ethereum blockchain results in changes being made to the data table in the EXP2 Token Contract in line with the transaction data. Although a transaction that does not satisfy all of the necessary conditions can be executed, it will fail and will not result in any changes being made to the data table.

The transfer of the EXP2 Token can only be executed successfully if an external query of the GlobalWhitelist Contract has been performed. Both the sender and the recipient must be listed, together with their Ethereum address, in the data table of the GlobalWhitelist Contract for the query of both Ethereum addresses to result in positive feedback authorising the transfer of the EXP2 Tokens.

The GlobalWhitelist Contract can be seen as a KYC and AML register that exists on the blockchain. Exporo Investment GmbH assumes responsibility for managing this register. The GlobalWhitelist Contract manages a data table including Ethereum addresses that can only be edited by Exporo Investment GmbH. This database on the Ethereum blockchain is compared against the KYC and AML database managed by Exporo Investment GmbH at regular intervals and is updated accordingly.

7.12. Termination Rights of the Bondholders

Each Bondholder is entitled to terminate their Token-based Bonds, without adhering to a notice period, and to request the redemption of these Bonds, subject to the provisions governing subordination and the pre-insolvency enforcement restriction, at the Principal Amount plus any interest accrued up until the Redemption Date (exclusive) if they have good cause to do so. Good cause refers, in particular, to a scenario in which

1. the Issuer does not pay capital or interest within 30 days of the due date; or
2. the Issuer makes a general announcement regarding its insolvency in writing or generally stops making payments; or
3. insolvency proceedings are opened in respect of the Issuer's assets and are not discontinued or suspended within 30 days of being opened, or the Issuer applies for the opening of such proceedings or the opening of insolvency proceedings is rejected due to a lack of assets; or
4. the Issuer fails to satisfy or comply with a material obligation, condition or agreement with regard to the Token-based Bonds and the non-satisfaction or non-compliance persists for a period of

more than 30 days after the Issuer has been informed accordingly by the Bondholder affected by the Breach of Duty, asking the Issuer to satisfy or comply with the obligation, condition or agreement; or

5. the Issuer enters into a Financial Liability; or
6. the Issuer fails to satisfy a payment obligation arising from the Bank Loan on the due date and this non-satisfaction persists for a period of more than 30 days after the Issuer has received a written notification to this effect from the Bondholder; or
7. there is a change of control at the level of the Issuer. A change of control is deemed to have occurred if due to a change in the Issuer's shareholders, one or more persons acting in concert within the meaning of section 22 (2) of the German Securities Trading Act (*Wertpapierhandelsgesetz*, "WpHG") or one or more third parties acting on behalf of these persons hold(s) more than 50% of the Issuer's share capital and/or more than 50% of the voting rights in the Issuer, either directly or indirectly, at any given time. Such persons shall not include an affiliated company of the Issuer within the meaning of section 15 *et seq.* of the German Stock Corporation Act (*Aktiengesetz*, "AktG"); or
8. the Issuer fails to satisfy its information obligations pursuant to section 11 of the Bond Terms and Conditions and this non-satisfaction persists for a period of more than 30 days after the Issuer has received a written notification to this effect from the Bondholder; or
9. the Issuer goes into liquidation, unless this happens in connection with other company law measures (e.g. a merger or other form of combination with another company) insofar as this other company is an affiliated company of the Issuer within the meaning of sections 15 *et seq.* AktG and enters into all obligations that the Issuer entered into in connection with the Token-based Bonds.

The termination notice must be sent by registered mail and in such a way that the Bondholder returns all of the EXP2 Tokens belonging to them to the Issuer by sending them to the Issuer's wallet address. The right of termination shall lapse if the reason for termination is remedied before the right is exercised.

7.13. Termination Rights of the Issuer

If the Bondholders pass a resolution concerning the sale of the Property, the Issuer may terminate the Token-based Bonds for cause at any time and redeem the Token-based Bonds at the Redemption Amount subject to the provisions governing subordination and the pre-insolvency enforcement restriction. This also applies insofar as, as part of the Vote on the sale of the Property, no resolution has been passed on the sale of the Property after a term of 7.5 years and the Issuer is entitled to sell the Property, without any further vote and without the consent of the Bondholders, 108 months after the Issue Date.

The Issuer is also entitled, but not obligated, to terminate the Bonds early and repay the Principal Amount to the Bondholders if at least 90% of the Aggregate Principal Amount of the Bonds has not been placed and paid in to the Issuer within nine months of the start of the offer period, if the property purchase agreement on the purchase of the Property is not executed and/or is reversed and/or the Bank Loan is not taken out.

The Issuer must in every case announce the early termination at least 14 days in advance.

7.14. Consent of the Bondholders regarding the Sale of the Property

In general, the sale of the Property shall require the consent of the Bondholders. The Bondholders will make a decision on the sale of the Property by way of a majority resolution adopted in the context of a Vote without a meeting.

Votes may be held at any time if the Issuer asks the Bondholders to vote. Votes must be held after a term of five years and, if this Vote has not led to the sale of the Property, after a term of 7.5 years.

The Votes after five and after 7.5 years are required only if a valuation report obtained in a period of no more than six months prior to the Vote has calculated a value for the Property that allows for the redemption of the Token-based Bonds at the Principal Amount at the very least. If no resolution has been passed on the sale of the Property after 7.5 years, the Issuer is entitled to sell the Property, without any further Vote and without the consent of the Bondholders, 108 months after the Issue Date.

Votes will be cast using an electronic voting procedure without any discussion among the Bondholders. Participation in a Vote requires prior registration on the part of the Bondholders. This registration must have been completed by no later than the third day prior to the start of the Vote. The Issuer must invite the Bondholders to take part in the Vote at least 21 days before the start of the Vote. The Invitation to vote must specify the company name and registered office of the Issuer, the start and duration of the Vote, the details regarding registration and the voting procedure, as well as the conditions governing participation in the Vote and the exercise of the voting right. The Issuer must include a proposed resolution in the Invitation, also containing a proposal regarding any minimum proceeds resulting from the sale of the Property. The minimum proceeds are based on the value of the Property as calculated in the most recent valuation report prior to any Vote. The Bondholders do not have the right to put forward counter-motions.

Voting rights are awarded to all investors who are listed as Bondholders in the Register managed on the Ethereum blockchain at 12:00 noon CET 12 days before the day of the Vote.

Every bond with a Principal Amount of EUR 1,000 entitles the holder to cast one vote. The quorum for Votes is deemed satisfied if at least 25% of the Outstanding Token-based Bonds are participating in the Vote at the time the resolution is passed. Resolutions must be adopted by a simple majority of the votes cast to be valid. Abstentions and invalid votes are counted as “no” votes. A majority resolution that has been effectively adopted is binding on all Bondholders and the Issuer. The Bondholders have no recourse to the courts in order to contest the outcome of the Vote.

The Issuer identifies the individuals who are eligible to vote and prepares a register of the Bondholders with voting rights. The Issuer is also responsible for determining a quorum and the majority required to pass a resolution. The Issuer is authorised to transfer the duties referred to in sentences 1 and 2 to an independent scrutineer.

If the Bondholders pass a resolution on the sale of the Property, the Issuer will opt either to conduct sale negotiations regarding the sale of the Property or to seek refinancing for the Token-based Bonds. In the event of refinancing by way of a public offering on the capital market, the Bondholders will be granted preferential purchase rights for the refinancing securities.

The Issuer will make serious efforts to sell the Property or to obtain refinancing for the Token-based Bonds. The Issuer will not, however, assume any liability for the failure of contractual negotiations in either case. In this respect, a resolution regarding the sale of the Property does not give rise to any obligation on the part of the Issuer to conclude an agreement on the sale of the Property/to conclude agreements on refinancing for the Token-based Bonds.

If the Bondholders pass a resolution concerning the sale of the Property, the Issuer may terminate the Token-based Bonds for cause at any time and redeem the Token-based Bonds at the Redemption Amount subject to the provisions governing subordination and the pre-insolvency enforcement restriction. This also applies if the Issuer sells the Property without the consent of the Bondholders if the Vote has not resulted in any resolution to sell the Property after 7.5 years.

The Vote on the sale of the Property does not constitute a vote without a meeting within the meaning of the German Act on Issues of Debt Securities (*Schuldverschreibungsgesetz*, “SchVG”).

7.15.Issuer’s Information Obligations

The Issuer is obliged to make its annual financial statements prepared at the end of a given financial year (1 January to 31 December) pursuant to the provisions set out in the German Commercial Code (*Handelsgesetzbuch*, “HGB”) available on its website (www.exporo.de/ir-projekt98) by 31 March of the following calendar year at the latest, starting with the annual financial statements for the current 2019 financial year. The Issuer will not publish any information extending beyond the information set out above following the issue.

7.16.Collateralisation

7.16.1 Appointment and Obligations of the Trustee

The Issuer has appointed HmcS Treuhand GmbH, Hanover, to act as the Trustee.

The obligations incumbent upon the Trustee include, in particular:

- involvement in the furnishing of collateral in a due and proper manner;
- holding and managing the collateral in accordance with the provisions set out in the Collateral Trust Agreement in the interests of the Bondholders;
- realising the collateral in the event of realisation.

The Trustee is not a joint representative of the Bondholders within the meaning of the German Act on Issues of Debt Securities and is not liable based on the provisions of the German Act on Issues of Debt Securities.

If the trust relationship between the Issuer and the Trustee is terminated early, before the end of the term of the Token-based Bonds, the Issuer is obliged to appoint a new trustee.

7.16.2 No Monitoring of the Use of Funds

The Trustee will not carry out any control of the use of funds with respect of the bond capital deposited with the Issuer prior to its use. In addition, the Trustee is not responsible for ensuring that the Issuer only disposes of the bond capital that has been paid in after the subordinated collateral has been furnished.

7.16.3 Furnishing of Collateral

The collateralisation of the Token-based Bonds will be achieved by way of the subordinated furnishing of the following collateral to the Trustee in favour of the Bondholders:

- subordinated furnishing of junior-ranking land charges on the Property following the senior-ranking land charges for the Bank Loan; the Trustee shall not provide any guarantees vis-à-vis the Bondholders in connection with the furnishing of the junior-ranking land charges.
- subordinated assignment of all claims and rights resulting from the rental of the Property (rental claims);
- subordinated assignment of the Issuer's sale price claim vis-à-vis a buyer of the Property (sale price claim);
- subordinated assignment of all claims and rights resulting from insurance policies in connection with the Property (insurance claims);

The assignment of the rental, sale price and insurance claims by way of security was achieved upon the conclusion of the Collateral Trust Agreement in favour of the Trustee. If the Issuer is not entitled to assign the rental, sale price and insurance claims by way of security on the basis of unsubordinated collateral agreements with the Bank, these claims will be reassigned to the Issuer as part of a condition subsequent. In such cases, the Issuer will assign its claims to the full or partial re-transfer of these claims and/or to the offsetting or payout of the surplus not required by the Bank to the Trustee, even if these claims are conditional or only arise in the future.

7.16.4 Realisation of Collateral

In a collateral event, the realisation of collateral is permissible subject to the provisions relating to the pre-insolvency enforcement restriction and subordination. This means that the realisation of collateral is limited to those cases in which the Issuer refuses to make payments to the Issuer despite liquidity being available and despite no pre-insolvency enforcement restriction applying. A collateral event is deemed to have occurred if there are grounds for termination of the Token-based Bonds for cause pursuant to section 8 of the Terms and Conditions of the bonds and the Issuer fails to remedy this scenario, despite being asked to do so by the collateral trustee, within thirty (30) business days of receiving this request.

7.16.5 Release of Collateral

The Trustee will release the collateral once all claims of the Bondholders arising from the Token-based Bonds have been satisfied definitively and in full.

7.16.6 Information Obligations

The Issuer is obliged to provide the Trustee with quarterly information by submitting a management accounting summary, including list of totals and balances (*betriebswirtschaftliche Auswertung*, BWA), as well as annual information by submitting the balance sheet on current business developments. The Issuer may submit qualified financial reports as a substitute for submitting the BWA or to supplement it. The quarterly reports (BWA/financial reporting) are to be submitted within four weeks of the relevant reporting date in each case, with the annual financial statements being submitted within three months of the reporting date.

The Issuer is also obliged to present a valuation report for the Property prepared by a sworn or certified expert, as well as an assessment performed by a real estate agent who is familiar with the local market on a possible marketing price, and to submit these to the Trustee no earlier than 12 months and no later than three months before the Token-based Bonds reach maturity.

If, one month before the Bond reaches maturity, the Property has not been sold (thus ensuring the repayment of the bond) and the Issuer has not demonstrated to the Trustee by presenting a bank confirmation letter that it intends to repay the bond by arranging corresponding follow-on financing, then the Trustee is authorised to designate with binding effect a licensed real estate agent to be retained by the Issuer to assume responsibility for the further marketing of the Property.

7.16.7 Remuneration of the Trustee

The Trustee will receive a one-off fee of EUR 8,500 from the Issuer, as well as an ongoing monthly fee corresponding to 0.007% of the Principal Amount of the Outstanding Token-based Bonds, but at least EUR 245 per month, plus statutory VAT in each case. The fee referred to above does not cover the activities performed by the Trustee in connection with any realisation of collateral.

8. Bond Terms and Conditions

1. Principal Amount, Securitisation, Tokens, Issue, Register

- 1.1 Exporo Düsseldorf Fliesenhaus GmbH (the “**Issuer**”) issues up to 2,750 Token-based Bonds, each with a Principal Amount of EUR 1,000 (the “**Token-based Bonds**”) with an Aggregate Principal Amount of up to EUR 2,750,000.
- 1.2 The Token-based Bonds will not be securitised. No global certificates, individual certificates or interest coupons will be issued for the Token-based Bonds.
- 1.3 The Issuer generates a number of Exporo1 tokens (the “**EXP2 Tokens**”) corresponding to the number of Token-based Bonds issued. The EXP2 Tokens represent the rights of the Bondholders under the Token-based Bonds (the “**Bondholders**”) as set out in these Terms and Conditions and are issued to the Bondholders according to the number of Token-based Bonds subscribed by them.
- 1.4 The Token-based Bonds and the same number of EXP2 Tokens are issued in return for payment in euros (EUR).
- 1.5 The Smart Contract for the EXP2 Tokens has been assigned to a Register (the “**Register**”) on the Ethereum blockchain recording all transfers of tokens and a list of addresses holding the relevant Exporo tokens. The Bondholders are not recorded by name in the Register, but rather by their respective public Ethereum address (public key of the wallet), which can be accessed in the Blockexplorer <https://etherscan.io>.
- 1.6 The transfer of the Token-based Bonds requires the Bondholder and the purchaser to agree to the assignment of the rights arising under the Token-based Bonds (section 398 of the German Civil Code (*Bürgerliches Gesetzbuch*, “BGB”)) and the entry of the purchaser’s Ethereum address in the Register. An entry is made in the Register when the Bondholder transfers the EXP2 Tokens representing the Token-based Bonds assigned to their Ethereum address to the new Bondholder’s Ethereum address. Any transfer of Token-based Bonds outside of the Ethereum blockchain, and thus without entry in the Register, is not permitted.

2. Status, Subordination and Pre-insolvency Enforcement Restriction, Negative Covenant, Financial Liabilities

- 2.1 The Token-based Bonds constitute direct, subordinated and unsecured obligations of the Issuer, which contain a pre-insolvency enforcement restriction and rank *pari passu* among each other.
- 2.2 In accordance with sections 19 (2) sentence 2, 39 (2) of the German Insolvency Code (*Insolvenzordnung*, “**InsO**”), in order to avoid overindebtedness within the meaning of section 17 InsO or an impending insolvency within the meaning of section 18 InsO or an insolvency within the meaning of section 19 InsO, in each case as amended, in any insolvency proceedings initiated in respect of the Issuer’s assets or in the event of the Issuer’s liquidation, all claims by the Bondholders arising from the Token-based Bonds, specifically their claims to the payment of interest and repayment of the bond capital, are hereby subordinated to the claims within the meaning of section 39 (1) nos. 1 to 5 InsO.
- 2.3 The Bondholder undertakes not to assert any claims arising from the Token-based Bonds, particularly those claims to the payment of interest and repayment of the bond capital, as long as and to the extent that the partial or full settlement of such claims would result in overindebtedness within the meaning of section 17 InsO or an impending insolvency within the meaning of section 18 InsO or an insolvency within the meaning of section 19 InsO, in each case as amended (pre-insolvency enforcement restriction). The pre-insolvency enforcement restriction may result in the permanent non-performance of the Bondholder’s claims arising from the Token-based Bonds.
- 2.4 If and to the extent the assertion of claims is not already excluded pursuant to sections 2.2 and 2.3 above, the Bondholder may assert its claims arising from the Token-based Bonds, particularly those claims to the payment of interest and repayment of the bond capital, outside of insolvency proceedings initiated against the Issuer only on the basis of any (a) future profit, (b) liquidation

surplus, or (c) other unrestricted assets. This restriction may result in the permanent non-fulfilment of the Bondholder's claims arising from the Token-based Bonds.

- 2.5 The provisions of sections 2.2 to 2.4 above do not constitute the Bondholder's waiver of claims arising from the Token-based Bonds.
- 2.6 Without the consent of the Bondholders, the Issuer is not authorised to enter into financial liabilities.
- 2.7 The term "**Financial Liabilities**" within the meaning of these Terms and Conditions refers to all obligations entered into by the Issuer resulting from taking out loans, silent participations, bonds, certificates of indebtedness or lease agreements. The obligations resulting from the Bank Loan and from the Pre-financing of the Property, including debt restructuring and/or extensions of the Bank Loan and/or the Pre-financing and loans and/or shareholder loans to finance necessary measures to retain and increase value, specifically for repairs to, or the maintenance and/or modernisation of the Property, and the refinancing of the Token-based Bonds by way of a further bond issue, by way of bank financing or in another manner ("**Permissible Liabilities**") shall not, however, constitute Financial Liabilities within the meaning of these Terms and Conditions.
- 2.8 The term "**Property**" within the meaning of these Terms and Conditions refers to a property located at Gerresheimer Landstraße 110, 40627 Düsseldorf.
- 2.9 The term "**Bank Loan**" within the meaning of these Terms and Conditions refers to the loan granted by a German credit institution for which the Property serves as the senior collateral in the form of a real estate lien.
- 2.10 The term "**Pre-financing**" within the meaning of these Terms and Conditions refers to a pre-financing arrangement relating to the net issue proceeds from the Token-based Bonds.

3. Interest, Maturity, Default

- 3.1 The bonds will bear interest at a floating rate from 3 September 2019 (inclusive) until 2 September 2029 (exclusive). The payments made by the contracting parties of the Property will be credited to a project account (the "**Project Account**"). The Issuer will use the Project Account to make the following payments:
 - 3.1.1 the costs associated with operating the Property (these include both the chargeable costs pursuant to the Regulation Governing the Calculation of Factors relating to Residential Lettings pursuant to the Second Housing Act (Second Calculation Regulation (*Zweite Berechnungsverordnung*), "II. BV"), such as caretaker services, including facility management, cleaning, insurance, etc. and non-chargeable operating costs that are not settled by third parties based on a statement in accordance with the statutory provisions or provisions set out in the lease agreement, as well as vacancy costs).
 - 3.1.2 the costs associated with property and asset management in relation to the Property.
 - 3.1.3 the costs associated with necessary maintenance, repair and/or modernisation measures relating to the Property.
 - 3.1.4 the costs associated with preparing valuation reports to determine the value of the Property.
 - 3.1.5 the costs associated with tax and legal advice provided to the Issuer, as well as any costs associated with the auditor.
 - 3.1.6 the costs associated with tax payments and public fees to be paid by the Issuer.
 - 3.1.7 the costs associated with the Token-based Bonds, in particular for their interest, brokerage, management and collateralisation.
 - 3.1.8 the servicing of claims due under Permissible Liabilities within the meaning of section 2.7 of the Terms and Conditions.
 - 3.1.9 the amounts required to set up a reserve for the repair, maintenance and/or ongoing modernisation of the Property.

- 3.1.10** Any Project Account balance remaining at the end of the quarter (the “**Quarterly Balance**”) after deductions to reflect the payments referred to in sections 3.1.1 to 3.1.9 will be paid out to the Bondholders.
- 3.2** Each bond will accrue floating quarterly interest in arrears after the end of each quarter in accordance with the following formula:
Quarterly Balance * Principal Amount / Outstanding Token-based Bonds.
- 3.3** Subject to sections 2.2 to 2.4, interest is payable on 15 January, 15 April, 15 July and 15 October of each calendar year (in each case an “**Interest Date**”). The first Interest Date is 15 January 2020. The last Interest Date is the Redemption Date. The amount of the interest to be paid on an Interest Date will be calculated by the Issuer.
- 3.4** If the Issuer does not pay interest despite it falling due on an Interest Date, the interest due will bear interest as of the Interest Date (inclusive) and up until the day preceding the actual interest payment (inclusive) at a rate of 8% p.a. based on the 30/360 interest calculation method.
- 3.5** The term “**Outstanding Token-based Bonds**” within the meaning of these Terms and Conditions refers to the Principal Amount of all Token-based Bonds of all Bondholders paid in, in each case, on an Interest Date and/or on the Redemption Date and/or on the date of an early redemption of the Token-based Bonds.

4. Term, Redemption, Default, Repurchase

- 4.1** The term of the Token-based Bonds begins on 3 September 2019 (the “**Issue Date**”) and, provided it is not terminated for cause pursuant to sections 8 or 10.12, ends at the expiry of 2 September 2029. Subject to sections 2.2 to 2.4, the Token-based Bonds will be redeemed on the first business day following the end of the term (the “**Redemption Date**”).
- 4.2** In the event of termination subject to a notice period in accordance with section 4.1 and in the event of termination for cause in accordance with section 10.12, each bond will be redeemed in the amount to be calculated in accordance with the following formula:

$$\text{Principal Amount} + (\text{Sale Price} + \text{Reserves} - \text{Residual Debt} - \text{Outstanding Token-based Bonds}) * 0.8 * \text{Principal Amount} / \text{Outstanding Token-based Bonds}$$

(the “**Redemption Amount**”).

The Redemption Amount of each bond is equal to the Principal Amount if the product of the calculation in sentence 1 is lower than the Principal Amount. The Redemption Amount will be calculated by the Issuer.

The Principal Amount refers to the term defined in section 1.1.

The term “**Sale Price**” within the meaning of these Terms and Conditions means either (a) in the event of termination for cause pursuant to section 10.12, the purchase price for the sale of the Property less transaction costs and taxes on the capital gains resulting from the sale or (b) in the event of a refinancing of the Token-Based Bonds, the market value of the Property pursuant to the most recent Valuation Report or (c) in the event of termination subject to a notice period pursuant to section 4.1, the market value of the Property pursuant to the most recent Valuation Report. The Valuation Report must be no older than 12 months. The Valuation Report is to be prepared by an independent expert.

The term “**Reserves**”, within the meaning of these Terms and Conditions refers to the maintenance reserve (exclusively) available on the Redemption Date.

The term “**Residual Debt**” within the meaning of these Terms and Conditions refers to the principal Bank Loan claim on the Redemption Date, plus any prepayment penalties for the Bank Loan.

Outstanding Token-based Bonds refers to the term defined in section 3.5.

- 4.3** If the Issuer does not redeem the Token-based Bonds on the Redemption Date, either in full or in part, then the Outstanding Token-based Bonds will bear interest as of the Redemption Date (inclusive) and up until the day preceding the actual redemption (inclusive) at a rate of 8% p.a. based on the 30/360 interest calculation method (ICMA).

- 4.4 The Issuer is entitled to acquire or sell Token-based Bonds and EXP2 Tokens in full or in part on the market or via other means.

5. Payments

- 5.1 The Issuer undertakes to make payments relating to the Token-based Bonds in euros upon maturity. The Issuer will make interest payments to the individual listed as the Bondholder in the Register at 12 noon CET on the last day of the quarter (31 March, 30 June, 30 September and 31 December) before the next Interest Date. The Token-based Bonds will be repaid to the individual listed as the Bondholder in the Register at 12:00 CET on the Redemption Date. The abovementioned payments release the Issuer from its corresponding liabilities under the Token-based Bonds in the amount of the payments made.
- 5.2 Investors who acquire the Token-based Bonds by transferring the EXP2 Token will provide the Issuer with their bank account details as part of the KYC and AML process.

6. Taxes

- 6.1 All payments, particularly interest payments, will be made after deducting and withholding taxes, duties and other fees to the extent the Issuer is obligated by law to deduct and/or withhold such taxes, duties and other fees. The Issuer is under no obligation to pay the Bondholders additional amounts to offset amounts deducted or withheld in this manner.
- 6.2 To the extent that the Issuer is under no legal obligation to deduct and/or withhold taxes, duties or other fees, it accepts no obligation with respect to the Bondholders' obligations under tax law.

7. Paying Agent

The Issuer itself will act as the paying agent. No external paying agent has been appointed.

8. Termination by Bondholders

- 8.1 Each Bondholder is entitled to terminate their Token-based Bonds, without adhering to a notice period, and to request the Redemption of these bonds, subject to sections 2.2 to 2.4, at the Principal Amount plus any interest accrued up until the Redemption Date (exclusive) if they have good cause to do so. Good cause refers, in particular, to a scenario in which
- 8.1.1 the Issuer does not pay capital or interest within 30 days of the due date; or
 - 8.1.2 the Issuer makes a general announcement regarding its insolvency in writing or generally stops making payments; or
 - 8.1.3 insolvency proceedings are opened in respect of the Issuer's assets and are not discontinued or suspended within 30 days of being opened, or the Issuer applies for the opening of such proceedings or the opening of insolvency proceedings is rejected due to lack of assets; or
 - 8.1.4 the Issuer fails to satisfy or comply with a material obligation, condition or agreement with regard to the Token-based Bonds (the "**Breach of Duty**") and the non-satisfaction or non-compliance persists for a period of more than 30 days after the Issuer has been informed accordingly by the Bondholder affected by the Breach of Duty, asking the Issuer to satisfy or comply with the obligation, condition or agreement; or
 - 8.1.5 the Issuer enters into a Financial Liability; or
 - 8.1.6 the Issuer fails to satisfy a payment obligation arising from the Bank Loan on the due date and this non-satisfaction persists for a period of more than 30 days after the Issuer has received a written notification to this effect from the Bondholder; or

- 8.1.7 there is a change of control at the level of the Issuer. A change of control is deemed to have occurred if due to a change in the Issuer's shareholders, one or more persons acting in concert within the meaning of section 22 (2) of the German Securities Trading Act (*Wertpapierhandelsgesetz*, "WpHG") (the "**Relevant Person**") or one or more third parties acting on behalf of these Relevant Persons hold(s) more than 50% of the Issuer's share capital and/or more than 50% of the voting rights in the Issuer, either directly or indirectly, at any given time. Relevant Persons shall not include an affiliated company of the Issuer within the meaning of section 15 *et seq.* of the German Stock Corporation Act (*Aktiengesetz*, "AktG"); or
 - 8.1.8 the Issuer fails to satisfy its information obligations pursuant to section 11 and this non-satisfaction persists for a period of more than 30 days after the Issuer has received a written notification to this effect from the Bondholder; or
 - 8.1.9 the Issuer goes into liquidation, unless this happens in connection with other company law measures (e.g. a merger or other form of combination with another company) insofar as this other company is an affiliated company of the Issuer within the meaning of sections 15 *et seq.* AktG and enters into all obligations that the Issuer entered into in connection with the Token-based Bonds.
- 8.2 The termination notice must be sent by registered mail and in such a way that the Bondholder returns all of the EXP2 Tokens belonging to them to the Issuer by sending them to the Issuer's wallet address.
- 8.3 The right of termination shall lapse if the reason for termination is remedied before the right is exercised.

9. Termination by the Issuer

- 9.1 The Issuer is entitled, but not obligated, to terminate the bonds early and repay the Principal Amount to the Bondholders if
- 9.1.1 at least 90% of the Aggregate Principal Amount of the bonds has not been placed and paid in to the Issuer within nine months of the start of the offer period specified in the Prospectus;
 - 9.1.2 the property purchase agreement on the purchase of the Property is not executed and/or is reversed;
 - 9.1.3 the Bank Loan is not taken out.
- 9.2 The Issuer must announce the early termination at least 14 days in advance pursuant to section 11.

10. Vote on the Sale of the Property

- 10.1 The sale of the Property within the first 90 months after the issue date requires the consent of the Bondholders in accordance with the provisions of this section 10. The Bondholders will make a decision on the sale of the Property by way of a majority resolution adopted in the context of a vote without a meeting pursuant to sections 10.2 to 10.8 (the "**Vote**").
- 10.2 Votes will be held:
- 10.2.1 at any time if the Issuer asks the Bondholders to vote;
 - 10.2.2 60 months after the issue date;
 - 10.2.3 90 months after the issue date.
- 10.3 The Votes pursuant to sections 10.2.2 and 10.2.3 are required only if a Valuation Report obtained in a period of no more than six months prior to the Vote has calculated a value for the Property that allows for the redemption of the Token-based Bonds at the Principal Amount at the very least. Votes held in accordance with sections 10.2.2 and 10.2.3 must be held within four weeks of the dates specified in sections 10.2.2 and 10.2.3. If no resolution has been passed on the sale of the

Property pursuant to section 10.2.3, the Issuer is entitled to sell the Property, without any further Vote and without the consent of the Bondholders, 108 months after the Issue Date.

- 10.4** Votes will be cast using an electronic voting procedure without any discussion among the Bondholders. Participation in a Vote requires prior registration on the part of the Bondholders. This registration must have been completed by no later than the third day prior to the start of the Vote. The Issuer must invite the Bondholders to take part in the Vote at least 21 days before the start of the Vote. The invitation to vote (the “**Invitation**”) must specify the company name and registered office of the Issuer, the start and duration of the Vote, the details regarding registration and the voting procedure, as well as the conditions governing participation in the Vote and the exercise of the voting right. The Issuer must include a proposed resolution in the Invitation, also containing a proposal regarding any minimum proceeds resulting from the sale of the Property. The minimum proceeds are based on the value of the Property as calculated in the most recent Valuation Report prior to any Vote. The Bondholders do not have the right to put forward counter-motions.
- 10.5** The Invitation must be made public in accordance with section 11.
- 10.6** Voting rights are awarded to all investors who are listed as Bondholders in the Register managed on the Ethereum blockchain at 12:00 CET 12 days before the day of the Vote.
- 10.7** Every bond with a Principal Amount of EUR 1,000 entitles the holder to cast one vote. The quorum for Votes is deemed satisfied if at least 25% of the Outstanding Token-based Bonds are participating in the Vote at the time the resolution is passed. Resolutions must be adopted by a simple majority of the votes cast to be valid. Abstentions and invalid votes are counted as “no” votes. A majority resolution that has been effectively adopted is binding on all Bondholders and the Issuer. The Bondholders have no recourse to the courts in order to contest the outcome of the Vote.
- 10.8** The Issuer identifies the individuals who are eligible to vote and prepares a register of the Bondholders with voting rights. The Issuer is also responsible for determining a quorum and the majority required to pass a resolution. The Issuer is authorised to transfer the duties referred to in sentences 1 and 2 to an independent voting manager.
- 10.9** The Issuer shall bear the costs for conducting the Vote.
- 10.10** If the Bondholders pass a resolution on the sale of the Property, the Issuer will opt either to conduct sale negotiations regarding the sale of the Property or to seek refinancing for the Token-based Bonds. In the event of refinancing by way of a public offering on the capital market, the Bondholders will be granted a preferential purchase option for the refinancing securities.
- 10.11** The Issuer will make a serious effort to sell the Property/obtain refinancing for the Token-based Bonds. The Issuer will not, however, assume any liability for the failure of contractual negotiations in either case. In this respect, a resolution regarding the sale of the Property does not give rise to any obligation on the part of the Issuer to conclude an agreement on the sale of the Property/to conclude agreements on refinancing for the Token-based Bonds.
- 10.12** If the Bondholders pass a resolution concerning the sale of the Property, the Issuer is entitled to terminate the Token-based Bonds for cause at any time. This also applies in the case of section 10.3 sentence 3. The Issuer must announce the termination at least 14 days in advance.
- 10.13** The Vote in accordance with this section 10 does not constitute a vote without a meeting within the meaning of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*, “SchVG”).

11. Issuer’s Notifications and Information Obligations

- 11.1** Notifications pertaining to the Token-based Bonds shall be published in the Federal Gazette (*Bundesanzeiger*) and on the Issuer’s website at www.exporo.de/ir-projekt98. Any notification is deemed to have been made as at the date of its publication (or on the date of publication of the first notification in the event of multiple notifications).
- 11.2** The Issuer is also entitled to notify Bondholders directly in text form.

- 11.3** The Issuer is obliged to make its annual financial statements prepared at the end of a given financial year pursuant to the provisions set out in the German Commercial Code (*Handelsgesetzbuch*, "HGB") available on its website by 31 March of the following calendar year at the latest.

12. Amendments to the Terms and Conditions by the Issuer

The Issuer is entitled to amend or adapt the wording or sequence of the Terms and Conditions by way of unilateral declaration of intent.

13. Collateralisation of the Token-based Bonds

- 13.1** Collateral is provided by furnishing the following subordinated collateral, to the extent permitted by law, to the collateral trustee for the benefit of the Bondholders:
- 13.1.1** subordinated creation of second-ranking land charges on the Property following the senior-ranking land charges for the Bank Loan.
 - 13.1.2** subordinated assignment of all claims and rights resulting from the rental of the Property (rental claims);
 - 13.1.3** subordinated assignment of the Issuer's sale price claim vis-à-vis a buyer of the Property (sale price claim);
 - 13.1.4** subordinated assignment of all claims and rights resulting from insurance policies in connection with the Property (insurance claims);
- 13.2** The rental, sale price and insurance claims were assigned with effect *in rem* upon execution of the Collateral Trust Agreement. If the Issuer is not entitled to assign the rental, sale price and insurance claims on the basis of prior ranking collateral agreements with the Bank, these claims will be reassigned to the Issuer as part of a condition subsequent. In such cases, the Issuer will assign its claims to the full or partial re-transfer of these claims and/or to the offsetting or payout of the surplus not required by the Bank to the trustee as subordinated claims, even if these claims are conditional or only arise in the future.
- 13.3** The collateral is subject to the pre-insolvency enforcement restriction and subordination pursuant to sections 2.2 and 2.3. The realisation of collateral is permissible in the event of a collateral event. A collateral event is deemed to have occurred if there is are ground for termination of the Token-based Bonds for cause pursuant to section 8 and the Issuer fails to remedy this scenario, despite being asked to do so by the collateral trustee, within thirty (30) business days of receiving this request.

14. Trust

- 14.1** The Issuer has appointed HmcS Treuhand GmbH (the "**Trustee**"), Hanover, to act as the trustee. If the fiduciary relationship between the Issuer and the Trustee is terminated early, before the end of the term of the Token-based Bonds, the Issuer is obliged to appoint a new trustee. The Issuer shall inform the Bondholders of any change in Trustee pursuant to section 11.
- 14.2** The obligations incumbent upon the Trustee include, in particular:
- 14.2.1** involvement in the furnishing of collateral in a due and proper manner;
 - 14.2.2** holding and managing the collateral in accordance with the provisions set out in the Collateral Trust Agreement in the interests of the Bondholders;
 - 14.2.3** realising the collateral in the event of realisation.
- 14.3** Over the term of the trust activities, the Trustee will receive from the Issuer an appropriate fee and reimbursement of fees and expenses incurred by it in the course of conducting its activities as Trustee.

14.4 The Trustee is not a joint representative of the Bondholders within the meaning of the German Act on Issues of Debt Securities and is not liable based on the provisions of the German Act on Issues of Debt Securities.

15. Governing Law, Jurisdiction, Governing Language

15.1 The form and terms of the Token-based Bonds and any and all Bondholder and Issuer rights and obligations arising therefrom shall be governed by the laws of the Federal Republic of Germany.

15.2 The place of jurisdiction for any and all legal disputes arising in connection with the relationship between the Bondholders and the Issuer shall be the Issuer's registered office. This agreement conferring jurisdiction shall not restrict the right of any creditor to bring proceedings before another court of competent jurisdiction. Nor does the initiation of proceedings before the courts of one or more other competent jurisdictions preclude the initiation of proceedings in any other jurisdiction, if and to the extent this is permitted by law.

15.3 These Terms and Conditions have been drafted in the German language. Only the German text is binding and controlling.

Hamburg, 27 August 2019

Management

Exporo Düsseldorf Fliesenhaus GmbH

9. Taxation

This overview is not intended to provide a comprehensive presentation of all tax considerations which may be relevant in the context of acquiring, holding, selling or otherwise disposing over the Token-based Bonds.

The tax legislation adopted in the member state in which an investor resides and the state in which the Issuer was formed may impact the income from the Token-based Bonds.

Before investing, investors should seek the in-depth advice from their tax advisor regarding the tax consequences in connection with acquiring, holding, selling and redeeming the Token-based Bonds, taking into account the investor's individual tax status.

9.1. Tax Framework in the Federal Republic of Germany

This section on taxation contains a brief summary of certain key principles which are relevant with regard to the taxation of investors under German tax law in connection with the acquisition, holding and sale of Token-based Bonds. This summary does not purport to address all tax aspects in full, nor does it discuss in detail special scenarios which may be of significance to individual prospective investors. The following explanations are general in nature and are provided merely for informational purposes. They are not intended to constitute legal or tax advice and should not be construed as such. This summary is based on the tax laws in force as at the date on which the Prospectus was prepared, on case law and on guidelines from the tax administration and their interpretation, all of which may be subject to change. Such changes may also enter into effect retrospectively, and have an adverse impact on the tax consequences described herein.

The tax risk arising from the Token-based Bonds is borne exclusively by the investor.

9.1.1 Token-based Bonds held as Part of Private Assets

9.1.1.1 Interest Income

The Issuer believes that interest paid to natural persons resident in Germany and subject to unlimited tax liability, who hold the Token-based Bonds as part of their private assets, constitutes income from profit-participation loans pursuant to section 20 (1) no. 4 of the German Income Tax Act (*Einkommensteuergesetz*, "EStG").

However, it is possible that the tax administration or the fiscal courts will not consider income from the Token-based Bonds to be income from profit participation loans but rather income from participation rights, which grant the right to participate in profits and liquidation proceeds, and is thus classified as income pursuant to section 20 (1) no. 1 EStG. Arguments against such a classification include the facts that (i) the interest from the Token-based Bonds is not derived based on the Issuer's distributable profit under German commercial law (net profit for the year or net retained profit) but rather from rental income and sale proceeds (specifically not taking into account depreciation and amortisation) and (ii) the bonds are intended to be redeemed by no later than ten years and prior to the liquidation of the Issuer. In the tax law literature, the view has been adopted that (i) profit participation requires that investors participate in the net profit for the year or the net retained profit and (ii) investors participate in liquidation proceeds only if they receive a share in the hidden reserves in the event of liquidation, but not if a participation in the hidden reserves is paid out prior to the commencement of liquidation proceedings. However, the opposite view is also held in the tax law literature, i.e.: (i) any performance-based fee constitutes a participation in profits and (ii) a participation in the liquidation proceeds must also be assumed if the repayment of the profit-sharing capital and the investor's share of the hidden reserves take place or can be demanded prior to liquidation. Moreover, classification as a profit participation loan is further indicated not only by the points laid out above but also by the provision of collateral in favour of the investors. To date, there have been no supreme court decisions or statements by the financial administration pertaining to the present scenario.

The following taxation principles apply to the taxation of interest for natural persons subject to unlimited tax liability in Germany who hold the Token-based Bonds as part of their private assets, whether they be classified as profit participation loans or as participation rights:

Interest is subject to income tax as investment income. The tax liability arises upon accrual of interest.

Investment income and thus also the interest from the Token-based Bonds are subject to the definitive withholding tax (*Abgeltungsteuer*; section 32d EStG). The definitive withholding tax is withheld by the Issuer for the investor's account by deducting capital gains tax (*Kapitalertragsteuer*) from the interest payments. The definitive withholding tax rate is currently 25% of interest income plus solidarity surcharge (combined: 26.375%) and any applicable church tax. In the Coalition Agreement dated 7 February 2018, the CDU, CSU and SPD agreed to abolish the definitive withholding tax on interest income upon the establishment of the automatic exchange of information. Should the definitive withholding tax be abolished going forward, interest income would once again have to be taxed at the personal income tax rate. If the investor's personal income tax rate is higher than the lump-sum 25% limit for the definitive withholding tax, they would receive a lower after-tax return on the Token-based Bonds than previously. If a sufficient tax exemption instruction (*Freistellungsauftrag*) or a non-assessment certificate (*Nichtveranlagungsbescheinigung*) is provided to the Issuer, the withholding tax will not be deducted.

Taxable persons with a lower personal income tax rate than the definitive withholding tax rate of 25% can opt to exercise a tax assessment option (application of the most favourable tax treatment (*Günstigerprüfung*)). At the investor's request, the interest income can also be taxed at the personal tax rate if this is below 25%. The investor must exercise this option in the course of their assessment. When establishing the tax assessment base, the tax office officially reviews whether the application of the general rule results in a lower tax being assessed.

9.1.1.2 The Savers' Flat-rate Allowance (*Sparerpauschbetrag*)

No tax is levied on investment income if it, together with other investment income received by the investor, does not exceed the savers' flat-rate allowance. At present, single persons and married couples assessed separately may receive up to EUR 801.00 annually in tax-free investment income (savers' flat-rate allowance); married couples assessed jointly may receive up to EUR 1,602.00.

9.1.1.3 Disposal Gains and Losses

Gains arising on the disposal of the Token-based Bonds are not subject to capital gains tax withholding. However, they are also subject to the special tax rate set out in section 32d EStG, which currently amounts to 25% plus solidarity surcharge (combined 26.375%) and any applicable church tax, unless the application of the most favourable tax treatment results in a lower tax rate. Since no capital gains tax is withheld, disposal gains must be declared by the investor in their income tax return. Disposal losses may generally only be netted against other investment income. However, in the view of the tax administration, defaults on receivables are not taken into account for taxation purposes. However, in a decision dated 24 October 2017 (case no. VIII R 13/15), the Federal Fiscal Court (*Bundesfinanzhof*) held the view – contrary to that of the tax administration – that the permanent loss of a receivable results in a loss that is recognised for tax purposes.

Should the Token-based Bonds be classified not as profit participation loans but rather as participation rights, which grant the right to participate in the Issuer's profits and liquidation proceeds, Bondholders who directly or indirectly held at least 1% of the Issuer's capital (comprising share capital and the principal amount of all the issued Token-based Bonds) within the last five years prior to the disposal would be subject not to the provisions concerning the definitive withholding tax but rather to the German partial income method (*Teileinkünfteverfahren*). As a result, 40% of the disposal gain would be tax-exempt, although investors would only be able to claim 60% of any realised disposal loss for tax purposes. The special tax rate set out in section 32d EStG, currently 25% plus solidarity surcharge (combined 26.375%) and any applicable church tax, would not be applicable in such a case.

9.1.2 Token-based Bonds held as Part of Business Assets

If the Token-based Bonds are classified as profit participation loans, the interest income and disposal gains relating to the Token-based Bonds accruing to Bondholders resident in Germany who hold the Token-based Bonds as part of their business assets (including the income generated via commercial partnerships) will in principle be subject to the (progressive) German income tax rate (plus 5.5% solidarity surcharge and any applicable church tax) or the corporation tax of 15% (plus 5.5% solidarity surcharge) if the Token-based Bonds are held by a corporation. The interest and disposal proceeds are

also subject to trade tax if the Token-based Bonds are held as part of an entity's domestic business assets.

Regardless of whether the Token-based Bonds are to be classified as profit participation loans or participation rights, interest payments are generally subject to capital gains tax withholding by the Issuer amounting to 25% plus 5.5% solidarity surcharge thereon. The capital gains tax deduction does not have a discharging effect for the Bondholder, but will be imputed as a tax prepayment towards the Bondholder's personal or corporate income tax liability plus solidarity surcharge or refunded to the extent that tax was overpaid.

Regardless of whether the Token-based Bonds are classified as profit participation loans or participation rights, no capital gains tax is withheld on capital gains on the disposal or redemption of the Token-based Bonds.

Should the Token-based Bonds be classified not as profit participation loans but rather as participation rights, which grant the right to participate in the Issuer's profits and liquidation proceeds, the German so-called partial-income method (*Teileinkünfteverfahren*) may be applicable to interest income and disposal gains relating to the Token-based Bonds if the Token-based Bonds are held as part of the business assets of a natural person. As a result, 40% of the interest and disposal gains would be exempt from income tax, although investors would also only be able to claim 60% of any realised disposal loss for tax purposes. For trade tax purposes, the partial-income method would be applicable to disposal gains but not to interest income. If the Token-based Bonds are held by a legal entity subject to corporation tax, the zero-income method (*Nulleinkünfteverfahren*; section 8b German Corporation Tax Act (*Körperschaftsteuergesetz*, "KStG")) may be applicable to disposal gains, whereby 95% of the disposal gains would essentially be tax-exempt, although disposal losses would generally not be taken into account for tax purposes. However, the zero-income method would not be applicable to interest income.

9.1.3 Persons without Registered Office, Management, Permanent Establishment or Permanent Representative in Germany

The interest income from the Token-based Bonds attributable to natural and legal persons with no residence or domicile, management, permanent establishment or permanent representative in Germany is generally subject to the so-called limited tax liability (*beschränkte Steuerpflicht*) in Germany. Under the limited tax liability, the German capital gains tax withholding generally has a compensating effect. Depending on the applicable double taxation treaties, the capital gains tax may be refunded to the investor either in part or in full.

Gains on the disposal of the Token-based Bonds are not subject to any limited tax liability in Germany if the Token-based Bonds are classified as profit participation loans. Should the Token-based Bonds be classified not as profit participation loans but rather as participation rights, which grant the right to participate in the profits and liquidation proceeds, Bondholders who directly or indirectly held at least 1% of the Issuer's capital (comprising share capital and the principal amount of the issued Token-based Bonds) within the last five years prior to sale would realise income that is subject to a limited tax liability in Germany, which would generally have to be declared by way of the tax assessment procedure. However, the taxation right of the Federal Republic of Germany may be excluded if a double taxation treaty applies.

9.1.4 Inheritance and Gift Tax

The acquisition of Token-based Bonds *causa mortis* or by gift *inter vivos* is generally subject to inheritance and gift tax. The amount of the inheritance and gift tax due depends first and foremost on the amount of the assets transferred, the degree of kinship with the testator or donor and the amount of the tax-exempt amount applicable to the transferee.

9.1.5 Other Taxes

The acquisition, holding and disposal of the Token-based Bonds are VAT-exempt. In addition, as at the date of this Prospectus, the Federal Republic of Germany does not impose any stock exchange tax, capital duty, stamp duty or similar taxes on the transfer of the Token-based Bonds. As at the date of this Prospectus, the Federal Republic of Germany does not impose any wealth tax; however, it is not

possible to rule out any future levies of wealth tax. The same applies to any future levy of a financial transaction tax.

9.2. Tax Framework in the Grand Duchy of Luxembourg

The following information is general in nature and serves merely to provide preliminary information. It presents a general description of the key tax consequences in Luxembourg as at the date of this Prospectus.

This summary does not cover all potential tax consequences in connection with an investment in the Token-based Bonds or certain investor categories (e.g., investors who are not the beneficial holders of their Token-based Bonds may be subject to specific tax rules). This summary is not intended to be a comprehensive description of all tax aspects that could be relevant to an investment decision. It is included here merely to provide preliminary information. It is not intended to provide any legal or tax advice, nor may it be construed as such. This summary relates to the legislation applicable in the Grand Duchy of Luxembourg as at the date of this Prospectus and is subject to future changes in the law, court decisions, changes in administrative practice and other changes (potentially with retrospective effect). The tax treatment of a specific Bondholder depends on the individual circumstances for that Bondholder and may be subject to change.

The term 'resident' in the sections below refers exclusively to the provisions relating to income tax under Luxembourg law. Any reference to a tax, duty, other fee or withholding of a comparable nature relates exclusively to Luxembourg taxes and concepts. In that regard, any reference to Luxembourg income tax in general encompasses the corporation tax (*impôt sur le revenu des collectivités*), trade tax (*impôt commercial communal*), contribution to the employment fund (*contribution au fonds pour l'emploi*) and income tax (*impôt sur le revenu*). Investors may also be subject to the wealth tax (*impôt sur la fortune*) and other taxes and duties. The corporation tax, trade tax, contribution to the employment fund and wealth tax must generally be paid by the majority of taxable legal persons.

Natural persons are generally subject to the progressive income tax and the contribution to the employment fund. Under certain circumstances, a natural person may also be subject to trade tax if they exercise a business or entrepreneurial activity.

9.2.1 Withholding Taxes

Under the currently applicable Luxembourg tax law, there is no Luxembourg withholding tax on interest payments (including accrued but unpaid interest) or capital repayments, with the exception of interest which, pursuant to the Relibi Law (as defined below), is paid to Bondholders who are natural persons and interest payments in relation to certain profit participation instruments.

Taxation of Interest Payments to Private Persons Resident in Luxembourg

In accordance with the Luxembourg law of 23 December 2005 on the introduction of the definitive withholding tax on certain interest payments resulting from interest income, as amended (the "**Relibi Law**"), interest payments from Luxembourg paying agents to natural persons resident in Luxembourg are subject to a 20% withholding tax (the "**20% Withholding Tax**"). The responsibility for deducting the withholding tax is assumed by the Luxembourg paying agent.

Natural persons resident in Luxembourg who hold the Token-based Bonds as part of their private assets may opt to make a self-assessment and pay a 20% tax calculated by themselves if they receive interest payments from non-Luxembourg paying agents whose registered office is in an EU member state outside of Luxembourg or a member state of the European Economic Area. If such an option is exercised by an individual Bondholder for a financial year, that option is irrevocable for that individual Bondholder for that financial year and renders them responsible for applying and paying the 20% tax on interest received from the Token-based Bonds. To that end, the "paying agent" under the Relibi Law is the economic operator that pays interest or assigns the interest payment to the direct benefit of the beneficial owner, i.e. the last person in the payment chain before the person resident in Luxembourg (the "**Paying Agent**").

If the person holds the Token-based Bonds not as part of their private assets but rather as part of a commercial (or independent) enterprise, the interest is subject to the full tax liability. The 20%

withholding tax would under such circumstances not be treated as a definitive withholding tax, but rather may be imputed against Luxembourg income tax.

9.2.2 Income Tax

9.2.2.1 Bondholders not Resident in the Grand Duchy of Luxembourg

A non-resident Bondholder (natural person or corporation) acting in the course of the business of a professional or commercial enterprise and having a permanent establishment or a permanent representative in Luxembourg to which the Token-based Bonds are attributable is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts under the Token-based Bonds and on any profits realised on the disposal of the Token-based Bonds in any form whatsoever.

9.2.2.2 Bondholders Resident in the Grand Duchy of Luxembourg

Natural Person Bondholder

Natural persons acting in the course of the management of their private assets are subject to Luxembourg income tax at progressive rates with respect to interest received, redemption premiums and issue discounts under the Token-based Bonds, unless (i) withholding tax was imposed on these payments under the Relibi Law; or (ii) the individual Bondholder has opted to apply the 20% Withholding Tax in full payment of the income tax pursuant to the Relibi Law, which applies if an interest payment was made or assigned by a Paying Agent with its registered offices in an EU member state (with the exception of Luxembourg) or in a member state of the European Economic Area (other than an EU member state).

Any profit realised by a natural person on the sale or disposal of the Token-based Bonds when managing their private assets, in any form whatsoever, is not subject to Luxembourg income tax if this sale or disposal occurred more than six months after the acquisition of the bond. However, any portion of this profit attributable to accrued but unpaid interest income is subject to Luxembourg income tax, unless the interest was taxed in accordance with the Relibi Law.

Enterprises/Professional Bondholders

A holder of Token-based Bonds that is a corporation must declare accrued or received interest, the redemption premium or the issue discount and any gains from the sale or disposal of the Token-based Bonds, in any form whatsoever, as part of its taxable income for the Luxembourg income tax return.

This same obligation applies to Bondholders that are natural persons acting in the course of the business of a professional or commercial enterprise. Under certain circumstances, the tax levied under the Relibi Law may be imputed against their final tax liability.

Family wealth management companies within the meaning of the amended Law of 11 May 2007, funds within the meaning of the amended Law of 17 December 2010, reserved alternative investment funds whose investment policies are not limited to investments in risk capital within the meaning of the Law of 23 July 2016 and specialised investment funds within the meaning of the amended Law of 13 February 2007 are exempt from corporation tax in the Grand Duchy of Luxembourg. Interest income from the Token-based Bonds and gains on the sale or redemption of the Token-based Bonds are therefore not subject to corporation tax and trade tax.

9.2.3 Wealth Tax

Bondholders residing in the Grand Duchy of Luxembourg, or non-resident Bondholders who have a permanent establishment, a fixed place of business or a permanent representative in the Grand Duchy of Luxembourg to whom/which the Token-based Bonds are attributable may be subject to wealth tax. This does not apply to the following categories of Bondholders who are: (i) a natural person; (ii) a fund as defined in the amended Law of 17 December 2010; (iii) a securitisation vehicle as defined in the amended Law of 22 March 2004 on securitisation; (iv) a company as defined in the amended Law of 15 June 2004 relating to the investment company in risk capital; (v) a specialised investment fund under the amended Law of 13 February 2007; (vi) a reserved alternative investment fund under the Law of 23 July 2016; (vii) a family assets management company under the amended Law of 11 May 2007; or (viii)

a pension savings company or pension savings association as defined under the amended Law of 13 July 2005. However, since 1 January 2016, securitisation vehicles under the amended Law of 22 March 2004, companies as defined by the amended Law of 15 June 2004 relating to the investment company in risk capital, pension savings companies or pension savings association as defined under the amended Law of 13 July 2005, and reserved alternative investment funds for investment in risk capital as defined in the amended Law of 23 July 2016 have been subject to a minimum wealth tax. The amount of the minimum wealth tax depends on the company's balance sheet total and assets.

9.2.4 Other Taxes

Token-based Bonds held by a natural person who is a Luxembourg resident for the purposes of inheritance tax must be added to that person's assets subject to inheritance tax. Token-based Bonds held by a natural person who is not a resident of the Grand Duchy of Luxembourg for the purposes of inheritance tax are not subject to inheritance tax in the Grand Duchy of Luxembourg if they are transferred as a result of the death of the Bondholder. Transferring the Token-based Bonds as a gift may be subject to gift tax if the gift is notarised or registered in the Grand Duchy of Luxembourg.

9.3. Tax Framework in the Republic of Austria

9.3.1 General Remarks

This section on taxation contains a brief summary of the Issuer's understanding of certain key principles that are of relevance in connection with the acquisition, holding and disposal of the Token-based Bonds in Austria. The summary does not purport to be a complete discussion of all tax considerations and, furthermore, does not address special scenarios which could be of relevance for individual prospective investors. The following information is general in nature and is included herein for information purposes only. It is not intended as legal or tax advice and should not be construed as such either. This summary is based on currently applicable tax laws, supreme court decisions, the guidelines issued by the tax administration and the interpretation of such guidelines. All of these sources of law may be subject to change. Such changes may also be introduced with retrospective effect and adversely affect the tax consequences described below. Prospective investors are advised to consult their legal and tax advisers for information concerning the tax consequences of purchasing, holding and disposing of the Token-based Bonds.

Investors bear the tax risk associated with the Token-based Bonds (particularly the risk that they will be classified as debt capital instead of equity for tax purposes).

9.3.2 Income Tax

9.3.2.1 Unlimited and Limited Income Tax or Corporation Tax Liability

Natural persons who have their place of residence and/or their habitual abode in Austria pursuant to section 26 of the Austrian Federal Fiscal Code (*Bundesabgabenordnung*, "BAO") are subject to income tax in Austria on their worldwide income (unlimited income tax liability/resident for tax purposes). Natural persons who have neither their place of residence nor their habitual abode in Austria are liable to pay tax in Austria only on certain domestic income (limited income tax liability/non-resident for tax purposes).

Corporations that have their corporate headquarters and/or registered office in Austria pursuant to section 27 BAO are subject to corporation tax in Austria on their worldwide income (unlimited corporation tax liability/resident for tax purposes). Corporations that have neither their corporate headquarters nor their registered office in Austria are liable to pay tax in Austria only on certain domestic income (limited corporation tax liability/non-resident for tax purposes).

Austria's right of taxation can be restricted by double taxation treaties in the case of either unlimited and limited income tax or corporation tax liability.

9.3.2.2 Classification of the Token-based Bonds for Austrian Income Tax Purposes

There are no legislative provisions, supreme court decisions or tax administration guidelines relating to Token-based Bonds.

According to section 8 (3) no. 1 point 2 of the Austrian Corporation Tax Act (*Körperschaftsteuergesetz*, “KStG”), participation rights and other financing instruments which grant a right to participate in the taxpayer’s profits and gains from liquidation are to be classified as equity for tax purposes.

The Supreme Administrative Court of Austria (*Verwaltungsgerichtshof*) has held (VwGH 29/3/2006, 2005/14/0018) that an essential requirement of participation rights within the meaning of section 8 (3) no. 1 point 2 KStG is that they grant the right to participate in the taxpayer’s profits and gains from liquidation. However, the issue of whether participation rights should be classified as debt capital or equity also depends on whether, in terms of quality and quantity, the totality of criteria indicating debt capital outweigh the totality of criteria indicating equity. Factors indicating equity here would be an indefinite term, dependence of the agreed remuneration on profits, a share in enterprise value and gains from liquidation, subordination to company creditors or a lack of security for claims. Criteria indicating debt capital would be if the repayment claims of the holders of participation rights ranked *pari passu* with the claims of other company creditors. Other indicators would be the lack of rights of involvement and control and the payment of (minimum) interest.

Based on the legal position taken by the Austrian Federal Ministry for Finance (*Bundesministerium für Finanzen*, “BMF”) in the 2013 Corporate Income Tax Guidelines (*Körperschaftsteuerrichtlinien*, KStR 2013, margin no. 557), participation rights and other financing instruments within the meaning of section 8 (3) no. 1 point 2 KStG are deemed to exist if they confer a right to participate in a corporation’s profits and gains from liquidation. Both of the requirements set forth in the Act must be met. If no right is conferred to participate in profits or gains from liquidation or either, the BMF takes the view that this then indicates a nominal or loan-like participation right and therefore debt capital.

According to the BMF, a participation in profits requires participation in the issuer’s total profit or loss. Participation in the profit/loss of a division or business segment of the issuer is not sufficient to constitute a participation in profits (see KStR 2013, margin no. 1194). It is unclear whether a participation in profits is deemed to exist if the participation is merely in the profit or loss generated by a single asset (in this case the Property), where this asset constitutes the issuer’s only substantive asset, and therefore the profit or loss generated by this asset largely corresponds with the issuer’s total profit or loss.

The BMF takes the view that participation in the gains from liquidation must be for the life of the issuer. Although this does not preclude reclassification prior to the issuer’s liquidation if treatment of the investor corresponds with their treatment in the event of liquidation, the issue must not be limited from the outset. In addition, no participation in the gains from liquidation will be deemed where the participation applies only to the hidden reserves of certain individual divisions or business segments or certain assets. However, classification as equity will not be precluded if the issuer has little capital (KStR 2013, 1195-96). The position of the tax administration, namely that a limited term issue precludes classification as equity, is being disputed. Although the VwGH upheld the classification of a participation right as a loan-like participation right in a case in which an investor was to participate “for a few years only”, in that case the investor also did not share in any enterprise value or liquidation value and received a fixed rate of interest (VwGH 29/3/2006, 2005/14/0018).

Based on the VwGH’s “outweighing criteria jurisdiction” (*Überwiegenheitsrechtsprechung*), the following factors would support classification of the Token-based Bonds as equity: the payment of interest depends on the quarterly balance, repayment depends on the sale price or market value of the Property as the Issuer’s only substantial asset, the rights of Bondholders to have a say in relation to disposal of the Property as the Issuer’s only substantial asset, the lack of any minimum interest rate, their subordination to (other) creditors of the Issuer and the pre-insolvency enforcement restriction. Conversely, factors that would support their classification as debt capital are their limited term, the specification of a minimum repayment amount (the par value) and the fact that the Bondholders’ claims are secured (albeit subordinated).

It is not possible to definitively classify the Token-based Bonds for Austrian income tax purposes. Based on an overall assessment, however, classification as equity would appear more likely than classification as debt capital. Consequently, the following information is based on the assumption that the Token-based Bonds should be classified as equity for Austrian income tax purposes. If the Token-based Bonds were to be classified as debt capital, the tax consequences would be completely different to those discussed below.

9.3.2.3 Investment Income

Under section 27 (1) of the Austrian Income Tax Act (*Einkommensteuergesetz*, “EStG”), investment income includes income derived from providing capital, such as dividends, and income from realised

risers in the value of an asset (“capital gains”) as defined in section 27 (3) EStG, such as income from the disposal of assets, the income from which constitutes income from providing capital. Circumstances that restrict Austria’s right of taxation, making it secondary to the right of other countries, for example if the taxpayer moves away from Austria, are generally deemed disposals (section 27 (6) nos. 1 and 2 EStG).

9.3.2.4 Income Taxation of Natural Persons with Unlimited Tax Liability who Hold the Token-based Bonds as Part of their Private Assets

Natural persons who are tax residents of Austria and hold Token-based Bonds as part of their private assets are liable to pay income tax on investment income derived from the Token-based Bonds pursuant to section 27 (1) EStG. Foreign investment income – which is generally income that is not distributed via a domestic paying agent or depository – must be disclosed in the investor’s income tax return and is taxable at the special rate of 27.5%. It is possible to apply to have all income that is taxable at a special tax rate pursuant to section 27a (1) EStG assessed at the (lower) progressive income tax rate (option to apply standard tax rates under section 27a (5) EStG). Section 27 (8) EStG lays down the following loss offset restrictions: income that is taxable at a special tax rate under section 27a (1) EStG may not be offset against income that is taxable at the progressive income tax rate (this applies even if the option to apply standard tax rates is elected); losses on investments that have not been offset may not be offset against other types of income.

9.3.2.5 Income Taxation of Natural Persons with Unlimited Tax Liability who Hold Token-based Bonds as Part of their Business Assets

Natural persons who are tax residents of Austria and hold Token-based Bonds as part of their business assets are liable to pay income tax on investment income derived from the Token-based Bonds pursuant to section 27 (1) EStG. Foreign investment income derived from the Token-based Bonds must always be disclosed in the investor’s income tax return and is taxable at the special rate of 27.5%. It is possible to apply to have all income that is taxable at a special tax rate pursuant to section 27a (1) EStG assessed at the lower progressive income tax rate (option to apply standard tax rates under section 27a (5) EStG). The special tax rate does not apply to income from realised capital gains or income from derivatives if the main focus of the investor’s business activity is to generate such income (section 27a (6) EStG). Under section 6 no. 2 (c) EStG, write-downs to asset value if the asset value is lower and losses on disposal, redemption or other reclassification of assets and derivatives within the meaning of section 27 (3) and (4) EStG that are taxable at the special tax rate of 27.5% are to be offset first against income from capital gains realised in respect of such assets and income from derivatives and write-ups of such assets belonging to the same business. Only 55% of any remaining deficit may be offset against other income.

9.3.2.6 Income Taxation of Corporations with Unlimited Tax Liability

In Austria, corporations that are residents for tax purposes are generally taxed at the corporation tax rate of 25%. If the Token-based Bonds are classified as equity, corporation tax exemptions may apply if certain requirements are met. Losses on the disposal of the Token-based Bonds may be offset against other income.

9.3.2.7 Income Taxation of Private Foundations

Under the Austrian Private Foundations Act (*Privatstiftungsgesetz*), private foundations are generally taxed at the corporation tax rate of 25%. If the Token-based Bonds are classified as equity, corporation tax exemptions may apply if certain requirements are met. Private foundations that meet the requirements of section 13 (3) and (6) KStG and do not hold the Token-based Bonds as part of their business assets are subject to corporation tax pursuant to section 13 (3) no. 1 in conjunction with section 22 (2) KStG in the form of an interim tax (*Zwischenbesteuerung*) of currently 25% on income from the capital gain realised on the Token-based Bonds. Generally speaking, interim tax applies to the extent that distributions that are subject to corporation tax are made to beneficiaries during the assessment period.

9.3.2.8 Income Taxation of Natural Persons and Corporations with Unlimited Tax

In Austria, natural persons and corporations that are not residents for tax purposes are subject to income or corporation tax on income derived from the Token-based Bonds if they have a permanent establishment in Austria and the Token-based Bonds are attributable to this permanent establishment (section 98 (1) no. 3 EStG (in conjunction with section 21 (1) no. 1 KStG in the case of corporations)).

9.3.3 Inheritance and Gift Tax

Austria does not impose inheritance or gift tax.

However, certain donations to private law foundations and similar organisations are subject to foundation entrance tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Entrance Tax Act (*Stiftungseingangssteuergesetz*, "StiftEG") if the donor and/or the acquiring party has their place of residence, habitual abode, registered office and/or corporate headquarters in Austria at the time of the donation. Tax exemptions apply to donations *mortis causa* of capital assets as defined in section 27 (3) and (4) EStG (except for shares in corporations) if the income derived from the assets is subject to a special income tax rate pursuant to section 27a (1) EStG. The basis for assessing the tax is the fair market value of the donated asset less debts and encumbrances as at the time the asset is transferred. The tax rate is generally 2.5%, but in special cases even higher.

There is also a duty to disclose gifts of cash, capital receivables, shares in corporations and partnerships, businesses, moveable tangible assets and intangible assets if the donor and/or the donee have their place of residence, habitual abode, registered office and/or corporate headquarters in Austria. Not all gifts are subject to the duty of disclosure: in the case of gifts from one relative to another, a threshold of EUR 50,000 per year applies. In all other cases, disclosure is required if the fair market value of the gifted asset exceeds EUR 15,000 within five years. Donations to foundations within the meaning of the StiftEG as described above are also exempt from the disclosure requirement. An intentional breach of the duty of disclosure can result in the imposition of a fine of up to 10% of the fair market value of the gifted asset.

Besides that, the gratuitous transfer of Token-based Bonds may trigger the imposition of income tax at the level of the transferring party pursuant to section 27 (6) nos. 1 and 2 EStG (see above).

9.3.4 Legal Transaction Fee

If the Token-based Bonds are assigned, a legal transaction fee of 0.8% of the consideration applies pursuant to section 33 fee item 21 (1) of the Austrian Fees Act (*Gebührengesetz*, "GebG") if a deed as defined in section 15 GebG is drawn up and there is a connection with Austria within the meaning of section 16 GebG.

10. Glossary

| Term | Explanation |
|-------------------------|--|
| Blockchain | A blockchain, originally block chain, is a growing list of records, called blocks, that are linked using cryptography. Each block contains a cryptographic hash of the previous block, a timestamp, and transaction data. The term blockchain is more commonly used to describe a concept whereby an accounting system can be managed in a decentralised manner, while still achieving consensus on the correct state of the accounts, even if many participants are involved in the accounting process. This concept is called distributed ledger technology or DLT. What is accounted for in the accounting system is irrelevant to the term blockchain. It is crucial that subsequent transactions build on previous transactions and confirm them as correct by proving knowledge of the previous transactions. This makes it impossible to manipulate or erase the existence or content of previous transactions without simultaneously destroying all subsequent transactions that confirmed the previous ones. Other participants in decentralised accounting who still have knowledge of the later transactions would simply recognise a manipulated copy of the blockchain by the fact that it has inconsistencies in the calculations. The process of cryptographic chaining in a decentralised accounting system is the technical basis for crypto currencies, but can also contribute to improving or simplifying transaction security in distributed systems compared to central systems. The functionality is similar to the general ledger. It is therefore also referred to as the Internet of value. A blockchain enables agreement to be reached between the nodes in a decentralised network. |
| Equity | Equity is one source of funding for a company. It is generated by payments or contributions of assets by the owners (capital increase), as well as, e.g., from retained profits (self-financing) and provisions. Equity primarily consists of subscribed capital – i.e., the share capital of a stock corporation (<i>Aktiengesellschaft</i> , “AG”) or a German limited liability company (<i>Gesellschaft mit beschränkter Haftung</i> , “GmbH”), the capital and revenue reserves and any profits carried forward. |
| Issue | The issuance and placement of new securities (shares, bonds, token-based bonds, etc.) on a capital market by way of public sale. This can be carried out with a bank (issuing bank) serving as an intermediary or as an own issue. The issue serves to raise capital for the issuing company. |
| Issuer | The Issuer is the entity that is offering a new security on the market for sale. In the context of an own issue, the company seeking to raise capital on the market is the Issuer. |
| Ethereum | Ethereum is a distributed blockchain that underpins the cryptocurrency Ether (ETH) as a means of payment. The advantage to Ethereum is that it uses decentralised programs which can be installed on the blockchain and used by anyone. These programs are used to create virtual contracts (so-called “Smart Contracts”) that execute transactions between business partners and their accounts (so-called “wallets”). The blockchain keeps record of these transactions and reviews them automatically. The Smart Contracts make it possible to create and issue own securities. |
| Ethereum address | An Ethereum address or a public key is a clearly assignable identification number that is saved in the blockchain register as read-only data. Wallets allow users to create and use a unique private key that is used to generate the public key. The private |

| | |
|------------------------------------|--|
| | key allows transactions to be signed. These transactions can then be verified and executed on the blockchain using the public Ethereum address. Smart Contracts, such as the Smart Contract used by the Issuer for the EXP2 Token, can also be clearly assigned using a public key. The public key of an Ethereum Smart Contract is generated through its creation transaction on the blockchain. |
| Financial year | Period for which the annual financial statements of an enterprise must be prepared. In accordance with section 240 (2) HGB, a financial year must not exceed twelve months. |
| Shareholders' meeting | Annual, regular, i.e., ordinary, or less commonly irregular, i.e., extraordinary meeting of the shareholders. Key decision-making forum for shareholders. |
| Articles of association | The articles of association sets out the affairs of the company, such as its name, registered office, corporate purpose, legal form, amount of share capital, founding shareholders, amount of contributions, management, etc. |
| Commercial register | The commercial register is the official record of merchants in a local court district. The register is kept by the competent local court and informs the public of the fundamental legal bases of the enterprises. Information entered into the commercial register and made public is deemed to be generally known and may be made available to all. Anyone has the right to inspect the commercial register and may request a copy of entries and writings. |
| HGB | German Commercial Code (<i>Handelsgesetzbuch</i>) |
| Annual financial statements | Annual financial statements must be prepared for the past financial year within the period corresponding to the orderly course of business. They comprise the balance sheet and the income statement. Corporations must also supplement the annual financial statements with notes and a management report. Details are set out in the German Commercial Code (HGB). The periodic preparation of the annual financial statements is prescribed by commercial law for all merchants. |
| Cash flow statement | Accounting tool used to assess the financial situation of a company. It presents the sources and uses of various cash flows. |
| Crypto asset | Object of value that is digitally mapped using cryptographic techniques, e.g. a token or coin of a cryptocurrency. |
| Cryptocurrency | Virtual currency based on cryptographic tools (e.g. blockchains). The value of cryptocurrencies is not created or guaranteed by a central bank or authority, but by a decentralised, cryptographically secured system designed to ensure user confidence. Examples of cryptocurrencies include Bitcoin, Ether and Bitcoin Cash. |
| Term | The term of an issue is the period between issuance and redemption. |
| Principal amount | The amount invested in and the redemption amount for a participating interest. The principal amount usually serves to measure the amount of interest paid. |
| Smart Contract | A Smart Contract is a tamper-proof and deterministic computer program saved on the blockchain that can be run on a decentralised infrastructure. The computer program stored on a blockchain allows tokens to be created, enabling "tokenisation", i.e. links between a participation right and a bond, for example, and a token on the blockchain. The use of certain program code standards, such as the ERC-20 standard for the Ethereum blockchain, enables a high degree of compatibility with a large number of wallets. In a broader sense, a Smart Contract allows the program code to be executed using external and accepted transaction commands that can change the internal data properties, but not the program code, of the Smart Contract. In addition, a token can always be allocated to an Ethereum address and its transferability can be ensured. |

| | |
|----------------------|---|
| Share capital | The capital of a German limited liability company, expressed as a total amount of money. Contributions to share capital may neither bear interest nor may they be repaid to the shareholders. It must amount to EUR 25,000 at a minimum. |
| Tokens | Tokens are digital value or user rights that grant the creditor certain rights that are not defined by law. Each token can have different functions and properties. Some tokens form an integral part of a particular blockchain, such as Bitcoin for the Bitcoin blockchain and Ether for the Ethereum blockchain. In addition, Smart Contracts such as Ethereum can be used to create various function-related tokens. These tokens are then created and managed on an existing blockchain infrastructure (in this case Ethereum). Since Smart Contracts are in principle freely programmable and the corresponding token-based bonds therefore vary greatly, the individual token can only be reliably classified legally on the basis of a case-by-case analysis. The issuer's ExporoToken is a so-called security token. |
| Wallet | A wallet is a software program that, e.g., renders it possible to create and manage private keys and the associated Ethereum addresses. An Ethereum wallet can be used to store, receive and transfer Ether and Ethereum tokens. |
| Subscription | Offer to purchase a security. |

11. Annexes to the Securities Prospectus

- **Interim Financial Statements as of June 30, 2019**
- **Valuation Report on the Market Value**

FACT

GMBH WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

CERTIFICATION

OF THE AUDIT OF THE

INTERIM FINANCIAL STATEMENTS

FROM 1. APRIL TO 30. JUNE 2019

Exporo Düsseldorf Fliesenhaus GmbH
(formerly: Exporo Projekt 98 GmbH)
Am Sandtorkai 70
20457 Hamburg

EXPORO DÜSSELDORF FLIESENHAUS GMBH (FORMERLY: EXPORO PROJEKT 98 GMBH), HAMBURG

BALANCE SHEET AS OF 30. JUNE 2019

| ASSETS | 30.6.2019 € | EQUITY/LIABILITIES | 30.6.2019 € |
|---------------------------------------|------------------|------------------------------------|-------------------|
| A. CURRENT ASSETS | | A. EQUITY | |
| I. Trade receivables and other assets | | I. Share capital | |
| 1. Receivables from shareholders | 10.050,00 | 1. Share capital | 25.000,00 |
| II. Cash in banks | 1.588,53 | 2. Outstanding capital not claimed | <u>-12.500,00</u> |
| | | | 12.500,00 |
| | | II. Accumulated Loss | <u>-2.908,27</u> |
| | | | 9.591,73 |
| | | B. PROVISIONS | |
| | | 1. Other provisions | 2.046,80 |
| | <u>11.638,53</u> | | <u>11.638,53</u> |

EXPORO DÜSSELDORF FLIESENHAUS GMBH (FORMERLY: EXPORO PROJEKT 98
GMBH), HAMBURG

PROFIT AND LOSS STATEMENT
FROM 1. APRIL TO 30. JUNE 2019

| | 01.04. - 30.06.2019 € |
|---|-----------------------------|
| 1. Other operating expenses | -2.958,27 |
| 2. Interest and similar income | <u>50,00</u> |
| Result after taxes/Net loss for the year | <u><u>-2.908,27</u></u> |

EXPORO DÜSSELDORF FLIESENHAUS GMBH (FORMERLY: EXPORO PROJEKT 98 GMBH), HAMBURG

NOTES FROM 1. APRIL TO 30. JUNE 2019

I. GENERAL STATEMENTS

Information to identify the company

Firm: Exporo Düsseldorf Fliesenhaus GmbH (formerly: Exporo Projekt 98 GmbH)

Place of business: Hamburg

Register: District Court Hamburg, HRB 156418

Business of the company

Object of the company is the acquisition, management and sale of, as well as investment in, real estate projects and the purchase, holding and sale of loan receivables. The object does not include the purchase of receivables on the basis of master agreements with or without recourse ("factoring" within the meaning of the German Banking Act (Kreditwesengesetz, "KWG")).

Accounting and valuation principles

Accounting principles of the German Commercial Code for small-sized corporations were applied for the compilation of the interim financial statements from 1. April to 30. June 2019.

The receivables are valued at par.

The liquid assets are valued at par.

The share capital is valued at the nominal amount.

The other provisions are valued with the amount payable which is necessary according to reasonable commercial judgement and consider all recognizable risks and uncertain liabilities.

The profit and loss statement is set up according to the total cost method.

II. ADDITIONAL STATEMENTS

Financial situation (cash flow statement)

To assess the financial situation, we prepared the following cash flow statement on the basis of the cash equivalents (short-term available liquid funds plus current investments) according to GAS (German Accounting Standard) 21 cash flow statement including the corresponding figures of the previous year:

| | | 30.06. 2019 <u>T€</u> |
|---|--|-----------------------------|
| | Net loss | -3 |
| + | Increase of provisions | 2 |
| - | Increase in inventories, trade receivables as well as other assets (which are not allocated to investing or financing activities) | <u>-10</u> |
| = | Cash flow operating activities | -11 |
| + | Increase from equity payments | <u>13</u> |
| = | Cash flow from financing activities | 13 |
| | Subsequent changes of funds | 2 |
| + | Cash funds at the beginning of the period | <u>0</u> |
| = | Cash funds at the end of the period | <u><u>2</u></u> |
| + | Compilation of the Cash funds at the end of the period | |
| | Liquid funds | <u>2</u> |
| | | <u><u>2</u></u> |

Managing directors

The managing director is:

- Mr. Dr. Björn Maronde, Hamburg

The managing directors are exempt from the restrictions according to § 181 German Civil Code.

Power of Attorney

Authorized Officer is:

- Mr. Thomas Lange, Hamburg

Employees

The company has no employees as of 30. June 2019.

Proposal for the appropriation of the accumulated profit

The management proposes to carry forward the loss to the new accounting.

Hamburg, in July 2019

The management

INDEPENDENT AUDITOR'S REPORT

To Exporo Düsseldorf Fliesenhaus GmbH (formerly: Exporo Projekt 98 GmbH)

Audit opinions

We have audited the interim financial statements from 1st April to 30th June 2019 of Exporo Düsseldorf Fliesenhaus GmbH (formerly: Exporo Projekt 98 GmbH), Hamburg, which comprise the balance sheet as at 30th June 2019, and the statement of profit and loss for the time from 1st April to 30th June 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies.

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

- the accompanying interim financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 30th June 2019 and of its financial performance for the financial year from 1st April to 30th June 2019 in compliance with German Legally Required Accounting Principles.

Pursuant to § 322 Abs. 3 Sec. 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the interim financial statements.

Basis for the Audit Opinions

We conducted our audit of the interim financial statements in accordance with § 317 German Commercial Code (HGB) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Interim Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our [audit] opinions on the interim financial statements.

Responsibilities of the Executive Directors for the Interim Financial Statements

The executive directors are responsible for the preparation of the interim financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the interim financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinions on the interim financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 German Commercial Code (HGB) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the interim financial statements or, if such disclosures are inadequate, to modify our respective [audit] opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the interim financial statements present the underlying transactions and events in a manner that the interim financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

Kassel, 25th July 2019

33519

FACT GmbH Wirtschaftsprüfungsgesellschaft

Andreas Gottmann

Auditor

Eyck Döhring

Auditor

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and Other engagement services otherwise agreed in Writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or result of mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed Service - not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in Connection with his Services. The German Public Auditor is not responsible for the use or implementation of the result of his services. The German Public Auditor is entitled to make use of competent person to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal Situation Change subsequent to the release of the final professional Statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party so cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of The engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable person to provide information.

(2) Upon the request of The German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and Statements, in a written Statement drafted by the German Public Auditor.

4. Ensuring Independence

(1) The engaging party shall refrain from anything that endangers the Independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the Independence of the German Public Auditor, of related Arms, Arms within his network, or such Arms associated with him, to which the Independence requirements apply in the same way as to the German Public Auditor in Other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. German Public Auditor's Statement

To the extent that the German Public Auditor is required to present result in Writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral Statements and explanations by the German Public Auditor are binding only when they are confirmed in Writing. Statements and Information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional Statement

(1) The distribution to a third party of professional Statements of the German Public Auditor (result of work or extracts of the result of work whether in draft or in a final Version) or Information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or conform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional Statements and of Information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In Case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the Fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a Consumer, the engaging party may only cancel the contract due to a deficiency if the Service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a Claim for the rectification of deficiencies in Writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional Statement (lang-form reports, expert opinions etc.) may be corrected also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the result contained in a German Public Auditor's professional Statement or title the German Public Auditor to withdraw such Statement – also versus third parties. In such Cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties. and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*, § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from This confidentiality Obligation.

(2) When processing personal data, The German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required Services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to §323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory Limitation of liability is applicable, nor an individual contractual Limitation of liability exists, the liability of the German Public Auditor for claims for damages of any Other Kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual Case of damages caused by negligence is limited to € 4 million pursuant to §54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards Third parties.

(4) When multiple claimants assert a Claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual Case of damages within the meaning of paragraph 2 also exists in Relation to a uniform blamage arising from a number of breaches of duty. The individual Case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this Case, multiple acts or omissions based on the same Source of error or on a Source of error of an equivalent nature are deemed to be a Single breach of duty if the matters in question are legally or economically connected to one another. In this event the Claim against the German Public Auditor is limited to E 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A Claim for damages expires if a suit is not filed within Six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provision for audit engagements

(1) If the engaging party subsequently amends The financial Statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or an Other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, hereupon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to receive official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, The German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures, this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this Case The engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate **lead time**.

(3) Except as agreed otherwise in Writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for Income tax, Corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial Statements, and on Other schedules and evidence documents required for the taxation, to be provided by the engaging Party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in Connection with the returns and assessments mentioned in (a) and (b)
- d) **Support in tax audits and evaluation of the result of tax audits with respect to the taxes referred to in (a)**
- e) participation in petition or protest and appeal procedures with respect to **the taxes** mentioned in (a).

In the aforementioned Tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in Writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in Writing (*Textform*).

(6) Work relative to Special individual issues for Income tax, Corporate tax, business tax, valuation assessments for property Units, wealth tax, as well as all issues in relation to sales tax, payroll tax, Other taxes and dues requires a separate engagement. This also applies to:

- H) work on non-recurring tax matters, e.g. in the field of estate tax, Capital transactions tax, and real estate sales tax,
- b) Support and representation in proceedings before tax and administrative courts and in criminal tax matters,
- 0) advisory work and work related to expert opinions in Connection with changes in legal form and Other re-organizations, Capital increases and reductions, insolvency related business reorganizations, admission and retirement of Downers, sale of a business, liquidations and the like, and
- d) Support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any Special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to Claim the input tax credit.

12. Electronic Communication

Communication between the German Public Auditor and The engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or Sets Special Security requirements, such as the encryption of e-mails, the engaging party will conform the German Public Auditor in Writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for Fees, the German Public Auditor is entitled to Claim reimbursement of his expenses, sales tax will be billed additionally. He may Claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a Consumer, here a Set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a Consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

Valuation Report

commissioned by

Exporo Projekt 98 GmbH
Sandtorkai 70
20457 Hamburg

on the market value of the

**Residential and commercial building
located at Gerresheimer Landstrasse 110
40627 Düsseldorf**

Klaus Wagner MRICS, REV

Certified surveyor for property valuation (*Zertifizierter Sachverständiger für Immobilienbewertung (DIA)*) DIN EN ISO/IEC 17024

Graduate surveyor (*Dipl. Sachverständiger (DIA)*), real estate economist (*Immobilienökonom (ebs)*)

KLAUS WAGNER | CHARTERED SURVEYORS
HAMBURG | DÜSSELDORF

Hamburg office:

Domstrasse 10
20095 Hamburg
+49 (0)40 2271 6752

Düsseldorf office:

Elisabethstrasse 11
40217 Düsseldorf
+49 (0) 211 3399 70 205

www.wagner-immosv.de

Assignment no.: 190180

Copy: digital



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Appendices

- (1) Photo documentation
- (2) Land register map
- (3) Terms and Conditions of Assignment



1. Summary

Exporo Investment GmbH has been commissioned to market shares in Exporo Projekt 98 GmbH, a 100% subsidiary of Exporo AG. Based on the information provided, Exporo Projekt 98 GmbH purchased the property at a purchase price of €4,250,000. For the purposes of preparing the prospectus, the market value of the property within the meaning of section 194 of the German Federal Building Code (*Baugesetzbuch*, BauGB) has to be determined.

The property to be valued is the site of a solid construction residential and commercial building erected in 1977/1983. The ground floor of the five-storey building houses two shop units (approx. 260 m²), with the upper floors housing ten offices/practices (1,160 m²), as well as one kindergarten (256 m²) and six flats (533 m²). The valuation object includes total lettable space of 2,208 m².

| | |
|----------------------------------|--|
| Address: | Gerresheimer Landstr. 110 40627 Düsseldorf |
| Use relevant to value: | Residential, commercial, kindergarten |
| Planning law: | Section 34 BauGB, no development plan |
| Site quality: | Land ready for construction |
| Development: | Free of development charges (<i>erschließungsbeitragsfrei</i> (ebf)) |
| Area of site: | 1,133 m ² |
| Land value: | 1,310 €/m ² /€1,484,000 |
| Year of construction: | 1977/1983 |
| Notional year of construction: | 1980 |
| Remaining useful life: | 36 years |
| Property return: | 3.7% |
| Usable floor/ lettable space: | 2,207.80 m ² , thereof 259.86 m ² retail 1,159.00 m ² office 256.20 m ² kindergarten space 532.73 m ² residential |
| Reference date: | 4 April 2019 |
| Gross annual income: | approx. €234,000 |
| Market value: | €4,350,000 |



2. Assignment and performance

Exporo Projekt 98 GmbH, represented by Exporo Investment GmbH and represented by Mr Thomas Stadler, has commissioned me to prepare a valuation report on the market value, in accordance with section 194 BauGB, of the property located at Gerresheimer Landstrasse 110 in 40627 Düsseldorf.

The client provided me with the following documents and information to allow me to prepare my valuation report:

- Excerpt from the land register (*Grundbuch*) of the Düsseldorf Local Court (*Amtsgericht*) dated 17 April 2019
- List of tenants as at 20 March 2019 (Appendix 3.4 to the purchase agreement)

I assume that the explanatory information and details provided that are relevant to the preparation of the valuation report are accurate and have been provided in full.

I have also sought the following information of my own accord:

- Information on the property market in Düsseldorf obtained from the Real Estate Valuation Board
- Information on offer prices for comparable lettable space in Düsseldorf
- Online information from the Düsseldorf urban planning office regarding existing planning and construction law
- General information from the Office for Statistics of the Federal State Capital of Düsseldorf
- Information from the German Federal Statistical Office
- General research performed on the Internet

I performed an inspection of the valuation object on 3 April 2019. I inspected both common areas and a number of rental units selected as examples.

Valuation date

The valuation date is 3 April 2019 (day on which the property was inspected).

I have not performed any soil investigations with regard to possible contamination and other risks arising from the characteristics of the soil. Furthermore, my valuation report is not based on any investigations regarding structural design, soundproofing and thermal insulation, infestation by moth, vermin, other pests or rot, or pipe corrosion.

The Terms and Conditions of Assignment attached in the Appendix apply to the performance of this assignment and my responsibility, also vis-à-vis third parties.



3. Purpose of the valuation

Exporo Investment GmbH has been commissioned to market shares in Exporo Projekt 98 GmbH, a 100% subsidiary of Exporo AG. Based on the information provided, Exporo Projekt 98 GmbH purchased the property at a purchase price of €4,250,000. For the purposes of preparing the prospectus, the market value of the property within the meaning of section 194 of the German Federal Building Code (*Baugesetzbuch*, BauGB) has to be determined.



4. Market and location analysis

4.1 Macrolocation

Düsseldorf is the federal state capital of North Rhine-Westphalia and the second-largest city in the federal state, with over 642,300 inhabitants (31 December 2018).⁶



Source: openstreetmap.de

As the seat of government, Düsseldorf performs key administrative functions and is a business hub, also with international standing. Home to the registered offices of numerous listed and DAX-listed companies (the Henkel Group), the city's economic structure is dominated by the service industry and also the financial sector. Düsseldorf has also, however, made a name for itself as a city of fashion.

Thanks to its location in the Rhine-Ruhr and Rhineland metropolitan regions, the city is one of Germany's major business hubs with an international orientation.

Düsseldorf is also a trade fair venue and has various universities (of applied sciences).

Transport links

As part of the greater area encompassing the Rhine-Ruhr and Rhineland economic regions, Düsseldorf boasts excellent nationwide connections thanks to a dense network of federal motorways (A3, A44, A46, A52, A57) and various federal roads.

The following table shows the distance separating Düsseldorf from a number of cities in Germany/the Netherlands:

| City | Distance (approx.) |
|-----------------|--------------------|
| Duisburg | 34 km |
| Wuppertal | 35 km |
| Cologne | 41 km |
| Maastricht (NL) | 110 km |

Düsseldorf train station is a stop for ICE (high-speed) and IC (inter-city) trains operating in the long-distance network

⁶ Cf. Office for Statistics and Elections; Düsseldorf

of Deutsche Bahn AG, as well as various regional trains. Within the city boundaries, the Rhein-Ruhr transport association (VRR) provides local public transport with trams, suburban trains, underground trains and buses.

Düsseldorf has the third largest airport in Germany and several Rhine ports.

Population trend

Düsseldorf recorded relative population growth of +4.7% in the period between 2011 and 2016. An increase (+3.8%) is forecast for the years leading up to 2030.⁷

Obligation to pay social security contributions

As at 30 June 2018, approx. 245,630 people (residing) in Düsseldorf were in employment subject to social security contributions.⁸

Unemployment rate

The unemployment rate in the federal state capital of Düsseldorf came to around 6.5% on 31 December 2018 with just over 21,800 people registered as unemployed. The rate has fallen over the past few years (Dec. 2017: 6.9%; Dec. 2016: 7.4%) in line with the nationwide trend. It is slightly ahead of the federal state average (6.4% in 2018), but significantly higher than the average for the Federal Republic of Germany as a whole (Dec. 2018: 4.9%).⁹

Purchasing power index

The purchasing power index is the most important indicator of the consumer potential of the population living in a particular region. Düsseldorf has a purchasing power index of 118.5 in 2019 (Federal Republic of Germany = 100), significantly higher than the figure for North Rhine-Westphalia as a whole (99).¹⁰

4.2 Microlocation

Location

The valuation object is located in Düsseldorf's eastern district of Unterbach. It is located in one of Unterbach's two small district centres comprising retail and office space.

Unterbach itself is one of Düsseldorf's sought-after residential areas, characterised largely by green spaces such as the Düsselauen area and the Eller forest, or by the Unterbacher and Elbsee lakes and the corresponding leisure infrastructure.

The surrounding buildings consist mainly of single-family and multi-family dwellings. Unterbach cemetery, with its park-like layout, is located opposite the valuation object.

Commercial space is located to the east in the area around Erkrather Straße at the corner of Gerresheimer Landstraße and to the north at Breidenplatz. A development plan for the design of properties for retail use is also being prepared

⁷ Cf. Bertelsmann Foundation's Demographic Report for Düsseldorf

⁸ Cf. German Employment Agency: municipal data on employees subject to social security contributions

⁹ Cf. Statistics supplied by the German Employment Agency

¹⁰ Cf. MB-Research: Purchasing power in Germany in 2019

for that area. In addition, there are plans to manage and systematically promote the construction of multi-family dwellings in this area.

The property at Gerresheimer Landstr. 110, on the other hand, is not covered by a fixed development plan. Rather, the type and extent of its use for construction are governed by section 34 BauGB.

Transport situation

The property being valued is located in a prominent corner location on Gerresheimer Landstraße, one of Unterbach's main thoroughfares.

This thoroughfare can be used, in a journey taking around 25 minutes by car, to reach Düsseldorf city centre or the Hilden motorway junction that lies approx. 8 km to the east, with its connection to the A3 and A46 federal motorways.

Gerresheimer Landstraße is also served by buses, ensuring local public transport connections. Düsseldorf train station, which lies around 22 km to the west, can be reached in around 20 minutes by bus and then suburban train.

In this respect, the valuation object offers good connections overall for both individual road users and individuals using public transport.

Local amenities

The property itself offers local amenities (bakery, florist and shops), as do the service providers located at Breidenplatz (140m).

Surrounding buildings

The surrounding buildings consist mainly of single-family and multi-family dwellings. Further commercial space is available to the east in the area around Erkrather Straße at the corner of Gerresheimer Landstraße and to the north at Breidenplatz.

Drawbacks

No drawbacks that would be relevant from the perspective of the property's value were identified during the on-site inspection.

4.3 Market analysis

Commercial property market

Since Unterbach is mainly a residential location, this district of Düsseldorf has only a very small commercial property market and does not really lend itself to comparison with the established office and retail locations in the rest of the city.

Thus, a specific OnGeo evaluation for the microlocation at Gerresheimer Landstr. 110 shows only a very small supply of commercial space.

An analysis of the supply situation on the commercial property market in the period from July 2018 to December 2018 reveals only one office/practice area (€10.45/m²/month) in a 300m radius. It is also the case that

only one other property is available in a 1,000m radius (€7.97/m²/month).

The supply of commercial space does not match the above-average demand (index = 135).

Housing market

The housing market in Düsseldorf varies considerably from district to district.

The property newspaper *Immobilienzeitung* (IZ) and the Capital.de “property compass” (*Immobilienkompass*) show rental prices ranging from €7.98 – €11.27/m²/month for existing buildings in Unterbach, with an average of €9.50/m²/month. Rental prices for flats in the Unterfeldhaus district, which lies slightly further to the east, average €7.95/m²/month (range = €6.25 – €9.79/m²/month).

The rental price range for new buildings in Unterbach is higher at €11.23 – €16.45/m²/month, resulting in average rent of €13.23/m²/month.



5. Description of the valuation object

5.1 Land register entry

Register

According to the copy of the land register dated 17 April 2019, on which I have based my valuation report in accordance with the assignment, the property to be valued is entered on page 3156 of the land register of Unterbach, held at the Local Court Düsseldorf, as follows:

| No. Property serial no. | Previous property serial no. | Plot/ parcel | Use and location | Size m ² |
|-------------------------------|------------------------------------|-----------------|---|---------------------|
| 5 | 4 | 33 / 175 | Building and open space, Gerresheimer Landstraße | 811 |
| 6 | | 33 / 86 | Building and open space, Gerresheimer Landstraße | 322 |

Section I

Pursuant to section I of the copy of the land register, the owner is Hans [REDACTED]. Registered on 26 February 2009 based on conveyance on 29 May 2008.

Section II

No entries

Section III

The entries made in section III are not relevant to the property's value, meaning that they have not been taken into account for the purposes of my valuation report.

5.2 Public easements (*Baulasten*), contaminated sites and protection for listed buildings

Public easements

There is no information available regarding the property from the register of public easements (*Baulastenverzeichnis*). In accordance with the assignment, I have assumed, for the purposes of my valuation report, that the building is free of any public easements.

Contaminated sites

There is no information available regarding the property from the register of contaminated sites (*Altlastenverzeichnis*); in accordance with the assignment, I have assumed, for the purposes of my valuation report, that the building is free of any contaminated soil. Furthermore, the inspection did not reveal any evidence of contaminated sites for the property being valued either.

Protection for listed buildings

There is no information available regarding the property relating to requirements applying to listed buildings.

5.3 Description of site

The site on which the valuation is based consists of parcels 175 and 86 of plot 33, district Unterbach, and covers a total area of 1,133 m².

The site has been developed to feature a residential and commercial building with an underground car park, as well as 14 outdoor parking spaces.

5.4 Description of the structural facilities

The following description is based on the findings of the on-site inspection. No reliable building specifications prepared by the builder, for example as the basis for planning permission, were available. The statements made below refer to dominant features of the property's facilities and design. The actual features may deviate from these statements in some areas. No destructive investigations were carried out.

5.4.1 Year of construction, type and intended purpose

The property to be valued is the site of a solid construction residential and commercial building erected in 1977/1983. The ground floor of the five-storey building houses two shop units (approx. 260 m²), with the upper floors housing ten offices/practices (1,160 m²), as well as one kindergarten (256 m²) and six flats (533 m²). The valuation object includes total lettable space of 2,208 m².

In accordance with the assignment, the total lettable area pursuant to the list of tenants dated 20 March 2019, as set out above, is taken as a basis for the rest of this valuation report.

In addition, the building features a basement across its entire expanse and has an underground car park with 17 parking spaces. The property also has 14 outdoor parking spaces.

According to the observations and research carried out as part of the property inspection, the valuation object itself was found to act as a sort of district centre.

5.4.2 Building specifications and description of conditions

Exterior walls

Masonry; *façade* partly plastered over and partly covered with tiles/clinker bricks, balconies, in some cases terraces belonging to the rental units;

Roof

Flat roof, concrete ceilings;

Windows and external doors

Synthetic/aluminium windows and doors with double glazing;

Interior walls and doors

Solid and lightweight partition walls, mainly wood-based composite material doors with PVC veneer;

| | |
|----------------------------|---|
| Flooring | Laminate flooring/carpet in the rental areas; tiled flooring in kitchens and bathrooms; natural stone/tiles in public areas and stairwells; |
| Sanitary facilities | Floor and walls tiled to door height; |
| Heating | Gas central heating (1998); |
| Other | Passenger lift; |
| General conditions | The building is well maintained and in good condition overall. The lettable spaces feature simple, functional facilities. |

5.4.3 Outdoor facilities

The property features a residential and commercial building and also has open spaces with 14 outside parking spaces.

5.5 Tenancy situation

The valuation object comprises a total of 19 rental units, including two shops on the ground floor (approx. 260 m²), as well as ten offices/practices (1,160 m²) on the upper floors. The upper floors also include a kindergarten (total of 256 m²) and six flats (533 m²). One flat on the 3rd floor, together with the cellar area belonging to this flat on the basement floor, was vacant on the valuation date due to fire protection requirements that had not yet been met. All of the other spaces were let/in use.

A rental unit covering at least 30 m² on the 3rd floor, which had previously been available to the former owner, was being used free of charge. As of 1 August 2019, however, rent of €12.00/m²/month will be payable for this unit pursuant to the purchase agreement.

The underground parking and outdoor parking spaces were also let in full, in some cases also to individuals not residing in the property. Further rental income was generated from three antennae (Vodafone, e-plus, Omega Tower) mounted on the roof.

The average monthly rent generated in the property, pursuant to the list of tenants dated 20 March 2019, varies considerably depending on the type of use: the retail spaces on the ground floor, for example, cost an average of €11.99/m², with pure office spaces costing an average of €5.94/m². The units used by practices cost considerably more at an average of €8.21/m². The kindergarten pays an average of €7.49/m² and residential spaces cost an average of €6.67/m². The latter figure does not include the use of the residential unit on the 3rd floor that is currently vacant and on which rent will be charged in the future. Based on the information provided, this will increase the average rent for residential units to €7.35/m².

The rental of parking spaces in the underground car park and outside generates a monthly total of approx. €1,308,

i.e. a good €42 per parking space and month, taking all types of parking space into account.

The individual rental agreements were not available for review.

5.6 Summary

The valuation object is a property featuring a mixed-use residential and commercial building with lettable space of 2,208 m² and facilities of an average standard in the main. The building is well maintained and in a good condition overall.



6. Area calculation

No floor plans or floor space tables were made available for the property allowing the total area to be calculated. The only document available is a list of tenants dating from March 2019 including information on the lettable space (Appendix 3.4 to the Purchase Agreement), which I have based my assessment on in accordance with the assignment.

| Floor | Usage | Area (m ²) |
|-----------------------------|-----------------|------------------------|
| Basement | Storage | 90.30 |
| Basement | Storage | 46.40 |
| Ground floor | Retail | 154.86 |
| Ground floor | Retail | 105.00 |
| Ground floor | Office/practice | 172.08 |
| 1st floor | Kindergarten | 59.70 |
| 1st floor | Kindergarten | 122.50 |
| 1st floor | Office | 192.94 |
| 1st floor | Kindergarten | 74.00 |
| 2nd floor | Office | 30.00 |
| 2nd floor | Office | 150.80 |
| 2nd floor | Office/practice | 125.63 |
| 2nd floor | Residential | 62.00 |
| 2nd floor | Residential | 76.00 |
| 3rd floor | Office | 90.00 |
| 3rd floor | Residential | 153.00 |
| 3rd floor | Residential | 49.53 |
| 3rd floor | Office/practice | 95.00 |
| 3rd floor | Residential | 30.20 |
| 4th floor | Residential | 162.00 |
| 4th floor | Office/practice | 81.86 |
| 4th floor | Office | 84.00 |
| Underground car park | Parking spaces | 17 pcs. |
| Outdoor area | Parking spaces | 14 pcs. |
| Gerresheimer Landstraße 110 | | 2,207.80 |

I did not measure the site myself. Due to the lack of documentation available, it was also not possible to perform a plausibility check on the area measurements.



7. Valuation principles

7.1 Preliminary methodological remarks

Market value definition

Section 194 BauGB defines the market value as follows:

“The market value of a property is the price which would be realisable at the time of the valuation through normal business operations in accordance with the legal circumstances and the actual characteristics, other qualities and the location of the property or any other valuation object, irrespective of unusual or personal circumstances.”

In professional circles, the market value is referred to as “objectified exchange value” (*verobjektivierter Tauschwert*) or the “objective value” (*objektiver Wert*). It is to be deemed the most likely sale price on the valuation date.

Legal basis

The market value was determined based on the following legal provisions, as amended:

- German Federal Building Code (*Baugesetzbuch*, BauGB)
- German Property Valuation Regulation (*Immobilienwertermittlungsverordnung*, ImmoWertV)

Other legal and administrative bases which are particularly significant when it comes to determining the market value also include the following, again as amended:

- Income value guidelines (*Ertragswertrichtlinien*, EW-RL)
- Reinstatement value guidelines (*Sachwertrichtlinien*, SW-RL)
- Building replacement costs 2010 (*Normalherstellungskosten 2010*, NHK 2010)
- German Ordinance on Land Usage (*Baunutzungsverordnung*, BauNVO)
- Second Computation Ordinance (*Zweite Berechnungsverordnung*, II. BV)
- German Civil Code (*Bürgerliches Gesetzbuch*, BGB)
- German industry standard (DIN) 277/1987

Market Value

The German definition of market value is consistent with the internationally recognised definition of market value set out in the European Valuation Standards (EVS) of the European Group of Valuers' Associations (TEGoVA) and also corresponds to the valuation standards of the British Royal Institution of Chartered Surveyors (RICS).

7.2 Choice of valuation method

Methodological standards

Pursuant to the German Property Valuation Regulation of 19 May 2010 and the valuation guidelines adopted to apply this Regulation in the version dated 1 March 2006 (WertR 2006), the market value can be calculated using the comparison value (section 15 ImmoWertV), the income value (sections 17 *et seq.* ImmoWertV) or the reinstatement

value (sections 21 *et seq.* ImmoWertV). The circumstances of the individual case are the decisive factor when it comes to selecting the method to be used, taking standard practice in normal business operations into account. The market value is derived from the outcome of the method selected, taking the situation on the property market into account.

In practice, these provisions are generally applied as follows:

Income approach

The income approach is used primarily to determine the market value of properties for which standard market income is usually generated, or can be estimated. As a result, it is used, in particular, for rental properties, business properties and mixed-use properties.

Reinstatement value approach

The reinstatement value approach is mainly used for properties whose use does not primarily depend on income, or for which such income cannot be determined with a sufficient degree of precision. This means that this approach tends to be used for owner-occupied residential properties.

Comparison value approach

The comparison value approach is mainly used to determine the land value and the value of owner-occupied flats (in some cases also single-family dwellings).

Conclusion

The valuation object is a residential and commercial building comprising a total of 19 rental units. The participants in the property market/a potential buyer will assess the property to be valued primarily on the basis of the income that can be generated from this property. As a result, the market value of the property is calculated using the income approach.



8. Valuation

8.1 Land value

8.1.1 Preliminary methodological remarks

In order to determine the value of the land (land value), purchase prices of comparable properties are to be used as a general rule. In addition to, or instead of, these purchase prices, the land value can also be calculated based on suitable standard land values pursuant to the German Federal Building Code (*cf.* sections 196 *et seq.* BauGB). The land value is to be determined as if the property had not been developed.

Characteristics influencing the value are to be taken into account by applying surcharges or discounts, etc. The characteristics influencing the value include, in particular, the property's location, the rights and encumbrances associated with the property, the type and extent of its use for construction, the layout of the property, the development status and the condition of the soil. The value can also be reduced by encumbrances on the property relating to structures that have outlived their economic/technical usefulness, by a right to issue a demolition order or by other official requirements (e.g. protection for listed buildings).

8.1.2 Land valuation

Planning law

The valuation object is not covered by any development plan, meaning that the type and extent of its use for construction is subject to section 34 BauGB.

Extent of use for construction

In the absence of suitable documentation (in particular area calculations and dimensioned floor plans), the extent of the property's use for construction can only be calculated as a rough estimate. This approximate estimate was performed based on the 19 lettable spaces set out in the list of tenants dated 20 March 2019, applying an area surcharge of 25%, which is commensurate with the construction and property type, to estimate the total gross floor area per floor. This produces the following rough estimate:

| Floor area ratio (FAR) BauNVO | | | |
|-------------------------------|-----------------------|-----------|-------------------------|
| | Lettable space | Surcharge | Gross floor area |
| Ground floor | 431.94 m ² | 0.25 | 539.93 m ² |
| 1st floor | 449.14 m ² | 0.25 | 561.43 m ² |
| 2ND floor | 444.43 m ² | 0.25 | 555.54 m ² |
| 3rd floor | 417.73 m ² | 0.25 | 522.16 m ² |
| 4th floor | 327.86 m ² | 0.25 | 409.83 m ² |
| Gross floor area | | | 2,588.88 m ² |
| Plot area | | | 1,133.00 m ² |
| FAR | | | 2.28 |

Site quality

The site can be used for construction in accordance with the public law provisions. It is characterised as land ready for construction.

Standard land value

The Real Estate Valuation Board of the federal state capital of Düsseldorf has reported the following standard land value for the valuation object as at 1 January 2019:

- **€930/m²** for residential spaces

The standard land value is based, in terms of use, on an FAR of 0.9 and construction spanning 3 floors.

The valuation object is a mixed-use property and has an FAR of around 2.3 based on a rough estimate. In such cases, the Real Estate Valuation Board recommends the following adjustments that I have taken as a basis for my assessment:

- **10 %** surcharge on the value for residential spaces in mixed-use properties
- Surcharge of approx. **28%** on the land value for an FAR deviation of + 1.3

Land value

On the basis of the approaches and assumptions described above, the following land value is calculated for the valuation object:

| Land value calculation | |
|-------------------------------|-------------------------|
| Standard land value: | €930/m ² |
| Surcharge for mixed use: | 10% |
| Adjusted standard land value: | €1,023/m ² |
| Surcharge due to higher FAR: | 28% |
| Adjusted standard land value: | €1,309/m ² |
| Derived land value: | €1,310/m ² |
| Site area | 1,133.00 m ² |
| Total land value: | €1,484,230 |

(unrounded values are used in the calculation)

The land value comes to **approx. €1,484,000**.

8.2 Income value

8.2.1 Preliminary methodological remarks

The income approach is generally used for purely commercial use, for mixed-use properties or for use as rented residential property.

The method (described in sections 17 *et seq.* ImmoWertV) is split into two parts: the determination of the land value and the determination of the income value of the structural facility on the other. In order to calculate the latter, the property management expenses (e.g. loss of rent, administrative and maintenance costs) are to be deducted from the standard market income that can be generated. The return on the land value (product of land value and property return) is deducted from the resulting net yield on the property. The result represents the net yield share attributable to the structural facility. The income value of the structural facility is calculated by capitalising this net yield share attributable to the structural facility using the building net yield multiplier resulting from the remaining useful life and the property return. The land value and the income value of the structural facility are added up to produce the income value of the valuation object. Finally, any special property-specific characteristics are taken into account (e.g. reduction in value to reflect necessary investments due to construction faults or structural damage, for example).

It is considered necessary to calculate the land value and the building value separately because the land produces a perpetual yield in the long term, whereas buildings, which are subject to an ageing process, cannot produce a perpetual yield.

8.2.2 Standard market income that can be generated

After checking and comparing my valuation against the analyses and research on the rental level in Düsseldorf, I based my valuation on the rent actually being realised in the valuation object at present.

8.2.3 Property management expenses

Property management expenses are those expenses that are incurred on a regular basis in connection with the site, such as expenses relating to administration (administrative expenses), expenses for the intended use of the site (operating costs), expenses for the maintenance of the structural facilities (maintenance costs), as well as costs associated with compensation for any loss of rent and expenses associated with legal proceedings relating to payments, the termination of a tenancy agreement or eviction (loss of rental income risk). Only those property management expenses that are incurred in the long run in the context of due and proper management are to be taken into account¹¹. Property management expenses do not

Preliminary remark

¹¹ Cf. section 19 ImmoWertV

include depreciation or interest on loans. These expenses are taken into account via the multiplier (capitalisation factor for net yield).

Operating costs

The operating costs, such as heating, cleaning and electricity costs and, where applicable, additional costs for services ordered centrally are generally charged in the form of a service charge statement and are passed on to the tenant. This also applies in the case at hand.

Loss of rental income risk

The loss of rental income risk is to be assessed based on the tenant's credit rating, the term of the tenancy agreement and the re-letting risk. The specialist literature¹² recommends a rate of 2% of the gross annual income for residential real estate, and 4% for commercial real estate. For the purposes of my valuation, I consider an average weighted percentage of 3.0% of the gross annual income to be appropriate.

Maintenance

Appendix 1 to the income value guidelines (*Ertragswertrichtlinie*, EW-RL) recommends that an amount of €11/m² be applied for ongoing maintenance in properties for residential use.

If properties are used for commercial purposes, e.g. for offices, shops, practices, etc., the recognition of 100 % of the maintenance costs for residential use is recommended. As a result, I have based my valuation report on maintenance costs of €11.00/m².

Administrative expenses

Administrative expenses can only be passed on to the tenant if the property is used for commercial purposes. My valuation is therefore based on administrative expenses corresponding to 1.0% of the standard market gross income. In this case, this corresponds to around €2,340 p.a.

8.2.4 Property return

Preliminary remark

The interest on the land value and the building income value are calculated on the basis of the property return (*Liegenschaftszinssatz*)¹³. This can be derived from various different factors, e.g. the return on equity, the proportion of, and conditions governing, debt capital and changes in the income generated from the property. It is determined by the nature of the structural facilities and the location of the site. Although the property return comprises a large number of factors, studies have shown that it is relatively insensitive to fluctuations in individual variables, such as the capital market interest rate¹⁴. One reason for this is the fact that property investments largely compensate for short-term market fluctuations in the return on equity due to their long-term nature¹⁵.

¹² Cf. Kleiber: Verkehrswertermittlung von Grundstücken, 6th edition 2010, p. 1803

¹³ Cf. section 14 (3) ImmoWertV

¹⁴ Cf. Rössler/Langner/Simon/Kleiber p. 209

¹⁵ Cf. Vogels pp. 166 *et seq.*

The property return is to be calculated using a market-oriented approach depending on the type of property and the situation on the property market.

Property return

The Düsseldorf Real Estate Valuation Board (GAA) has calculated an average property return of 3.6% for mixed-use properties as at 1 January 2019.

The economic risks associated with a property's income and value, which are taken into account via the level of the property return, are determined primarily by the demand potential that is expected in the long term. In addition to the general market situation, this is influenced, in particular, by the following criteria:

- a. Microlocation/infrastructure/location quality (taking into account factors such as accessibility by bus, train and private transport)
- b. Property quality/risk (in particular potential alternative uses, dimensions of the spaces and technical infrastructure), as well as connections/on-site facilities, in particular accessibility and parking facilities
- c. Property's rental/vacancy situation and economic parameters of the building.

Level of property return

Based on the considerations referred to above, I deem a property return of 3.75% to be appropriate.

8.2.5 Total and remaining useful life

Total useful life

The standard total useful life takes into account both technical and economic aspects relating to a building's life. It is calculated based on empirical values. The economic total useful life corresponds to the period in which the property to be valued is viable for use in economic terms.

The NHK 2010 refers to an average economic total useful life of 70 years (± 10) for mixed-use multi-family dwellings/residential buildings and 60 years (± 10) for commercial buildings. I have based my valuation on a total useful life of 75 years.

Remaining life

The remaining economic useful life pursuant to section 6 (6) ImmoWertV is the period during which it is expected that the building will still be viable for use if it is properly maintained and managed. The provision referred to above also states that repairs or modernisation work can extend the remaining useful life. This means that the building's structural and maintenance condition, as well as its viability for use in economic terms, also have to be taken into account when calculating the remaining economic useful life. The valuation object was built in 1977/1983. For the purposes of my valuation, I consider a notional construction year of 1980 to be appropriate.

In this case, the remaining useful life is the difference between the standard total useful life and the age of the building on the reference date.

This results in the following remaining useful life for the valuation object:

| Calculation of remaining useful life | |
|--|-----------|
| Total useful life | 75 |
| Year of construction taken as a basis (notional) | 1980 |
| Age of the structural facility on the valuation date | 39 |
| Remaining useful life | 36 |

8.2.6 Present value factor

The formula for the capitalisation factor is as follows:

$$\text{capitalisation factor} = \frac{(1 + i)^n - 1}{i * (1 + i)^n}$$

i = Property return

n = Remaining useful life in years

If a remaining useful life of 36 years and the property return of 3.7% is applied to the formula, this produces a multiplier of **20.00**.

8.2.7 Calculation of income value

The provisional income value is calculated as follows for the valuation object:

| Gross annual income | | | | | | |
|--|-----------------|---|-------------------------------------|----------------------------------|---|----------------------|
| No. | Type of use | Floor location | Lettable space (usable floor space) | Actual rent per m ² | Standard market rent per m ² | Gross monthly income |
| 1 | Storage | Basement | 90.30 m ² | €0.00 | €0.00 | €0.00 |
| 2 | Storage | Basement | 46.40 m ² | €1.76 | €1.76 | €81.81 |
| 3 | Retail | Ground floor | 154.86 m ² | €11.30 | €11.30 | €1,750.00 |
| 4 | Retail | Ground floor | 105.00 m ² | €13.00 | €13.00 | €1,365.00 |
| 5 | Office/practice | Ground floor | 172.08 m ² | €9.15 | €9.15 | €1,575.00 |
| 6 | Kindergarten | 1st floor | 59.70 m ² | €7.54 | €7.54 | €450.00 |
| 7 | Kindergarten | 1st floor | 122.50 m ² | €7.43 | €7.43 | €910.00 |
| 8 | Office | 1st floor | 192.94 m ² | €7.05 | €7.05 | €1,360.23 |
| 9 | Kindergarten | 1st floor | 74.00 m ² | €7.57 | €7.57 | €560.00 |
| 10 | Office | 2nd floor | 30.00 m ² | €6.94 | €6.94 | €208.29 |
| 11 | Office | 2nd floor | 150.80 m ² | €6.68 | €6.68 | €1,007.81 |
| 12 | Office/practice | 2nd floor | 125.63 m ² | €8.60 | €8.60 | €1,080.00 |
| 13 | Residential | 2nd floor | 62.00 m ² | €7.98 | €7.98 | €495.00 |
| 14 | Residential | 2nd floor | 76.00 m ² | €7.89 | €7.89 | €600.00 |
| 15 | Residential | 3rd floor | 90.00 m ² | €0.00 | €8.00 | €720.00 |
| 16 | Residential | 3rd floor | 153.00 m ² | €7.00 | €7.00 | €1,071.00 |
| 17 | Residential | 3rd floor | 49.53 m ² | €7.37 | €7.37 | €365.00 |
| 18 | Office/practice | 3rd floor | 95.00 m ² | €7.00 | €7.00 | €665.00 |
| 19 | Residential | 3rd floor | 30.20 m ² | €0.00 | €0.00 | €0.00 |
| 20 | Residential | 4th floor | 162.00 m ² | €6.30 | €6.30 | €1,020.00 |
| 21 | Office/practice | 4th floor | 81.86 m ² | €7.04 | €7.04 | €576.00 |
| 22 | Office | 4th floor | 84.00 m ² | €8.04 | €8.04 | €675.00 |
| | Antenna | Roof | 1 pc. | €931.37 | €931.37 | €931.37 |
| | Antenna | Roof | 1 pc. | €391.66 | €391.66 | €391.66 |
| | Antenna | Roof | 1 pc. | €341.72 | €341.72 | €341.72 |
| | Parking spaces | Underground car park/outdoor parking spaces | 31 pcs. | €42.02 | €42.02 | €1,302.62 |
| Total gross monthly income: | | | | | | €19,502.51 |
| Gross annual income: | | | | | | €234,030.12 |
| minus property management expenses | | | | | | |
| Operating costs not passed on to tenants | | | n/a | | | |
| Maintenance costs lettable space | | | €11.00/m ² | 2,208 m ² floor space | | €24,285.80 |
| Administrative costs | | | 1.0% of gross annual income | | | €2,340.30 |
| Loss of rental income risk | | | 3.0% of gross annual income | | | €7,020.90 |
| Totals: | | | 14.4% of gross annual income | | | €33,647.00 |
| Annual net yield on the property: | | | | | | €200,383.12 |

| minus return on land value | | | | |
|--|------------------------------------|------------------------|-----------------------|----------------------|
| Land value | (price/m ² x site size) | €1,309/m ² | €1,133 m ² | €1,483,595.52 |
| return on land value | (land value x property return) | Property return: 3.70% | | €54,893.03 |
| Annual net yield on the structural facilities: | | | | €145,490.08 |
| Income value for the structural facility | | | | |
| Property return | 3.70 | | | €2,869,009.73 |
| Remaining economic useful life: | 36 years | | | |
| Multiplier | 19.72 | | | |
| Provisional income value for the structural facility: | | | | €2,869,009.73 |
| Land value | | | | |
| Land value | | €1,309/m ² | €1,133 m ² | €1,483,595.52 |
| Provisional income value: | | | | €4,352,605.25 |

(unrounded values are used in the calculation)

The provisional income value is **approx. €4,350,000**.

8.2.8 Special property-specific characteristics

Special property-specific characteristics pursuant to section 8 (3) ImmoWertV include, for example, economic obsolescence, an above-average state of repair, construction faults or structural damage, as well as income that deviates considerably from the standard market income that can be generated.

I do not deem it necessary to recognise any such factors in this case.

| minus special property-specific characteristics | |
|---|----------------------|
| see above | €0.00 |
| Income value (rounded): | €4,350,000.00 |

This produces an income value of approx. **€4,350,000**.

8.3 Market value

It was explained under section 7.2 that the market value is calculated based on the income value.

The value of a property to be used for economic purposes is determined primarily by its future use potential and expectations. A market participant adopting an economically viable approach looks at the property to be valued from a return perspective.

Market adjustments do not have to be made as part of the income approach, as market-compliant values were

included in the approach. The main parameters determining the value in this case are:

- Property return
- Standard market rent

A market value of approx.

€4.350,000

has been calculated.

In words: **four million three hundred and fifty thousand euros**

The valuation result corresponds to 18.59x the gross annual income. The Real Estate Valuation Board published the following gross income multipliers as at 1 January 2019:

- Mixed-use properties: average of 18x (range: 15 to 22)

The gross income multiplier is slightly higher than average.

9. Closing remark

To the best of my knowledge, I have prepared this valuation report on the basis of careful investigations and the documents and information provided.

Hamburg, 8 July 2019



Klaus Wagner MRICS, REV
Expert

Appendix (1) - Photo documentation

View Gerresheimer Straße



Staircase with entrances



Example of rental unit



Underground car park





City of Düsseldorf Land Registry

Excerpt from the Land Register

Brinckmannstraße 5
40225 Düsseldorf

Land register map NRW 1 : 1000

Parcel: 86
Plot: 33
District: Unterbach
Gerresheimer Landstraße 110, Düsseldorf

Created: 25 June 2019



Scale 1 : 1,000

© City of Düsseldorf



General Terms and Conditions of Assignment

Section 1 Validity

1. The legal relationships between the Expert and his/her Client shall be governed by the following contractual terms and conditions.
2. Any provisions of the Client to the contrary shall only become part of the contract if the Expert acknowledges them explicitly in writing.

Section 2 Assignment

1. The acceptance of the assignment, as well as any agreements, representations or side agreements made verbally, by telephone or by employees, shall require the written confirmation of the Expert in order to be effective.
2. The subject matter of the assignment and the purpose of the valuation report must be defined in writing when the assignment is issued.

Section 3 Performance of the assignment

1. In line with the principles that apply to a publicly appointed and sworn expert, the assignment shall be executed impartially and to the best of the Expert's knowledge and belief.
2. The Expert can only guarantee a certain outcome, in particular a result desired by the Client, as part of the objective and impartial application of his/her expertise.
3. The Expert shall prepare the valuation report him/herself. Insofar as is necessary or expedient and provided that the Expert's personal responsibility is not affected, the Expert can call upon the assistance of expert staff when preparing the valuation report.
4. If the due and proper execution of the assignment requires the involvement of experts from other specialist areas, they shall be commissioned separately by the Client.
5. Otherwise, the Expert is entitled, at his/her own due discretion, to carry out the necessary and usual examinations and tests, or to arrange for them to be carried out, at the Client's expense for the purposes of executing the assignment. This includes, in particular, making enquiries, performing investigations, embarking on trips and performing inspections, as well as taking photos and preparing drawings, or arranging for photos and drawings to be taken/prepared, without requiring the specific approval of the Client. Insofar as unforeseen investigations, or investigations that are time-consuming and costly in relation to the purpose of the valuation report, prove to be necessary within this context, the Expert shall obtain the Client's prior consent.
6. The Expert is authorised by the Client to obtain the information and collect the data necessary for the preparation of the valuation report from the authorities and third parties. If necessary, the Client shall issue the Expert with a special power of attorney in this regard.
7. The valuation report must be prepared by the agreed deadline.
8. The Client shall be provided with two copies of any written assessments. Any additional copies will be charged separately.
9. Following the completion of the assignment and payment of the agreed remuneration, the Expert shall return the documents provided to him/her by the Client for the execution of the assignment without having to be requested to do so.

Section 4 Obligations incumbent upon the Client

1. The Client must not issue the Expert with any instructions that could distort his/her actual findings or the results of his/her valuation report.
2. The Client shall ensure that the Expert receives all of the information and documents (e.g. invoices, drawings, calculations, correspondence) required for the execution of the assignment free of charge and in a timely manner. The Expert shall be informed of any events and circumstances that could clearly be significant to the preparation of the valuation report in a timely manner and without having to make a special request to this effect.

Section 5 Expert's duty of confidentiality

1. Pursuant to section 203 (2) NO. 5 of the German Criminal Code (*Strafgesetzbuch*, StGB), the expert is subject to a duty of confidentiality involving a penalty if breached. Accordingly, he/she is also contractually prohibited from disclosing, disseminating or exploiting the valuation report itself, or facts or documents which have been entrusted to him/her, or otherwise become known to him/her, in the course of his/her work as an expert unless he/she has been authorised to do so. The duty of confidentiality includes all facts that are not in the public domain and applies beyond the term of the assignment.
2. This duty of confidentiality shall also apply to all individuals working in the Expert's business. The Expert shall ensure that the duty of confidentiality is adhered to by the individuals specified.
3. The Expert shall be entitled to disclose, disseminate or exploit, for his/her own use, the knowledge obtained while preparing the valuation report if he/she is obliged to do so on the basis of statutory provisions or if his/her Client explicitly releases him/her from his/her duty of confidentiality in writing.
4. In the absence of any agreements to the contrary, the Expert shall be permitted to disseminate facts relating to the assignment that are in the public domain, as well as the name of the Client, to third parties as a reference.

Section 6 Copyright

1. The Expert shall retain the copyright to the services rendered by him/her insofar as they are copyrightable.
2. In this respect, the Client is only authorised to use the valuation report prepared as part of the assignment, together with all lists, calculations and other details, for its agreed intended purpose.
3. The Client shall require the consent of the Expert for any further-reaching dissemination of the valuation report to third parties, other type of use or changes to, or measures to shorten, the wording of the valuation report.
4. A publication of the valuation report shall always require the Expert's consent. The reproduction of the valuation report is only permitted as part of its intended use.

Section 7 Fee

1. The expert shall be entitled to payment of a fee. The amount of the fee shall be based on the assignment.
2. In addition, incidental costs and expenses can be claimed in the amount actually incurred (in return for corresponding proof) or agreed (without proof).
3. The fee, as well as the incidental costs incurred in each case, are exclusive of the statutory value added tax.

Section 8 Payment - Default in payment

1. The agreed fee shall fall due upon receipt of the valuation report by the Client. The valuation report can be sent by post while at the same time collecting the fee that is due using the "cash on delivery" (*Nachnahme*) process.
2. If the Client defaults on the payment of the fee, the Expert can, after setting a reasonable grace period, rescind the contract and/or claim damages for non-performance in accordance with sections 286 *et seq.*, 280 *et seq.* BGB. While the right to assert claims for further damages remains reserved, default interest shall be payable in the event of default in payment pursuant to section 288 I BGB. The right to claim further damage due to the delay in payment remains reserved.
3. If the Client fails to make an agreed advance payment or fails to pay an agreed instalment despite a deadline having been set, including the threat of termination, the Expert shall be entitled to rescind the contract and claim the agreed fee, albeit making deductions to reflect any expenses saved. If the Client cannot furnish evidence showing that the Expert has saved a higher proportion of expenses in the individual case, a proportion corresponding to 40% of the fee for the services not yet rendered by the expert shall be agreed in this regard.
4. If the Expert becomes aware of circumstances which pose a threat to the Client's creditworthiness, he/she shall be entitled to demand immediate payment of the entire fee, setting a deadline and threatening to terminate the contract.
5. The Client can only offset claims against claims of the Expert if the Client's counterclaim is undisputed or has been established by a non-appealable judgment. The Client can only assert a right of retention if it is based on claims arising from the contract that has been concluded.

Section 9 Failure to meet deadlines

1. The period during which the valuation report is to be prepared (*cf.* section 3 (7)) shall commence on the working day following the date on which the contract was concluded. If the Expert requires documents from the Client (*cf.* section 4 (2)) in order to prepare the valuation report, the execution period shall be extended by the period of time leading up to the receipt of these documents by the Expert if the Client is obliged to provide them, or otherwise by the period of time from the time at which the Expert requests them until the documents are received. If an advance payment has been agreed, the period shall not commence until the documents/advance payment has/have been received. The period shall also be extended by the period from receipt of the payment deadline notice until payment is made pursuant to section 8 (4) or (5).
2. If the delivery deadline is not met, the Client is only entitled to rescind the contract or claim damages in the event of delay in performance on the part of the Expert or in a scenario in which performance is impossible for reasons for which the Expert is responsible.
3. The Expert shall only be in default if he/she is responsible for the delay in delivering the valuation report. In the event of obstacles to delivery for which the Expert is not responsible, such as cases of *force majeure* or illness, this shall not be deemed to constitute a delay in delivery. The delivery deadline shall be extended by the period in which the obstacle to performance for which the Expert is not responsible persists. The Client cannot derive any claims for damages from such a scenario. If such obstacles to delivery make it completely impossible for the Expert to prepare his/her valuation report, he/she shall be released from his/her contractual obligations. Once again, the Client shall not be entitled to claim damages.
4. In addition to delivery, the Client is only entitled to claim damages for the delay in delivery if it can be proven that the Expert acted with wilful intent or gross negligence.

Section 10 Termination

1. The Client and the Expert shall be entitled to terminate the contract for cause without notice at any time. Notice of termination must be given in writing.
2. Reasons that entitle the Client to terminate the contract for cause include a breach of the obligations to prepare an objective, independent and impartial valuation report.
3. Reasons that entitle the Expert to terminate the contract for cause include refusal on the part of the Client to cooperate as required; attempt on the part of the Client to exert an inadmissible influence over the Expert that could distort the results of the valuation report (*cf.* section 4 (1)); if the Expert realises, after accepting the assignment, that he/she lacks the expertise required to complete the assignment.
4. Otherwise, termination of the contract is excluded.
5. If the contract is terminated for cause in a scenario for which the Expert is responsible, he/she shall only be entitled to remuneration for the partial performance rendered up until the time of termination to the extent that these results can be objectively used by the Client.
6. In all other cases, the Expert shall remain entitled to the contractually agreed fee, albeit making deductions to reflect any expenses saved. If the Client cannot furnish evidence showing that the Expert has saved a higher proportion of expenses in the individual case, a proportion corresponding to 40% of the fee for the services not yet rendered by the expert shall be agreed in this regard.

Section 11 Warranty

1. If the Client notices a defect after the valuation report has been delivered, the Client shall notify the Expert accordingly without delay, otherwise the warranty claims for this defect shall lapse.
2. If the valuation report is defective, the Client shall initially only be entitled to demand subsequent performance within a reasonable period of time (rectification of the defect or preparation of a new valuation report at the discretion of the Expert in accordance with sections 635, 636 BGB).
3. If the Expert does not comply with his/her subsequent performance obligation within the period set, the Client is entitled to reduce the remuneration in accordance with the provisions set out in section 638 II to IV BGB.
4. The warranty claims shall not be limited in the cases set out in section 639 BGB (fraudulent concealment of a defect or assumption of a guarantee).
5. Warranty claims shall become statute-barred within 1 year of the end of the year in which the Client received the valuation report, insofar as they are not already excluded based on sub-section 1 of this provision.

Section 12 Liability

1. The Expert is only liable for damage incurred by the Client - irrespective of the legal grounds - if he/she or his/her employees are responsible for the damage as a result of wilful intent or gross negligence due to a defective valuation report, and for damage resulting from injury to life, limb and health, insofar as this damage was caused with wilful intent or as a result of gross negligence. All further-reaching claims for damages, in particular against third parties, are excluded unless they result from a breach of essential contractual obligations. This also applies in the event of subsequent performance.
2. The Client's rights resulting from warranties pursuant to section 11 shall remain unaffected. Section 9 sets out exhaustive provisions governing claims due to delays in delivery.

3. In the event of liability due to gross negligence, the amount of liability shall be limited to a maximum of 20% of the value calculated, but capped at EUR 200,000.

Section 13 Place of performance and place of jurisdiction

1. The place of performance is Hamburg.
2. If the Client is a registered merchant, a public-law legal entity or a public-law fund, Hamburg shall be the sole place of jurisdiction:
3. The same place of jurisdiction as that specified in sub-section 2 shall apply if the Client has no general place of jurisdiction in Germany, relocates his/her place of residence or habitual place of abode outside Germany after the contract has been concluded, or if his/her place of residence or habitual place of abode is not known at the time an action is filed.

This document is a translation of the approved prospectus made under the sole responsibility of the Issuer.

Supplement No. 1

dated 31 October 2019

to the

Securities Prospectus

dated 2 September 2019

for the Public Offering of Subordinated Token-based Bonds 2019/2029

with an Aggregate Principal Amount of up to EUR 2,750,000

of

Exporo Düsseldorf Fliesenhaus GmbH,

Hamburg

This Supplement No. 1 (the “**Supplement No. 1**”) is a supplement to the prospectus within the meaning of Article 23 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017. Supplement No. 1 relates to the prospectus that is required to be published in connection with the public offering of securities or their admission to trading and that has been drawn up for the purposes of a public offering of token-based bonds in the Grand Duchy of Luxembourg, the Federal Republic of Germany and the Republic of Austria. Supplement No. 1 should be read in conjunction with the securities prospectus issued by Exporo Düsseldorf Fliesenhaus GmbH (the “**Issuer**”) dated 2 September 2019 (the “**Prospectus**”) for the public offering of subordinated token-based bonds 2019/2029 with an aggregate principal amount of up to EUR 2,750,000 that was approved by the Luxembourg Supervisory Authority for the Financial Sector (*Commission de Surveillance du Secteur Financier* “**CSSF**”) on 2 September 2019.

The Issuer has requested the CSSF to provide the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, “**BaFin**”), the Austrian Financial Market Authority (*Finanzmarktaufsicht*, “**FMA**”) and the Netherlands Authority for the Financial Markets (*De Autoriteit Financiële Markten*, “**AFM**”) with a certificate relating to such approval attesting that this Supplement No. 1 has been drawn up in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the “**Notification**”). The Issuer can ask the CSSF at any time to provide other competent authorities in the European Economic Area with Notifications of Supplement No. 1.

Terms used in this Supplement No. 1 have the same meaning as in the Prospectus. In the event of discrepancies between (a) information in this Supplement No. 1 and (b) information in the Prospectus or information incorporated by reference, the information in this Supplement No. 1 shall prevail.

Unless indicated otherwise in this Supplement No. 1, there are no significant new factors, material mistakes or material inaccuracies relating to the information included in the Prospectus that arose or were identified since the approval of the Prospectus.

This Supplement No. 1 has been published on the Issuer’s website at “www.exporo.de/ir-projekt98” and on the website of the Luxembourg Stock Exchange at “www.bourse.lu”. Print copies of this Supplement No. 1 can be obtained free of charge from Exporo Düsseldorf Fliesenhaus GmbH, Am Sandtorkai 70, 20457 Hamburg, Federal Republic of Germany.

The Issuer has decided to additionally offer the token-based bonds to the public in the Netherlands. In light of this, the Issuer is supplementing the Prospectus as follows:

On the cover page, the first sentence is deleted and replaced as follows:

“This document (the “**Prospectus**”) is a prospectus within the meaning of Article 6(3) of REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the “**Prospectus Regulation**”) for the purpose of a public offering of up to 2,750 floating interest rate subordinated bonds subject to a pre-insolvency enforcement restriction, each bond with a principal amount of EUR 1,000, which are not physically represented by a securities certificate and which may only be transferred by means of tokens generated by the Issuer (hereinafter the “**EXP2-Tokens**”) on the Ethereum blockchain (the “**Token-based Bonds**”) in the Federal Republic of Germany, the Grand Duchy of Luxembourg, the Republic of Austria, and the Netherlands.”

- On the cover page, the third sentence is deleted and replaced as follows:

“Applications for notification of the Prospectus to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, “**BaFin**”), the Austrian Financial Market Authority (*Finanzmarktaufsicht*, “**FMA**”), and the Netherlands Authority for the Financial Markets (*De Autoriteit Financiële Markten*, “**AFM**”) have been filed pursuant to Article 25 of the Prospectus Regulation.”

- In the summary on page 9, penultimate sentence in section 3 is deleted and replaced as follows:

“The realisation of collateral is limited to those cases in which the Issuer refuses to make payments to the investors despite liquidity being available and despite no pre-insolvency enforcement restriction applying.”

- In the summary on page 9, the first sentence in section 4 is deleted and replaced as follows:

“The Token-based Bonds are being offered in the Federal Republic of Germany, the Grand Duchy of Luxembourg, the Republic of Austria, and the Netherlands in the context of a public offering and can be purchased by anybody there. The Token-based Bonds are subject to German law.”

- On page 17, the third sentence in section 2.4.6 is deleted and replaced as follows:

“This means that the realisation of collateral is limited to those cases in which the Issuer refuses to make payments to the investors despite liquidity being available and despite no pre-insolvency enforcement restriction applying.”

- On page 21, the first sentence in section 3.6 is deleted and replaced as follows:

“The Issuer hereby consents to the use of this Prospectus, including any supplements by financial intermediaries and the subsequent resale or final placement of the Token-based Bonds by financial intermediaries within the Grand Duchy of Luxembourg, the Federal Republic of Germany, the Republic of Austria, and the Netherlands.”

- On page 31, the first sentence in section 7.1 is deleted and replaced as follows:

“The Issuer is offering Token-based Bonds in an Aggregate Principal Amount of up to EUR 2,750,000 at a floating interest rate in the form of a public offering within the Federal

Republic of Germany, the Grand Duchy of Luxembourg, the Republic of Austria, and the Netherlands.”

- On page 33, the third paragraph in section 7.4.2 is deleted and replaced as follows:
“Investors from the Grand Duchy of Luxembourg, the Federal Republic of Germany, the Republic of Austria, and the Netherlands may view and download the Prospectus approved by the CSSF, including any supplements to the Prospectus and the subscription documents, on the Issuer’s website at www.exporo.de/ir-projekt98.”

- On page 43, the second sentence in section 7.16.4 is deleted and replaced as follows:
“This means that the realisation of collateral is limited to those cases in which the Issuer refuses to make payments to the investors despite liquidity being available and despite no pre-insolvency enforcement restriction applying.”

- Section 9 is supplemented by a new subsection 9.4. as follows:

“9.4 Tax Framework in the Netherlands

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of the token-based Notes (the “**Notes**”) and does not purport to describe every aspect of taxation that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the issuance to a particular holder of Notes will depend in part on such holder's circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of the tax consequences of the issuance to him, including the applicability and effect of Dutch tax laws.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms “the Netherlands” and “Dutch” are used, these refer solely to the European part of the Kingdom of the Netherlands. This summary assumes that the Issuer is organized, and that its business will be conducted, in the manner outlined in this Prospectus. A change to such organizational structure or to the manner in which the Issuer conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Prospectus. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

The summary in this Section 9.4 (*Taxation in the Netherlands*) does not address the Dutch tax consequences for a holder of Notes who:

- (i) is a person who may be deemed an owner of Notes for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;

- (ii) is, although in principle subject to Dutch corporation tax, in whole or in part, specifically exempt from that tax in connection with income from Notes;

- (iii) is a Dutch investment institution as defined in the Dutch Corporation Tax Act 1969;

- (iv) is a Dutch resident that owns Notes in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role;
- (v) is a Dutch resident that has a substantial interest in the Issuer or a deemed substantial interest in the Issuer for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5% or more of the shares or of any class of shares of the Issuer, or rights to acquire, directly or indirectly, such an interest in the shares of the Issuer or profit participating certificates relating to 5% or more of the annual profits or to 5% or more of the liquidation proceeds of the Issuer, or (b) such person's shares, rights to acquire shares or profit participating certificates in the Issuer are held by him following the application of a non-recognition provision; or
- (vi) is for Dutch tax purposes taxable as a corporate entity and resident of Aruba, Curaçao or Sint Maarten.

9.4.1 Taxes on income and capital gains

Resident holders of Notes

A holder of Notes who is resident or deemed to be resident in the Netherlands for Dutch tax purposes is fully subject to Dutch income tax if he is an individual or fully subject to Dutch corporation tax if it is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, as described in the summary below.

Individuals deriving profits or deemed to be deriving profits from an enterprise

Any benefits derived or deemed to be derived from or in connection with Notes that are attributable to an enterprise from which an individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, are generally subject to Dutch income tax at progressive rates up to 51.75%.

Individuals deriving benefits from miscellaneous activities

Any benefits derived or deemed to be derived from or in connection with Notes that constitute benefits from miscellaneous activities by an individual are generally subject to Dutch income tax at progressive rates up to 51.75%.

An individual may, *inter alia*, derive or be deemed to derive benefits from or in connection with Notes that are taxable as benefits from miscellaneous activities if his investment activities go beyond regular active portfolio management.

Other individuals

If a holder of Notes is an individual whose situation has not been discussed before in this Section 9.4 (*Taxation in the Netherlands*), the fair market value of his Notes forms part of the yield basis for purposes of tax on benefits from savings and investments. A deemed benefit, which is determined on the basis of progressive rates starting from 1.94% up to 5.6% per annum of this yield basis, is taxed at the rate of

30%. Actual benefits (interest payments and/or capital gains) derived from or in connection with his Notes are not subject to Dutch income tax.

Corporate entities

Any benefits derived or deemed to be derived from or in connection with Notes that are held by a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, are generally subject to Dutch corporation tax. Currently, the Dutch corporation tax rate is 25% (19% on profits up to EUR 200,000). Following the Dutch tax plan 2020, the Dutch corporation tax rate will be 25% (16.5% on profits up to EUR 200,000) in 2020 and the Dutch corporation tax rate will be 21.7% (15% on profits up to EUR 200,000) in 2021.

General

A holder of Notes will not be deemed to be resident in the Netherlands for Dutch tax purposes by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by the Issuer of its obligations under such documents or under the Notes.

Withholding taxes

To the extent German withholding taxes (see Section 9.1.3) will not be refunded to a holder of the Notes who is resident or deemed to be resident in the Netherlands for Dutch tax purposes under the double tax treaty concluded between Germany and the Netherlands, such withholding taxes are credited against the income or corporation tax liability of the holder.

Non-resident holders of Notes

Individuals

If a holder of Notes is an individual who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax, he will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Notes, except if:

- (i) he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Notes are attributable to such permanent establishment or permanent representative; or
- (ii) he derives benefits or is deemed to derive benefits from or in connection with Notes that are taxable as benefits from miscellaneous activities performed in the Netherlands.

Corporate entities

If a holder of Notes is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch corporation tax, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Notes, except if:

- (i) it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and to which permanent establishment or permanent representative its Notes are attributable; or

- (ii) it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its Notes are attributable.

General

If a holder of Notes is neither resident nor deemed to be resident in the Netherlands, such holder will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by the Issuer of its obligations under such documents or under the Notes.

9.4.2 Gift and inheritance taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Notes by way of gift by, or upon the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Notes becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Notes made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

9.4.3 Registration taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the execution and/or enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Notes, the performance by the Issuer of its obligations under such documents or under Notes, or the transfer of Notes.

9.4.4 Value added tax (VAT)

No Netherlands VAT will be payable by the holders of the Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

9.4.5 Other taxes and duties

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by the holders of the Notes in respect of or in connection with (i) Notes in respect of or in connection with the execution and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes

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RESPONSIBILITY STATEMENT

Exporo Düsseldorf Fliesenhaus GmbH, whose registered office is in Hamburg and whose business address is Am Sandtorkai 70, 20457 Hamburg, Federal Republic of Germany, is responsible for the accuracy of the information contained in this Supplement No. 1 and declares that, to the best of its knowledge, the information contained in this Supplement No. 1 is accurate and that no information has been omitted from Supplement No. 1 that could distort the assertion.

Pursuant to Article 23(2) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, investors who have already agreed to subscribe for the offered securities before publication of this Supplement No. 1 can withdraw their acceptance within a period of two working days after publication of this Supplement No. 1, and hence until the end of 05 November 2019, provided that the significant new factor, material mistake or material inaccuracy referred to in Article 23(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 arose or was noted before the closing of the offer period or the delivery of the securities, whichever occurs first. There is no requirement to give reasons for the withdrawal, which must be notified in text form to Exporo Düsseldorf Fliesenhaus GmbH, Am Sandtorkai 70, 20457 Hamburg, Federal Republic of Germany. Dispatch within the stated period is sufficient to meet the deadline.

Hamburg, 31 October 2019

Exporo Düsseldorf Fliesenhaus GmbH