

LLOYD FONDS AG



# LLOYD FONDS

Aktiv. Mehr. Wert.

**Prospectus**

**for the public offering**

of

**LLOYD FONDS AG  
HAMBURG**

(incorporated as stock corporation under the laws of the Republic of Germany, local court (*Amtsgericht*) of Hamburg, registration number HRB 75492)

1,500,000 newly issued bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*), each such share with a notional interest in the share capital of EUR 1.00 and full dividend rights from 1 January 2019, by way of a subscription offering to existing shareholders from a capital increase against contribution in cash as resolved by the management board on 8 November 2019 and approved by the supervisory board on 10 November 2019, in accordance with the capital increase as resolved by the ordinary shareholders' meeting on 12 June 2019.

Subscription Price: EUR 5.36

International Securities Identification Number (ISIN): DE000A12UP29

German Securities Code (*Wertpapierkennnummer*, WKN): A12UP2

Ticket Symbol: L1OA

This prospectus has been prepared in accordance with Article 15 of Regulation (EU) 2017/1129 and Annexes 23, 24, 26 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, as amended, and has been approved by the German Financial Markets Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), as competent authority under Regulation (EU) 2017/1129.

The date of this prospectus is 20 November 2019.

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## DOCUMENTS INCORPORATED PER REFERENCE

This prospectus (the *Prospectus*) includes (i) the consolidated financial statements of Lloyd Fonds AG, with its registered seat in Hamburg, a stock corporation (*Aktiengesellschaft*) organised under German law and registered with the commercial register (*Handelsregister*) of Hamburg (the *Commercial Register*) under the number HRB 75492 and with its business address at An der Alster 42, 20099 Hamburg, Germany (the *Company* or *Lloyd*, and together with its consolidated subsidiaries, the *Group*) as of and for the fiscal years ended 31 December 2018 and 31 December 2017 (the *Audited Consolidated Financial Statements*) and (ii) the unaudited interim consolidated financial statements of the Company as of and for the nine-month period ended 30 September 2019 (the *Unaudited Interim Consolidated Financial Statements* and, together with the Audited Consolidated Financial Statements, the *Consolidated Financial Statements*). The German language originals of the Consolidated Financial Statements and the respective auditor's opinions are incorporated by reference into this Prospectus in accordance with Article 19 (1) lit d and e of Regulation (EU) 2017/1129 (the *Prospectus Regulation*). In the opinion of the Company, the historic management reports (*Lagebericht*), as disclosed in the document containing the German language originals of the Audited Consolidated Financial Statements, are not relevant for investors and have therefore not been incorporated by reference.

The German language originals of the Consolidated Financial Statements and the respective auditor's opinions are publicly available on the Company's website under [www.lloydfonds.de](http://www.lloydfonds.de) under "Investor Relations". The Audited Consolidated Financial Statement as of 31 December 2017 is available under <https://lfag-drupal-bucket-prod.s3.eu-central-1.amazonaws.com/public/documents/lfgb17.pdf>, the Audited Consolidated Financial Statement as of 31 December 2018 is available under [https://lfag-drupal-bucket-prod.s3.eu-central-1.amazonaws.com/public/documents/lfgb18\\_0.pdf](https://lfag-drupal-bucket-prod.s3.eu-central-1.amazonaws.com/public/documents/lfgb18_0.pdf) and the Unaudited Interim Consolidated Financial Statements as of 30 September 2019 are available under <https://lloydfonds.de/ungepruefter-zwischenabschluss-zum-30-09-2019>.

This Prospectus must be read together with the following pages of the German language originals of the Consolidated Financial Statements, which are deemed to be included in, and to form part of, this Prospectus:

### **Unaudited Interim Consolidated Financial Statements of the Company prepared in accordance with IFRS as adopted by the EU for interim financial reporting (IAS 34) as of and for the nine-month period ended 30 September 2019**

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### **Audited Consolidated Financial Statements of the Company prepared in accordance with IFRS as adopted by the EU as of and for the financial year ended 31 December 2017**

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## I SUMMARY OF THE PROSPECTUS

### SECTION 1 – INTRODUCTION

- 1.1 Name and ISIN of the securities.** This prospectus (the *Prospectus*) relates to ordinary bearer shares with no-par value of Lloyd Fonds AG (the *Company*) with the International Securities Identification Number (*ISIN*) DE000A12UP29.
- 1.2 Identity and contact details of the issuer, including its LEI.** The issuer is Lloyd Fonds AG, Legal Entity Identifier (*LEI*) 391200MMIN9EPH3GOD16, with business address at An der Alster 42, 20099 Hamburg, Federal Republic of Germany (*Germany*) (telephone +49 (0)40 32 56 78-0; website: [www.lloydfonds.de](http://www.lloydfonds.de)).
- 1.3 Identity and contact details of the competent authority that approved the prospectus.** The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* or *BaFin*), Marie Curie Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +49 228 4108 0; website: [www.bafin.de](http://www.bafin.de)) was the competent authority that approved this Prospectus.
- 1.4 Date of approval of the EU Growth prospectus.** BaFin has approved this Prospectus as competent authority under Regulation (EU) 2017/1129 on 20 November 2019.
- 1.5 Warnings.**
- 1.5.1 Statements by the issuer:**
- (a) *The summary should be read as an introduction to the EU Growth prospectus and that any decision to invest in the securities should be based on a consideration of the EU Growth prospectus as a whole by the investor;*
  - (b) *Investors could lose all or part of the invested capital;*
  - (c) *Where a claim relating to the information contained in an EU Growth prospectus is brought before a court, the plaintiff investor may, under the national law of the Member States, have to bear the costs of translating the EU Growth prospectus before the legal proceedings are initiated;*
  - (d) *Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the EU Growth prospectus, or where it does not provide, when read together with the other parts of the EU Growth prospectus, key information in order to aid investors when considering whether to invest in such securities.*

### SECTION 2 – KEY INFORMATION ON THE ISSUER

#### 2.1 Who is the issuer of the securities?

##### 2.1.1 Information about the issuer:

- (a) its legal form, the law under which it operates and its country of incorporation;** The Company's legal name is Lloyd Fonds AG and it primarily operates under the commercial name "Lloyd Fonds".  
The Company has its registered seat in Hamburg and its business address at An der Alster 42, 20099 Hamburg, Germany, and is registered with the commercial register (*Handelsregister*) of the local court of Hamburg, under number HRB 75492. The Company is a stock corporation (*Aktiengesellschaft*) incorporated in Germany and governed by German law.
- (b) its principal activities;** The Company has been active for more than 20 years as an asset and investment manager for closed-end investment products in various asset classes, including shipping, real estate, aircraft, British life insurance, energy and private equity.  
Following the change of the Company's shareholders and the corresponding changes at the level of the Company's supervisory board in 2018, the Company initiated a process of reshaping its business and strategic focus and commenced implementing its newly defined, and fully revised, business model. The Company's focus is to reposition itself as an independent, and unaffiliated with any banking organisation, "investment manager" and "active asset manager".

As part of its new strategy, the **Strategy 2019+**, the Company decided to no longer offer closed-end products. While it continues to manage the closed-end funds until their end of life-cycle, the Company is no longer actively marketing and offering closed-end products, as the Company believes that closed-end funds in relation to such asset classes, in particular as regards shipping, are no longer a viable asset class for investments.

**(c) its controlling shareholder(s), including whether it is directly or indirectly controlled;**

As of the date of this Prospectus, the DEWB Effecten GmbH directly holds an interest of more than 25% in the Company's capital and voting rights.

Apart from the above-mentioned shareholder, the Company is currently not aware of any shareholders that directly or indirectly hold 25% or more of the voting rights in the Company as, under the applicable listing rules of the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (SCALE), shareholdings in excess of 25% shall be reported to the relevant issuer. There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company. The management of the Company is neither under the direction of any other company nor any other person, in particular on the basis of a domination agreement, and is not controlled by another company or person.

**(d) name of the Chief Executive Officer (or equivalent).**

The Company has not yet appointed a chief executive officer. The Company is managed by its management board (*Vorstand*) comprising Klaus M. Pinter (Chief Financial Officer), Michael Schmidt (Chief Investment Officer) and Jochen Sturtzkopf (Chief Sales Officer).

**2.2 What is the key financial information regarding the issuer?**

The financial information contained in this Prospectus is taken or derived from the Company's unaudited interim condensed consolidated financial statements as of and for the nine-month period ended 30 September 2019 (the **Unaudited Interim Consolidated Financial Statements**) and the audited consolidated financial statements as of and for the fiscal years ended 31 December 2018 and 31 December 2017 (the **Audited Consolidated Financial Statements**, together the **Financial Statements**).

(in EUR thousand, unless otherwise indicated)

	For the fiscal year ended 31 December		For the nine-month period ended 30 September	
	2018	2017	2019	2018
	(audited)		(unaudited)	
Total revenue <sup>1</sup> .....	7,918	7,458	5,951	4,616
Operating profit/loss <sup>2</sup> .....	-1,782	512	-7,256	-1,393
Net profit or loss attributable to equity holders of the parent <sup>3</sup> .....	-1,534	1,360	-1,842	-1,344
Earnings per share (in EUR) .....	-0.16	0.15	-0.18	-0.14

<sup>1</sup> The line item "total revenue" presented in this table corresponds to the line item "sales" presented in the Consolidated Financial Statements.

<sup>2</sup> The line item "operating profit/loss" presented in this table corresponds to the line item "net profit from operating activities" presented in the Consolidated Financial Statements.

<sup>3</sup> The line item "net profit or loss attributable to equity holders of the parent" presented in this table corresponds to the line item "consolidated net profit" presented in the Consolidated Financial Statements.

(in EUR thousand)

	As of 31 December		As of 30 September	
	2018	2017	2019	
	(audited)		(unaudited)	
Total assets.....	29,504	26,462	42,645	
Total equity.....	20,786	18,554	19,569	

(in EUR thousand)

	For the fiscal year ended 31 December		For the nine-month period ended 30 September	
	2018	2017	2019	2018
	(audited)		(unaudited)	
Net cash from operating activities.....	-1,244	1,492	-200	2,852



Net cash used in investing activities .....	2,834	-3,183	-11,145	-143
Net cash from financing activities.....	2,237	110	5,420	2,238

In connection with the acquisition of SPSW Capital GmbH (the *SPSW Transaction*), which remains subject to closing, the Company has prepared pro forma financial information for the year ended 31 December 2018 as well as for the nine-month period ended 30 September 2019. Below is selected information from the statement of financial position as of 30 September 2019 and from the pro forma income statement for the year ended 31 December 2018 and the nine-month period ended 30 September 2019:

(in EUR thousand, unless otherwise indicated)	Company	SPSW	(=sum)		
	P&L*	P&L**	Pro Forma		
	01.01.- 31.12.2018	01.01.- 31.12.2018	01.01.- 31.12.2018	Pro-forma- Adjustments	01.01.- 31.12.2018
Total revenue <sup>1</sup> .....	7,918	8,134	16,052	-	16,052
Operating profit/loss <sup>2</sup> .....	-1,782	3,407	1,625	-1,609	16
net profit or loss attributable to equity holders of the parent <sup>3</sup> .....	-1,534	1,979	445	-21	424
Earnings per share (in EUR) .....	-0.16	-	-	0.19	0.03

\* The Company's consolidated statement of profit or loss for the financial year ended 31 December 2018.

\*\* The statement of profit or loss of SPSW Capital GmbH for the financial year ended 31 December 2018.

<sup>1</sup> The line item "total revenue" presented in this table corresponds to the line item "sales" presented in the Consolidated Financial Statements.

<sup>2</sup> The line item "operating profit/loss" presented in this table corresponds to the line item "net profit from operating activities" presented in the Consolidated Financial Statements.

<sup>3</sup> The line item "net profit or loss attributable to equity holders of the parent" presented in this table corresponds to the line item "consolidated net profit" presented in the Consolidated Financial Statements.

(in EUR thousand)	Company	SPSW	(=sum)		
	Balance Sheet	Balance Sheet**	Pro Forma		
	* 01.01.- 30.09.2019	01.01.- 30.09.2019	01.01.- 30.09.2019	Pro Forma Adjustments	01.01.- 30.09.2019
Total assets.....	42,645	4,404	47,049	57,436	104,485
Total equity .....	19,569	2,346	21,915	22,934	44,849

\* The Company's consolidated balance sheet as of 30 September 2019.

\*\* The balance sheet of SPSW Capital GmbH as of 30 September 2019.

### 2.3 What are the key risks that are specific to the issuer?

- Our revenues depend on the value of our funds and assets under management (the *AuM*). If the value of our funds were to decrease or if we are not able to achieve value appreciations, or only reduced value appreciations, of our AuM, our revenues for the year would correspondingly decrease, thereby negatively affecting our results of operations.
- The value of our funds depends on various factors outside of our control, including macroeconomic trends that affect global markets generally, the value of our AuM and the value of particular assets of our funds.
- We face significant competition and the asset management industry is highly competitive with moderate barriers to entry. Retail clients have numerous investment choices, which are growing as online investment offers become increasingly available.
- The failure or negative performance of products offered by competitors could lead to a loss of client confidence and thus also to a loss of confidence in our asset management products.
- The implementation of our new business model exposes us to different risks related to financial expenditures, reputation and regulation and we have invested significantly in developing our new business model pursuant to our Strategy 2019+. The SPSW Transaction is critical to implement our Strategy 2019+ and a failure to close the SPSW Transaction could result in a failure or delayed implementation of our Strategy 2019+.
- We may not achieve all of our targets for our business, including goals related to AuM growth, margins and cost discipline.

- We may not be able to raise the required amount of equity or debt capital on economically acceptable terms required to pursue our business objectives. In addition, financing expenditure could increase as a result of an increase in interest rates.
- Performance fees are difficult to predict and volatility, particularly in relation to market conditions, which are outside our control, has a direct impact on our result of operations.
- The Company's success greatly depends on the skills and expertise of its board members, both the management as well as the supervisory board, which the Company believes has longstanding experience in the industry enabling it to take on a crucial role in the growth and continued development of the Company's business.
- We depend on third party distribution partners and sales platforms in generating demand for our products and services and, consequently, in maintaining and growing our levels of AuM. In implementing our Strategy 2019+, in particular in relation to the LF-Line, we depend on our ability to access new distribution channels, such as savings banks, private banks, insurance companies, broker pools, wealth managers and family offices.
- We rely heavily on our IT systems for a variety of functions, including providing information to customers and/or employees and maintaining financial records. Furthermore, our algorithm is set-up on a cloud-based application and therefore, dependent on the cloud provider. Also, in relation to our proprietary algorithms, we depend on their proper functioning, ability to accurately assess or predict important developments. The IT systems used by us may be vulnerable to physical and electronic breaches, computer viruses and other attacks by cyber-criminals, internet fraudsters or by virtue of internal abuse, which could lead to, amongst other things, a leakage of our customer data, damage related to incursions, destruction of documents, inability or delays in processing transactions and unauthorised transactions.
- We are subject to a significant number of regulatory and supervisory regimes and complying with such rules and regulations is costly, time-consuming and complex. A failure to comply with such rules could result in fines and/or temporary or permanent prohibition of certain activities.

## SECTION 3 – KEY INFORMATION ON THE SECURITIES

### 3.1 What are the main features of the securities?

#### 3.1.1 Information about the securities:

- |  |   |
|--|---|
| <b>(a) their type and class;</b>   | This summary relates to ordinary bearer shares ( <i>Inhaberaktien</i> ) with no-par value ( <i>Stückaktien</i> ) of the Company; ISIN: DE000A12UP29; German Securities Code ( <i>Wertpapierkennnummer</i> , WKN): A12UP2; Ticket Symbol: L10A.<br><br>The Company has issued only one class of shares.  |
| <b>(b) where applicable, their currency, denomination, the number of securities issued and the term of the securities;</b>   | As of the date of this Prospectus, the share capital of the Company amounts to EUR 10,265,914.00 and is divided into 10,265,914 ordinary bearer shares ( <i>Inhaberaktien</i> ) with no-par value ( <i>Stückaktien</i> ). Each share of the Company represents a notional share of EUR 1.00 in the Company's share capital. All shares of the Company are fully paid up.<br><br>The Company's shares are denominated in euro. |
| <b>(c) the rights attached to the securities;</b>  | Each share of the Company carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights. The Company's shares carry full dividend rights as of 1 January 2019.  |
| <b>(d) the relative seniority of the securities in the issuer's capital structure in the event of insolvency including, where applicable, information on the level of subordination of the securities;</b> | The shares of the Company are subordinated to all other securities and claims in case of an insolvency of the Company.  |
| <b>(e) where applicable, the dividend or pay-out policy.</b>   | The Company currently intends to retain all available funds and any future earnings to support operations and to finance the growth and development of its business and does currently not intend to pay dividends in the foreseeable future.   |

### 3.2 Where will the securities be traded?

All shares in the Company are currently traded on the Open Market (*Freiverkehr*) (Segment: SCALE) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), which is not a regulated market within the meaning of Article 2 litera j) Prospectus Directive.

### 3.3 Is there a guarantee attached to the securities?

Not applicable. No guarantee is attached to the securities.

### 3.4 What are the key risks attached to the securities?

- The price of our shares can be subject to volatility and fluctuating trading volumes, and investors could lose all or parts of their investment.
- The consummation of the Offering is conditional upon us raising a minimum of EUR 6,000,000 in proceeds and the closing of the SPSW Transaction depends, among other things, on the successful completion of the Offering. Therefore, since a failure to close the SPSW Transaction could result in a failure or delayed implementation of our Strategy 2019+, our inability to raise the minimum proceeds in connection with the Offering could adversely affect our share price.

## SECTION 4 – KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC

### 4.1 Under which conditions and timetable can I invest in this security?

This public offer relates to the subscription offering (*Bezugsangebot*) of up to 1,500,000 bearer shares (*Inhaberaktien*) of the Company with no-par value (*Stückaktien*), each with a notional interest in the share capital of the Company of EUR 1.00 and full dividend rights from 1 January 2019 at the subscription price of EUR 5.36 and with the subscription ratio of 6:1, i.e. six existing shares entitle to subscribe for one new share (the *Offer Shares*), from a capital increase against cash contribution, as resolved by the Company's ordinary shareholders' meeting on 12 June 2019 (the *Subscription Offering*; together with the rump placement of shares not placed in the Subscription Offering, the *Offering*).

The following is the expected timetable of the Offering, which may be extended or shortened:

20 November 2019 .....	Approval of this Prospectus by BaFin
20 November 2019 .....	Publication of the approved prospectus on the Company's website ( <a href="http://www.lloydfonds.de">www.lloydfonds.de</a> )
22 November 2019 .....	Commencement of the subscription period
13 December 2019 .....	Close of the subscription period
16 December 2019 .....	Rump placement of shares not placed in the Subscription Offering, but instead placed in private placements (the <i>Rump Placement</i> )
19 December 2019 .....	Delivery of Offer Shares (settlement and closing)

The total expenses payable by the Company will amount to approximately EUR 750,000 (excluding underwriting and placement commissions payable to the Subscription Agent).

Investors will not be charged expenses by the Company or MainFirst Bank AG (the *Subscription Agent*). Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution.

### 4.2 Why is this EU Growth prospectus being produced?

The Company's shares are not admitted to trading on a regulated market and the Company qualifies as an "small and medium-sized" enterprise as defined in Article 4 item 13 of Directive 2014/65/EU as it had an average market capitalisation of less than EUR 200,000,000.00 on the basis of end-year quotes for the previous three calendar years.

#### 4.2.1 A brief description of the reasons for the offer as well as, where applicable:

- (a) **the use and estimated net amount of the proceeds;** In order to implement the SPSW Transaction, the Company conducts this Offering. The Company intends to use the aggregate net proceeds in the amount of approximately EUR 7,290,000 from this Offering (assuming placement of all Offer Shares) to make a downpayment on the first instalment of the purchase price for the SPSW Transaction. The downpayment in the amount of EUR 10,000,000 will be due and payable after the capital increase in connection with this Offering is registered with the commercial register. The downpayment will be financed out of the proceeds from this Offering as well as a cash payment out of the Company's existing cash-flow.

The downpayment will be credited toward the first instalment of the purchase price for the SPSW Transaction, which will be due and payable on 29 February 2020 in an amount to be calculated following completion of the Group's financial statements for the financial year ending 31 December 2019.

The aggregate purchase price for the SPSW Transaction is payable in eight annual instalments with the first instalment being due and payable on 29 February 2020 and the last instalment on 28 February 2027. The amount of each instalment depends, among others, on a specific performance-related financial indicator (i.e., "earnings after tax" as defined in the transaction documents of the SPSW Transaction) of the Group (including SPSW).

**(b) where the offer is subject to an underwriting agreement on a firm commitment basis, state any portion not covered;**

On 20 November 2019, the Company and the Subscription Agent entered into the Underwriting Agreement with respect to the Subscription Offering and the Rump Placement.

Pursuant to the Underwriting Agreement, the Subscription Agent has agreed to subscribe the proportion of Offer Shares and the Company has agreed to issue up to 1,500,000 Offer Shares to the Subscription Agent, in each case provided that the remaining Offer Shares are placed in the Rump Placement and the capital increase has been registered in the commercial register.

**(c) a description of any material conflict of interest pertaining to the offer or the admission to trading that is described in the prospectus.**

The Subscription Agent acts for the Company on the Offering and coordinates the structuring and execution of the Offering. Upon successful implementation of the Offering, the Subscription Agent will receive a commission. In addition, the Subscription Agent holds 1.787 % of the Company's existing share capital. As a result of these contractual relationships as well as the shares held by the Subscription Agent, the Subscription Agent has a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, the Subscription Agent and any of its affiliates, acting as an investor for their own account, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Offering. In addition, the Subscription Agent or its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Subscription Agent (or its affiliates) may from time to time acquire, hold or dispose of shares in the Company.

The Subscription Agent or its affiliates may have business relations with the Company or the Group or may perform services for the Company or the Group in the ordinary course of business. Consequently, they have an interest in the completion of the Offering at the best possible terms. In connection with the Offering, the Subscription Agent has a contractual relationship with the Company.

Furthermore, Achim Plate and Henning Soltau, managing directors of SPSW and currently members of the Company's supervisory board, are indirect contributors in connection with the SPSW Transaction and therefore, have an interest in the Offering, the purpose of which is to provide financing for the SPSW Transaction.

Other than the interests described above, there are no material interests, including material conflicts of interests, with respect to the Offering.

#### **4.3 Who is the offeror and/or the person asking for admission to trading?**

The Company acts as the offeror of the Offer Shares. The shares in the Company will be offered by the Company. MainFirst Bank AG, organised under German law and registered with the commercial register under the number HRB 53261 and its business address Kennedyallee 76, 60596 Frankfurt am Main, Germany (telephone +49 (0) 69 788080; website [www.mainfirst.com](http://www.mainfirst.com)) will act as Subscription Agent and is responsible for the technical execution of the Offering. The shares in the Company are not admitted to trading on a regulated market and, as of the date of this Prospectus, no admission to trading on a regulated market is intended. The Company will apply for the inclusion to trading of the Offer Shares on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange ("SCALE"). MainFirst Bank AG is acting as listing agent.

## II. ZUSAMMENFASSUNG DES PROSPEKTS

### ABSCHNITT 1 – EINFÜHRUNG

- 1.1 Bezeichnung und ISIN der Wertpapiere.** Dieser Prospekt (der *Prospekt*) bezieht sich auf nennwertlose Inhaberaktien (Stückaktien) der Lloyd Fonds AG (die *Gesellschaft*) mit der internationalen Wertpapier-Identifikationsnummer (*ISIN*) DE000A12UP29.
- 1.2 Identität und Kontaktdaten des Emittenten, einschließlich LEI.** Emittent ist die Lloyd Fonds AG, Legal Entity Rechtsträgerkennung (*LEI*) 391200MMIN9EPH3GOD16, mit der Geschäftsanschrift An der Alster 42, 20099 Hamburg, Bundesrepublik Deutschland (*Deutschland*) (Telefon +49 (0)40 32 56 78-0; Website: [www.lloydfonds.de](http://www.lloydfonds.de)).
- 1.3 Identität und Kontaktdaten der zuständigen Behörde, die den Prospekt gebilligt hat.** Die Bundesanstalt für Finanzdienstleistungsaufsicht (*BaFin*), Marie Curie Straße 24-28, 60439 Frankfurt am Main, Deutschland (Telefon +49 228 4108 0; Website: [www.bafin.de](http://www.bafin.de)) hat diesen Prospekt als zuständige Behörde gebilligt.
- 1.4 Datum der Billigung des EU-Wachstumsprospekts.** Die BaFin hat diesen Prospekt am 20. November 2019 gemäß Verordnung (EU) 2017/1129 gebilligt.
- 1.5 Warnungen.**
- 1.5.1 Erklärungen des Emittenten**
- Diese Zusammenfassung sollte als Einleitung zum EU-Wachstumsprospekt verstanden werden und Anleger sollten sich bei jeder Entscheidung, in die Wertpapiere zu investieren, auf den EU-Wachstumsprospekt als Ganzes stützen;*
  - Anleger, die in die Aktien der Gesellschaft investieren, könnten das gesamte angelegte Kapital oder einen Teil davon verlieren;*
  - Falls ein Anleger wegen der in einem EU-Wachstumsprospekt enthaltenen Angaben Klage einreichen will, muss dieser Anleger nach den nationalen Rechtsvorschriften seines Mitgliedstaats möglicherweise für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eingeleitet werden kann;*
  - Zivilrechtlich haften nur diejenigen Personen, die diese Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen des EU-Wachstumsprospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen des EU-Wachstumsprospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen würden.*

### ABSCHNITT 2 – BASISINFORMATIONEN ÜBER DEN EMITTENTEN

#### 2.1 Wer ist der Emittent der Wertpapiere?

##### 2.1.1 Angaben zum Emittenten:

- a) **Rechtsform des Emittenten, für ihn geltendes Recht und Land der Eintragung;** Die juristische Bezeichnung der Gesellschaft ist Lloyd Fonds AG und die Gesellschaft ist unter ihrer kommerziellen Bezeichnung "Lloyd Fonds" tätig. Die Gesellschaft hat ihren Sitz in Hamburg und ihre Geschäftsanschrift ist An der Alster 42, 20099 Hamburg. Sie ist im Handelsregister des Amtsgerichts Hamburg unter HRB 75492 eingetragen. Die Gesellschaft ist eine Aktiengesellschaft, die deutschem Recht unterliegt.
- b) **Haupttätigkeiten des Emittenten;** Die Gesellschaft ist seit mehr als 20 Jahren als Vermögens- und Anlageverwalter für geschlossene Anlageprodukte in verschiedenen Anlageklassen, darunter Schifffahrt, Immobilien, Flugzeuge, britische Lebensversicherungen, Energie und Private Equity tätig. Nach dem Aktionärswechsel und damit verbundenen personellen Änderungen auf der Ebene des Aufsichtsrats im Jahr 2018 hat die Gesellschaft einen Neuerungsprozess ihrer geschäftlichen und strategischen Ausrichtung eingeleitet und mit der Umsetzung ihres neu definierten und vollständig überarbeiteten Geschäftsmodells begonnen. Das Hauptaugenmerk der Gesellschaft liegt auf der Neupositionierung als unabhängiger und von jedwedem Bankinstitut losgelöster „Investment Manager“ und „Active Asset Manager“.
- Im Rahmen seiner neuen Strategie, der *Strategie 2019+*, hat sich die Gesellschaft entschieden, keine geschlossenen Produkte mehr anzubieten. Während die Gesellschaft die geschlossenen Fonds bis zum Ende ihrer Laufzeit

verwaltet, werden keine geschlossenen Produkte mehr vermarktet oder angeboten. Die Gesellschaft vertritt die Ansicht, dass geschlossene Fonds in Bezug auf solche Anlageklassen, insbesondere in der Schifffahrt, nicht mehr als Anlageklassen für Investitionen tragfähig sind.

**c) herrschende(r)  
Aktionär(e), sowohl  
direkt und indirekt  
herrschend;**

Zum Zeitpunkt dieses Prospekts hält die DEWB Effecten GmbH eine direkte Beteiligung von mehr als 25% am Kapital und an den Stimmrechten der Gesellschaft.

Abgesehen von dem oben genannten Aktionär sind der Gesellschaft derzeit keine Aktionäre bekannt, die direkt oder indirekt 25% oder mehr der Stimmrechte an der Gesellschaft halten, da aufgrund des Regelwerks des Open Market (Freiverkehr) der Frankfurter Wertpapierbörse (SCALE) Beteiligungen, die mehr als 25% umfassen, der Gesellschaft mitzuteilen sind. Der Gesellschaft sind keine Vereinbarungen bekannt, die zu einem späteren Zeitpunkt zu einem Kontrollwechsel über die Gesellschaft führen könnten. Die Geschäftsführung der Gesellschaft steht weder unter der Leitung einer anderen Gesellschaft noch einer anderen Person, insbesondere auf der Grundlage eines Beherrschungsvertrages, und wird nicht von einer anderen Gesellschaft oder Person kontrolliert.

**d) Name des  
Vorstandsvorsitzenden  
(oder Äquivalent).**

Die Gesellschaft hat zurzeit keinen Vorstandsvorsitzenden. Die Gesellschaft wird von ihrem Vorstand verwaltet, der aus Klaus M. Pinter (Chief Financial Officer), Michael Schmidt (Chief Investment Officer) und Jochen Sturtzkopf (Chief Sales Officer) besteht.

**2.2 Welches sind die wesentlichen Finanzinformationen über den Emittenten?**

Die in diesem Prospekt enthaltenen Finanzinformationen sind dem ungeprüften verkürzten Konzernzwischenabschluss der Lloyd Fonds AG zum 30. September 2019 (*ungeprüfter Konzernzwischenabschluss*) und dem geprüften Konzernabschluss zum 31. Dezember 2018 und 31. Dezember 2017 (*geprüfter Konzern-Jahresabschluss*) entnommen bzw. abgeleitet.

(in EUR tausend, sofern nicht anders angegeben)

	Geschäftsjahr zum 31. Dezember		Neunmonatszeitraum zum	
	2018	2017	30. September 2019	2018
	(geprüft)		(ungeprüft)	
Einnahmen insgesamt <sup>1</sup> .....	7.918	7.458	5.951	4.616
Ergebnis der operativen Geschäftstätigkeit <sup>2</sup> ..	-1.782	512	-7.256	-1.393
Anteilseignern des Mutterunternehmens zuzurechnender Nettogewinn oder Nettoverlust <sup>3</sup> .....	-1.534	1.360	-1.842	-1.344
Ergebnis je Aktie (in EUR) .....	-0,16	0,15	-0,18	-0,14

<sup>1</sup> Die in dieser Tabelle dargestellte Finanzkennzahl "Einnahmen insgesamt" korrespondiert mit der Finanzkennzahl "Umsatzerlöse" die im geprüften Konzern-Jahresabschluss und dem ungeprüften Konzernzwischenabschluss dargestellt wird.

<sup>2</sup> Die in dieser Tabelle dargestellte Finanzkennzahl "Ergebnis der operativen Geschäftstätigkeit" korrespondiert mit der Finanzkennzahl "Ergebnis der operative Konzernjahresergebnis" die im geprüften Konzern-Jahresabschluss und dem ungeprüften Konzernzwischenabschluss dargestellt wird.

<sup>3</sup> Die in dieser Tabelle dargestellte Finanzkennzahl "Anteilseignern des Mutterunternehmens zuzurechnender Nettogewinn oder Nettoverlust" korrespondiert mit der Finanzkennzahl "Konzernjahresergebnis" die im geprüften Konzern-Jahresabschluss und dem ungeprüften Konzernzwischenabschluss dargestellt wird.

(in EUR tausend)

	Zum 31. Dezember		Zum 30. September
	2018	2017	2019
	(geprüft)		(ungeprüft)
Summe Vermögenswerte .....	29.504	26.462	42.645
Summe Eigenkapital .....	20.786	18.554	19.569

(in EUR tausend)

	Geschäftsjahr zum 31. Dezember		Neunmonatszeitraum zum	
	2018	2017	30. September 2019	2018
	(geprüft)		(ungeprüft)	
Netto-Cashflows aus der laufenden Geschäftstätigkeit .....	-1.244	1.492	-200	2.852
Netto-Cashflows aus der Investitionstätigkeit .....	2.834	-3.183	-11.145	-143
Netto-Cashflows aus der Finanzierungstätigkeit .....	2.237	110	5.420	2.238

Im Zusammenhang mit der Akquisition der SPSW Capital GmbH (die *SPSW Transaktion*), die zum Zeitpunkt

dieses Prospekts noch nicht abgeschlossen ist, hat die Gesellschaft Pro-forma-Finanzinformationen für das Geschäftsjahr zum 31. Dezember 2018 sowie für den Neunmonatszeitraum zum 30. September 2019 erstellt. Nachfolgend werden ausgewählte Finanzinformationen aus der Bilanz zum 30. September 2019 und aus der Pro-forma-Gewinn- und Verlustrechnung für das Geschäftsjahr zum 31. Dezember 2018 und den Neunmonatszeitraum zum 30. September 2019 dargestellt:

(in EUR tausend, sofern nicht anders angegeben)	Gesellschaft	SPSW	01.01.- 31.12.2018	Pro-forma- Anpassungen	(=Summe)
	GuV*	GuV**			Pro-forma
	01.01.- 31.12.2018	01.01.- 31.12.2018	01.01.- 31.12.2018		01.01.- 31.12.2018
Einnahmen insgesamt <sup>1</sup> .....	7.918	8.134	16.052	-	16.052
Ergebnis der operativen Geschäftstätigkeit <sup>2</sup> .....	-1.782	3.407	1.625	-1.609	16
Anteilseignern des Mutterunternehmens zuzurechnender Nettogewinn oder Nettoverlust <sup>3</sup> .....	-1.534	1.979	445	-21	424
Ergebnis je Aktie (in EUR).....	-0,16	-	-	0,19	0,03

\* Die Konzern-Gewinn- und Verlustrechnung der Gesellschaft für das Geschäftsjahr zum 31. Dezember 2018.

\*\* Die Gewinn- und Verlustrechnung der SPSW Capital GmbH für das Geschäftsjahr zum 31. Dezember 2018.

- 1 Die in dieser Tabelle dargestellte Finanzkennzahl "Einnahmen insgesamt" korrespondiert mit der Finanzkennzahl "Umsatzerlöse" die im geprüften Konzern-Jahresabschluss und dem ungeprüften Konzernzwischenabschluss dargestellt wird.
- 2 Die in dieser Tabelle dargestellte Finanzkennzahl "Ergebnis der operativen Geschäftstätigkeit" korrespondiert mit der Finanzkennzahl "Ergebnis der operative Konzernjahresergebnis" die im geprüften Konzern-Jahresabschluss und dem ungeprüften Konzernzwischenabschluss dargestellt wird.
- 3 Die in dieser Tabelle dargestellte Finanzkennzahl "Anteilseignern des Mutterunternehmens zuzurechnender Nettogewinn oder Nettoverlust" korrespondiert mit der Finanzkennzahl "Konzernjahresergebnis" die im geprüften Konzern-Jahresabschluss und dem ungeprüften Konzernzwischenabschluss dargestellt wird.

(in EUR tausend)	Gesellschaft	SPSW	01.01.- 30.09.2019	Pro-forma- Anpassungen	(=Summe)
	Bilanz*	Bilanz**			Pro-forma
	01.01.- 30.09.2019	01.01.- 30.09.2019	01.01.- 30.09.2019		01.01.-30.09.2019
Summe Vermögenswerte.....	42.645	4.404	47.049	57.436	104.485
Summe Eigenkapital.....	19.569	2.346	21.915	22.934	44.849

\* Die Konzern Bilanz der Gesellschaft zum 30. September 2019

\*\* Die Bilanz der SPSW Capital GmbH zum 30. Septmber 2019.

### 2.3 Welche sind die zentralen Risiken, die dem Emittenten eigen sind?

- Unsere Erträge hängen vom Wert unserer Fonds und verwalteten Vermögensgegenstände ab und wenn der Wert unserer Fonds sinken würde oder wenn wir keine oder nur geringe Wertsteigerungen unserer verwalteten Vermögensgegenstände erzielen könnten, würden unsere Jahresumsätze entsprechend sinken und sich dadurch negativ auf unsere Ertragslage auswirken.
- Der Wert unserer Fonds hängt von verschiedenen Faktoren ab, die außerhalb unserer Kontrolle liegen, einschließlich makroökonomischer Trends, die sich auf die globalen Märkte im Allgemeinen auswirken, dem Wert unserer verwalteten Vermögensgegenstände und dem Wert bestimmter Vermögenswerte unserer Fonds.
- Wir stehen in einem starken Wettbewerb und die Vermögensverwaltungsbranche ist sehr wettbewerbsintensiv mit moderaten Eintrittsbarrieren. Privatkunden haben zahlreiche Anlagemöglichkeiten, die mit zunehmender Verfügbarkeit von Online-Angeboten wachsen.
- Der Ausfall oder die negative Performance von Produkten der Wettbewerber kann zu einem Vertrauensverlust der Kunden und damit auch zu einem Vertrauensverlust in unsere Vermögensverwaltungsprodukte führen.
- Die Umsetzung unseres neuen Geschäftsmodells setzt uns unterschiedlichen Risiken in Bezug auf Finanzaufwendungen, Reputation und Regulierung aus und wir haben erheblich in die Entwicklung unseres neuen Geschäftsmodells gemäß unserer Strategie 2019+ investiert. Die SPSW-Transaktion ist entscheidend für die Umsetzung unserer Strategie 2019+, und ein Versäumnis, die SPSW-Transaktion abzuschließen, könnte zu einem Scheitern oder einer verzögerten Umsetzung unserer Strategie 2019+ führen.
- Wir könnten nicht alle unserer Geschäftsziele erreichen, einschließlich der Ziele im Zusammenhang mit dem Wachstum der verwalteten Vermögensgegenstände, den Margen und der Kostendisziplin.
- Es besteht die Möglichkeit, dass wir nicht in der Lage sind, das erforderliche Eigen- oder Fremdkapital

zu wirtschaftlich vertretbaren Bedingungen aufzubringen, um unsere Geschäftsziele zu erreichen. Darüber hinaus könnten die Finanzierungsaufwendungen durch einen Anstieg der Zinssätze steigen.

- Die Performancegebühren sind schwer vorhersehbar und die Volatilität, insbesondere in Bezug auf Marktbedingungen, welche außerhalb unserer Kontrolle liegen, hat einen direkten Einfluss auf unser operatives Ergebnis.
- Der Erfolg des Unternehmens hängt in hohem Maße von den Fähigkeiten und dem Fachwissen unserer Vorstands- und Aufsichtsratsmitglieder ab, von denen die Gesellschaft glaubt, dass sie über langjährige Branchenerfahrung verfügen, die es ihnen ermöglicht, eine entscheidende Rolle beim Wachstum und bei der Weiterentwicklung des Geschäfts der Gesellschaft zu übernehmen.
- Wir sind bei der Generierung der Nachfrage nach unseren Produkten und Dienstleistungen und damit bei der Aufrechterhaltung und dem Ausbau unserer verwalteten Vermögensgegenstände auf Vertriebspartner und Vertriebsplattformen Dritter angewiesen. Bei der Umsetzung unserer Strategie 2019+, insbesondere im Zusammenhang mit der LF-Linie, sind wir auf unsere Fähigkeit angewiesen, neue Vertriebskanäle wie Sparkassen, Privatbanken, Versicherungen, Maklerpools, Vermögensverwalter und Family Offices zu erschließen.
- Wir sind bei einer Vielzahl von Funktionen stark auf unsere IT-Systeme angewiesen, einschließlich der Bereitstellung von Informationen für Kunden und/oder Mitarbeiter und der Führung von Finanzunterlagen. Darüber hinaus läuft unser Algorithmus auf einer Cloud-basierten Anwendung und ist damit abhängig vom Cloud-Provider. Auch in Bezug auf unsere Algorithmen sind wir auf deren einwandfreie Funktionsfähigkeit angewiesen sowie die Fähigkeit, wichtige Entwicklungen entsprechend zu beurteilen oder vorherzusehen. Die von uns verwendeten IT-Systeme können anfällig für physische und elektronische Verstöße, Computerviren und andere Angriffe von Cyberkriminellen, Internetbetrüggern oder aufgrund von internem Missbrauch sein, die unter anderem zu einem Verlust unserer Kundendaten, Schäden durch das Eindringen in Systeme, Zerstörung von Dokumenten, Abbrüchen oder Verzögerungen bei der Verarbeitung von Transaktionen und nicht autorisierten Transaktionen führen können.
- Wir unterliegen einer Vielzahl von Regulierungs- und Aufsichtsregimen, und die Einhaltung dieser Regeln und Vorschriften ist kostspielig, zeitaufwändig und komplex. Die Nichteinhaltung dieser Vorschriften kann zu Geldbußen und/oder einem vorübergehenden oder dauerhaften Verbot bestimmter Tätigkeiten führen.

## **ABSCHNITT 3 – BASISINFORMATIONEN ÜBER DIE WERTPAPIERE**

### **3.1 Welches sind die wichtigsten Merkmale der Wertpapiere?**

#### **3.1.1 Informationen über die Wertpapiere:**

- a) **Art und Gattung** Diese Zusammenfassung bezieht sich auf nennwertlose Inhaberaktien (Stückaktien) der Gesellschaft; ISIN: DE000A12UP29; Wertpapierkennnummer: A12UP2; Börsenkürzel L1OA.  
Die Gesellschaft hat nur eine Gattung von Aktien.
- b) **gegebenenfalls Währung, Stückelung, Anzahl der begebenen Wertpapiere und Laufzeit der Wertpapiere;** Das Grundkapital der Gesellschaft beträgt zum Zeitpunkt dieses Prospekts EUR 10.265.914,00 und ist in 10.265.914 nennwertlosen Inhaberaktien (Stückaktien) aufgeteilt. Jede Aktie der Gesellschaft repräsentiert einen rechnerischen Anteil von EUR 1,00 am Grundkapital der Gesellschaft. Alle Aktien der Gesellschaft sind voll eingezahlt.  
Die Aktien der Gesellschaft sind in Euro denominated.
- c) **mit den Wertpapieren verbundene Rechte** Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Die Aktien der Gesellschaft sind ab dem 1. Januar 2019 in voller Höhe gewinnanteilsberechtig.
- d) **relativer Rang der Wertpapiere in der Kapitalstruktur des Emittenten im Fall einer Insolvenz, gegebenenfalls mit Angaben über ihre Nachrangigkeitsstufe;** Die Aktien der Gesellschaft sind im Fall einer Insolvenz der Gesellschaft gegenüber allen anderen Wertpapieren und Forderungen nachrangig.
- e) **gegebenenfalls Angaben zur Dividenden- bzw. Ausschüttungspolitik.** Die Gesellschaft beabsichtigt derzeit, alle verfügbaren Mittel und etwaige zukünftige Gewinne zur Unterstützung der Geschäftstätigkeit und zur Finanzierung des Wachstums und der Entwicklung ihres Geschäfts zurückzuhalten und beabsichtigt derzeit nicht, in absehbarer Zeit Dividenden



auszuschütten.

### 3.2 Wo werden die Wertpapiere gehandelt?

Alle Aktien der Gesellschaft werden zurzeit im Freiverkehr (Segment: SCALE) der Frankfurter Wertpapierbörse gehandelt, der kein geregelter Markt im Sinne des Artikel 2 lit. j) der Prospektverordnung ist.

### 3.3 Wird für die Wertpapiere eine Garantie gestellt?

Nicht anwendbar. Es wird für die Wertpapiere keine Garantie gestellt.

### 3.4 Welche sind die zentralen Risiken, die den Wertpapieren eigen sind?

- Der Kurs unserer Aktien kann Schwankungen und schwankenden Handelsvolumina unterliegen, und Anleger könnten ihr Investment ganz oder teilweise verlieren.
- Der Vollzug des Angebots ist davon abhängig, dass wir einen Erlös von mindestens EUR 6.000.000,00 erzielen und andererseits hängt das Closing der SPSW-Transaktion unter anderem vom erfolgreichen Abschluss des Angebots ab. Da ein Scheitern des Abschlusses der SPSW-Transaktion zu einem Scheitern oder einer verzögerten Umsetzung unserer Strategie 2019+ führen könnte, könnte sich das Scheitern des Angebots, negativ auf unseren Aktienkurs auswirken.

## ABSCHNITT 4 – BASISINFORMATIONEN ÜBER DAS ÖFFENTLICHE ANGEBOT VON WERTPAPIEREN

### 4.1 Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Das öffentliche Angebot bezieht sich auf den Verkauf von bis zu 1,500,000 nennwertlosen Inhaberaktien (*Stückaktien*) der Gesellschaft, jeweils mit einem rechnerischen Anteil am Grundkapital der Gesellschaft von EUR 1,00 und mit voller Dividendenberechtigung ab 1. Januar 2019 zu einem Bezugspreis von EUR 5,36 und zu einer Bezugsquote von 6:1, d.h. sechs gehaltene Aktien berechtigen zum Bezug von einer neuen Aktie (die *Angebotsaktien*), aus einer von der ordentlichen Hauptversammlung am 12. Juni 2019 beschlossenen Kapitalerhöhung gegen Bareinlage (*Bezugsangebot*, zusammen mit der Restplatzierung von Aktien, die nicht im Rahmen des Bezugsangebots platziert wurden, das *Angebot*).

Nachstehend ist der voraussichtliche Zeitplan des Angebots dargestellt, der verlängert oder verkürzt werden kann.

20. November 2019	Genehmigung des Prospekts durch die deutsche Bundesanstalt für Finanzdienstleistungsaufsicht ( <i>BaFin</i> )
20. November 2019	Veröffentlichung des genehmigten Prospekts auf der Unternehmenswebsite ( <a href="http://www.lloydfonds.de">www.lloydfonds.de</a> )
22. November 2019	Beginn der Bezugsfrist
13. Dezember 2019	Ende der Bezugsfrist
16. Dezember 2019	Restplatzierung der Angebotsaktien, die nicht im Bezugsangebot platziert wurden, die im Rahmen von Privatplatzierungen platziert werden (die <i>Restplatzierung</i> )
19. Dezember 2019	Lieferung der Angebotsaktien (Abwicklung und Abschluss)

Die vom Unternehmen zu tragenden Gesamtkosten werden rund EUR 750.000 betragen (exklusive einer Zeichnungs- und Platzierungsprovision, die an den Subscription Agent zahlbar ist).

Anlegern werden von der Gesellschaft oder MainFirst Bank AG (dem *Subscription Agent*) keine Kosten in Rechnung gestellt. Anleger können jedoch die üblichen Transaktions- und Abwicklungsgebühren, welche ihr depotführendes Finanzinstitut in Rechnung stellt, zu tragen haben.

### 4.2 Weshalb wird dieser EU-Wachstumsprospekt erstellt?

Die Aktien der Gesellschaft sind nicht zum Handel an einem geregelten Markt zugelassen und die Gesellschaft gilt als "kleines und mittleres" Unternehmen im Sinne des Artikels 4 Ziffer 13 der Richtlinie 2014/65/EG, da sie eine durchschnittliche Marktkapitalisierung von weniger als EUR 200,000,000.00 auf Basis von Jahresabschlüssen für die letzten drei Kalenderjahre aufweist.

#### 4.2.1 Kurze Beschreibung der Gründe für das Angebot sowie gegebenenfalls:

- a) **die Zweckbestimmung der Erlöse und die geschätzten Nettoerlöse;** Um die SPSW-Transaktion umzusetzen, führt die Gesellschaft dieses Angebot durch. Die Gesellschaft beabsichtigt, den gesamten Nettoerlös aus diesem Angebot, welchen die Gesellschaft auf ca. EUR 7.290.000 schätzt (unter der Annahme der Platzierung aller Offer Shares), als Anzahlung für die erste Tranche des Kaufpreises der SPSW-Transaktion zu verwenden. Sobald die Barkapitalerhöhung, welche Gegenstand dieses Angebots ist, beim Handelsregister eingetragen ist, wird die Anzahlung in der Höhe von EUR 10,000,000 fällig und zahlbar. Die Anzahlung wird aus den Nettoerlösen dieses Angebots sowie dem bestehenden Cash Flow finanziert werden. Die Anzahlung wird auf die erste Tranche des Kaufpreises der SPSW-Transaktion angerechnet, welche am 29. Februar 2020 fällig und zahlbar ist und deren Höhe auf Basis der fertiggestellten Konzernabschlüsse für das Geschäftsjahr zum 31. Dezember 2019 berechnet wird.

Der Gesamtpreis für die SPSW Transaktion ist in acht Tranchen zahlbar, wobei die erste Tranche am 29. Februar 2020 und die letzte Tranche am 28. Februar 2027 fällig und zahlbar ist. Der Umfang jeder Tranche hängt unter anderem von einer bestimmten Leistungskennzahl (d.h. „Ergebnis nach Steuern“ wie in den Transaktionsdokumenten der SPSW definiert) der Gesellschaft (inklusive SPSW) ab.

- b) **Angabe jedes nicht erfassten Teils, sofern das Angebot einem Übernahmevertrag mit fester Übernahmeverpflichtung unterliegt;**

Am 20. November 2019 haben die Gesellschaft und der Subscription Agent den Zeichnungsvertrag in Bezug auf das Zeichnungsangebot und die Restplatzierung abgeschlossen.

Gemäß dem Übernahmevertrag hat sich der Subscription Agent bereit erklärt, den Anteil der Angebotsaktien zu übernehmen, und die Gesellschaft hat sich bereit erklärt, bis zu 1.500.000 Angebotsaktien an den Subscription Agent auszugeben, jeweils unter der Voraussetzung, dass die Angebotsaktien, die nicht im Bezugsangebot platziert wurden, im Zuge der Restplatzierung platziert werden und die Kapitalerhöhung in das Handelsregister eingetragen wurde.

- c) **eine Beschreibung etwaiger wesentlicher Interessenkonflikte hinsichtlich des Angebots oder der Zulassung zum Handel, die im Prospekt beschrieben sind.**

Der Subscription Agent handelt für die Gesellschaft im Rahmen des Angebots und koordiniert die Strukturierung und Durchführung des Angebots. Nach erfolgreicher Durchführung des Angebots erhält der Subscription Agent eine Provision. Des Weiteren hält der Subscription Agent Aktien in der Höhe von 1,787% des existierenden Grundkapitals der Gesellschaft. Aufgrund dieser Vertragsbeziehungen sowie der gehaltenen Aktien hat der Subscription Agent ein finanzielles Interesse am Erfolg des Angebots.

Darüber hinaus können der Subscription Agent und seine verbundenen Unternehmen, die als Investoren auf eigene Rechnung handeln, im Zusammenhang mit dem Angebot Angebotsaktien erwerben und in dieser Eigenschaft diese Aktien oder damit zusammenhängende Anlagen für eigene Rechnung behalten, erwerben oder verkaufen und diese Aktien oder andere Anlagen anders als im Zusammenhang mit dem Angebot anbieten oder verkaufen. Darüber hinaus können der Subscription Agent oder seine verbundenen Unternehmen mit Investoren Finanzierungsvereinbarungen (einschließlich Swaps oder Differenzkontrakte) treffen, mit denen der Subscription Agent (oder seine verbundenen Unternehmen) von Zeit zu Zeit Aktien der Gesellschaft erwerben, halten oder veräußern kann.

Der Subscription Agent oder seine verbundenen Unternehmen können Geschäftsbeziehungen mit der Gesellschaft oder der Gruppe unterhalten oder im Rahmen der normalen Geschäftstätigkeit Dienstleistungen für die Gesellschaft oder die Gruppe erbringen. Sie haben daher ein Interesse daran, das Angebot zu bestmöglichen Bedingungen abzuschließen. Im Zusammenhang mit dem Angebot steht der Subscription Agent in einem Vertragsverhältnis mit der Gesellschaft.

Weiters sind Achim Plate und Henning Soltau, Geschäftsführer der SPSW und derzeit Mitglieder des Aufsichtsrats der Gesellschaft, indirekt Einbringende im Zusammenhang mit der SPSW Transaktion und haben folglich ein Interesse an diesem Angebot, dessen Zweck die Finanzierung der SPSW Transaktion ist.

Abgesehen von den oben beschriebenen Interessen gibt es in Bezug auf das Angebot keine wesentlichen Interessen, einschließlich wesentlicher Interessenkonflikte.

#### **4.3 Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?**

Die Gesellschaft tritt als Anbieter der Angebotsaktien der Gesellschaft auf. Die Aktien der Gesellschaft werden von der Gesellschaft angeboten. Die MainFirst Bank AG, registriert unter der Handelsregisternummer HRB 53261 mit der Adresse Kennedyallee 76, 60596 Frankfurt am Main, Deutschland (Telefon +49 (0) 69 788080; Website [www.mainfirst.com](http://www.mainfirst.com)) trifft als Subscription Agent auf und ist für die technische Abwicklung des Angebots verantwortlich.

Die Aktien der Gesellschaft sind nicht zum Handel an einem geregelten Markt zugelassen und zum Zeitpunkt dieses Prospekts ist keine Zulassung zum Handel an einem geregelten Markt beabsichtigt. Die Gesellschaft wird die Einbeziehung der Angebotsaktien in den Handel im Freiverkehr der Frankfurter Wertpapierbörse ("SCALE") beantragen. Die MainFirst Bank AG fungiert als Listingagent.

## 1. PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS REPORTS AND COMPETENT AUTHORITY APPROVAL

*This section shall provide information on the persons who are responsible for the content of this prospectus. The purpose of this section is to provide comfort to investors on the accuracy of the information disclosed in this prospectus. Moreover, this section provides information on the legal basis of this prospectus and its approval by the competent authority.*

### 1.1 Responsibility Statement

The Company has assumed responsibility for the contents of this prospectus pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), and declare, to the best of its knowledge, that the information contained in this Prospectus is in accordance with the facts and that this Prospectus makes no material omission likely to affect its import.

#### *Warnings*

- (a) This Prospectus has been approved by German Financial Markets Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*), Marie Curie Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +4922841080; website: [www.bafin.de](http://www.bafin.de)), as competent authority under the Prospectus Regulation;
- (b) BaFin only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation;
- (c) Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus;
- (d) Investors should make their own assessment as to the suitability of investing in the securities; and
- (e) This Prospectus has been drawn up as part of an EU growth prospectus in accordance with Article 15 of the Prospectus Regulation.

The information in this Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in this prospectus that may affect an assessment of the securities and occurs or comes to light following the approval of this Prospectus but before the completion of the public offering. These updates must be disclosed in a prospectus supplement in accordance with Article 23 of the Prospectus Regulation. Investors who submitted purchase orders before the supplement is published have the right to withdraw these offers to purchase within two working days of the publication of the supplement.

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

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any offer shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

### 1.2 Sources of Market Data and Third-Party Information

To the extent not otherwise indicated, the information contained in this prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which

the Group operates are based on the Company's assessments. These assessments, in turn, are based in part on internal observations of the market and on various market studies.

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

- Edison – Scale research report Update, 8 May 2019 (<https://lfag-drupal-bucket-prod.s3.eu-central-1.amazonaws.com/public/documents/20190611smc-studielloydfonds.pdf>);
- SMC Research, Lloyd Fonds AG, 11 June 2019 (<https://www.smc-research.com/wp-content/uploads/2019/06/2019-06-11-SMC-Studie-Lloyd-Fonds.pdf>);
- M.M. Warburg & CO, Lloyd Fonds AG research report, 22 October 2019 (<https://lfag-drupal-bucket-prod.s3.eu-central-1.amazonaws.com/public/documents/lloyd-fondsfull-note20191022de.pdf>).

It should be noted in particular that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the above-mentioned market studies, publicly available research and reports, internet articles, press clippings and statistics. The Company has accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may be inaccurate or inappropriate, and their methodology is inherently predictive and speculative.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company (see „1.1 Responsibility Statement“), the Company has not independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company makes no representation or warranty as to the accuracy of any such information from third party studies included in this Prospectus. Prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties. Neither the Company nor any of their respective affiliates is making any representation to any offeree or purchaser of any shares in the Company regarding the legality of an investment in the Offer Shares by such offeree or purchaser.

Information contained on any website mentioned in this Prospectus, including the Company's website, is not incorporated by reference in this Prospectus and is not part of this Prospectus.

### **1.3 Other Information**

#### ***1.3.1 Forward-Looking Statements***

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on the Company's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which it is exposed. In some cases, forward-looking statements can be identified by the use of forward-looking terminology or subjective assessments, which may include words such as “anticipate”, “believe”, “contemplate”, “continue”, “could”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “should”, “target” and “would” or the negative of these words or other similar terms or expressions.

The forward-looking statements in this Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company's actual results, including its financial condition and profitability, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in this Prospectus, particularly in the sections of this Prospectus describing risk factors, markets and competition, the Company's business and recent developments and outlook, and wherever information is contained in this Prospectus regarding the Company's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which the Company is subject. See "*4 Strategy, Performance and Business Environment*", "*5 Risk Factors*" and "*9.2 Management's Discussion and Analysis of Financial Condition and Results of Operations*". Forward-looking statements should not be relied upon as predictions of future events.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus will not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus, see "*1.2 Sources of Market Data and Third-Party Information*"). Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

- the implementation of the Company's strategic initiatives and other responses there to;
- the development of aspects of the Company's results of operations
- the Company's ability to attract new customers and retain existing customers;
- actual, possible or perceived disruptions or vulnerabilities in the Company's products;
- the Company's ability to respond to technological changes, update current products or develop new features and remain competitive;
- changes in general macroeconomic conditions in the markets in which the Company operates, in general, and developments in the industry in particular;
- the Company's ability to maintain its brand, operate in competitive markets and continue to compete effectively;
- the Company's ability to attract and retain qualified employees and management personnel;
- the Company's future growth and financial performance, including billings, revenue, cost of sales, operating expenses and interest costs;
- legal and operational challenges associated with international operations, including in emerging markets; and
- changes in relevant laws and regulations including laws related to data privacy, tax laws and sanctions.

This list of important factors is not exhaustive. The foregoing factors and other uncertainties and events should be carefully considered, especially in light of the regulatory, political, economic, social and legal environment in which the Company operates.

Moreover, it should be noted that the Company not assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments. The Company may not actually achieve the plans, intentions or expectations disclosed in the forward-looking statements, and one should not place undue reliance on these forward-looking statements. These forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

See “5 Risk Factors” for a further description of various factors that could influence these forward-looking statements.

### 1.3.2 Currency Presentation and Presentation of Figures

In this Prospectus, “euro”, “EUR” and “€” refer to the single European currency adopted by certain participating Member States of the European Union, including Germany; “USD” refers to the official currency of the United States.

Where financial data in this Prospectus is labelled „audited”, this means that it has been taken from the Audited Consolidated Financial Statements. The label „unaudited” is used in this Prospectus to indicate financial data that has not been taken from the Audited Consolidated Financial Statements but was taken from the Unaudited Consolidated Interim Financial Statements or from the Company’s internal accounting system or has been calculated based on financial data from the above-mentioned sources.

Certain financial data (including percentages) in this Prospectus have been rounded according to established commercial standards, whereby aggregate amounts (sum totals, sub-totals, differences or amounts put in relation) are calculated based on the underlying unrounded amounts. As a result, the aggregate amounts in tables in this Prospectus may not correspond in all cases to the corresponding rounded amounts contained in tables in this Prospectus. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables. Financial information presented in parentheses denotes the negative of such number presented. With respect to financial data set out in this Prospectus, a dash (“-”) signifies that the relevant figure is not applicable, while a zero (“0”) signifies that the relevant figure is available but is or has been rounded to zero.

### 1.3.3 Market Capitalisation

The Company’s market capitalisation as of December 2016, 2017 and 2018 was as follows:

	2018	As of 31 December 2017	2016
Number of Shares outstanding .....	10,072,306	9,156,642	9,156,642
Price per Share (in EUR).....	4.70	2.29	2.88
Market capitalisation (in EUR) .....	47,339,838.20	20,968,710.18	26,371,100

This Prospectus has been drawn up as part of an EU growth prospectus in accordance with Article 15 of the Prospectus Regulation, because (i) the Company’s shares are not admitted to trading on a regulated market and (ii) the Company qualifies as an “small and medium-sized” enterprise as defined in Article 4 item 13 of Directive 2014/65/EU as it had an average market capitalisation of less than EUR 200,000,000.00 on the basis of end-year quotes for the previous three calendar years.

### 1.3.4 Enforcement of Civil Liabilities

The Company is a stock corporation (*Aktiengesellschaft*) governed by German law and all or a substantial portion of its assets are located outside the US. In addition, the members of the management board of the Company (the *Management Board*) and the members of the supervisory board of the

Company (the *Supervisory Board*) are non-residents of the United States and all or most of their assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them or the Company judgments of courts of the US, whether or not predicated upon the civil liability provisions of the federal securities laws of the US or other laws of the United States or any state thereof. The United States and Germany do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon US federal securities laws, may not be enforceable, either in whole or in part, in Germany. However, if the party in whose favour such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates, and a German court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or in other jurisdictions may be unenforceable in Germany.

## 2. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER, REASONS FOR THE OFFER AND USE OF PROCEEDS

*This section provides information on the interests of persons involved in the offer, as well as the reasons of the offer, the use of proceeds and the expenses of the offer.*

### 2.1 Interests of Parties Participating in the Offering

MainFirst Bank AG (the **Subscription Agent**) acts for the Company on the technical execution of the Subscription Offering and the private placements of Offering Shares not placed in the Subscription Offering in Germany and other selected jurisdictions (the **Rump Placement** and together with the Subscription Offering, the **Offering**) and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Subscription Agent will receive a commission. In addition, the Subscription Agent holds 1.787% of the Company's existing share capital. As a result of these contractual relationships as well as the shares held by the Subscription Agent, the Subscription Agent has a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, the Subscription Agent and any of its affiliates, acting as an investor for their own account, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Offering. In addition, the Subscription Agent or its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Subscription Agent (or its affiliates) may from time to time acquire, hold or dispose of shares in the Company. The Subscription Agent does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in this Prospectus.

The Subscription Agent or its affiliates may have business relations with the Company or the Group or may perform services for the Company or the Group in the ordinary course of business. Consequently, they have an interest in the completion of the Offering at the best possible terms. In connection with the Offering, the Subscription Agent has a contractual relationship with the Company.

Furthermore, Achim Plate and Henning Soltau, managing directors of SPSW and currently members of the Supervisory Board, are indirect contributors in connection with the SPSW Transaction and therefore, have an interest in the Offering, the purpose of which is to provide financing for the SPSW Transaction (please see "2.3 Reasons for the Offering and Use of Proceeds").

Other than the interests described above, there are no material interests, including material conflicts of interests, with respect to the Offering.

### 2.2 Proceeds of the Offering and Costs of the Offering

The Company will receive the proceeds of the Offering resulting from the issue and sale of the Offer Shares after deduction of fees and commissions.

Assuming placement of all Offer shares, the Company estimates that the aggregate gross proceeds from the Offering would amount to approximately EUR 8,040,000 and the aggregate net proceeds to approximately EUR 7,290,000.

The expenses related to the offering of the Offer Shares are expected to total approximately EUR 750,000 (excluding underwriting and placement commissions payable to the Subscription Agent) which will be borne by the Company. Assuming payment in full of the discretionary fee of up to approximately EUR 30,000 and the fixed commissions for the Subscription Agent of up to



EUR 250,000, the commissions payable to the Subscription Agent will amount to approximately EUR 280,000, which will be borne by the Company.

### **2.3 Reasons for the Offering and Use of Proceeds**

The background to the Subscription Offering is the implementation of the acquisition of SPSW Capital GmbH (*SPSW*) by way of contributing 90% of the shares in SPSW, in the form of a combined cash/non-cash capital contribution. This cash capital increase is intended to give the free float shareholders the opportunity of avoiding any dilution of their shares in the Company (through the non-cash capital increase subject to the exclusion of subscription rights) (for details see “4.3.2 Acquisition of *SPSW Capital GmbH*” and “10.7.2 Acquisition of *SPSW Capital GmbH*”).

The Company intends to use all proceeds from this Offering, i.e., an amount of EUR 7,290,000, to make a downpayment on the first instalment of the purchase price for the SPSW Transaction. The downpayment in the amount of EUR 10,000,000 will be due and payable after the capital increase in connection with this Offering is registered with the Commercial Register. The downpayment will be financed out of the proceeds from this Offering as well as a cash payment out the Company’s existing cash-flow.

The downpayment will be credited toward the first instalment of the purchase price for the SPSW Transaction, which will be due and payable on 29 February 2020 in an amount to be calculated following completion of the Group’s financial statements for the financial year ending 31 December 2019..

The aggregate purchase price for the SPSW Transaction is payable in eight instalments, with the first instalment being due and payable on 29 February 2020 and the last instalment on 28 February 2027. The amount of each instalment depends, among others, on a specific performance-related financial indicator (i.e., “earnings after tax” as defined in the transaction documents of the SPSW Transaction) of the Group (including SPSW). For further information regarding the SPSW Transaction and its financing, see “4.3.2 Acquisition of *SPSW Capital GmbH*”, “5.4 Risks related to our Financial Position”, “10.7.2 Acquisition of *SPSW Capital GmbH*” and “4.7 Investments” , respectively.

### **2.4 Presentation of Financial Information**

All financial and operational data included in this Prospectus, other than to the extent otherwise indicated, has been taken from the Audited Consolidated Financial Statements of the Company, the Unaudited Interim Consolidated Financial Statements of the Company.

#### ***Application of IFRS***

This Prospectus includes (i) the Audited Consolidated Financial Statements and (ii) the Unaudited Interim Consolidated Financial Statements.

The Audited Consolidated Financial Statements were prepared in accordance with IFRS and audited by Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (Valentinskamp 88, 20355 Hamburg, Germany) (***Baker Tilly***), as stated in their independent auditor’s report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon.

The Unaudited Interim Consolidated Financial Statements were prepared in accordance with IFRS on interim financial reporting (IAS 34).

### ***Pro Forma Financial Information***

In connection with the SPSW Transaction, which has not yet been completed, pro forma financial information has been included in this Prospectus. The pro forma statement of profit or loss for the twelve-month period from 1 January 2018 to 31 December 2018 and for the nine-month period from 1 January 2019 to 30 September 2019, and the pro forma statement of financial position as of 30 September 2019, present a hypothetical situation and, therefore, does not represent the Company's actual results of operations, actual net assets and financial position. The pro forma financial information contained in Section 9.5 of this Prospectus is unaudited.

### 3. WORKING CAPITAL STATEMENT AND STATEMENT OF CAPITALISATION AND INDEBTEDNESS

#### 3.1 Working Capital Statement

As of the date of this Prospectus, the Company is of the opinion that the Group has sufficient working capital to meet its present requirements. Furthermore, the Company is of the opinion that the Group is able to meet its payment obligations that become due within a minimum of twelve months following the date of this Prospectus.

#### 3.2 Capitalisation and Indebtedness

The following tables set forth, on an unaudited basis, the Company's actual capitalisation and indebtedness as of 30 September 2019 as presented in the Unaudited Interim Financial Statements. Investors should read these tables in conjunction with "9.2 Management's Discussion and Analysis of Financial Condition and Results of Operations". Other than as stated below, there were no material changes to the capitalisation or indebtedness of the Company since 30 September 2019, the date of the latest prepared financial information. In relation to the SPSW Transaction, which has not yet closed, please see "9.5 Pro Forma Financial Information" for a detailed description of the expected financial implications for the Group. In regards to the Lange Transaction, please see "4.7 Investments" for a description how it is expected to be financed. For further information on the Acquisition Transactions, please also see "10.7 Material Agreements".

##### 3.2.1 Capitalisation

	Actual as of 30 September 2019
	(unaudited, in EUR thousand)
<b>Total current debt</b> .....	<b>7,422</b>
thereof guaranteed .....	-
thereof secured <sup>1</sup> .....	1,545
thereof unguaranteed/ unsecured .....	5,877
<b>Total non-current debt</b> .....	<b>15,654</b>
thereof guaranteed .....	-
thereof secured .....	-
thereof unguaranteed/ unsecured .....	15,654
<b>Shareholder's equity</b> .....	<b>19,569</b>
Share capital .....	10,072
Capital reserve .....	3,521
Other reserves.....	5,976
<b>Total</b> .....	<b>42,645</b>

<sup>1</sup> Current secured debt comprises loans granted by an Austrian financial institution for purposes of financing the acquisition of shares in the target fund "Premium Portfolio Austria". Security granted for these loans comprises (i) the shares in such fund and (ii) any disbursements received in connection with such fund.

(Source: Company information)

##### 3.2.2 Indebtedness

	Actual as of 30 September 2019
	(unaudited, in EUR thousand)
A. Cash.....	7,983
B. Cash equivalents .....	-
C. Trading securities .....	6,329
<b>D. Liquidity (A)+(B)+(C)</b> .....	<b>14,312</b>
<b>E. Current Financial Receivable</b> .....	<b>--</b>
F. Current bank debt.....	1,545
G. Current portion of non-current debt.....	-
H. Other current financial debt.....	449
<b>I. Current Financial Debt (F)+(G)+(H)</b> .....	<b>1,994</b>
<b>J. Net Current Financial Indebtedness (I)-(E)-(D)</b> .....	<b>-12,318</b>

K. Non-current bank loans .....	-
L. Bonds issued .....	5,491
M. Other non-current loans .....	8,622
<b>N. Non-current Financial Indebtedness (K)+(L)+(M) .....</b>	<b>14,113</b>
<b>O. Net Financial Indebtedness (J)+(N).....</b>	<b>1,795</b>

(Source: Company information)

## **4. STRATEGY, PERFORMANCE AND BUSINESS ENVIRONMENT**

*The purpose of this section is to disclose information on the identity of the issuer, its business, strategy and objectives. By reading this section, investors should have a clear understanding of the issuer's activities and the main trends affecting its performance, its organisational structure and material investments. The issuer discloses in this section forecasts of its future performance.*

### **4.1 Information about the Issuer**

#### ***4.1.1 Formation, Incorporation, Commercial Name, Registered Office, LEI***

The Company is a German stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany having its registered office in Hamburg, Germany and the address An der Alster 42, 20099 Hamburg, Germany (telephone +49(0)40325678-0). The legal name of the Company is Lloyd Fonds AG. The Company primarily operates under the commercial name "Lloyd Fonds". The Company is registered in the Commercial Register under registration number HRB 75492.

The Company was established on 14 November 1995 as Lloyd Fonds Gesellschaft für Unternehmensbeteiligungen mbH & Co. KG under the laws of Germany with registered office in Hamburg, Germany and entered in the Commercial Register under registration number HRB 75492. In 2000, Lloyd Fonds Gesellschaft für Unternehmensbeteiligungen mbH & Co. KG was converted into a German stock corporation (*Aktiengesellschaft*) and renamed "Lloyd Fonds AG".

The Legal Entity Identifier (LEI) of the Company is 391200MMIN9EPH3GOD16.

#### ***4.1.2 Fiscal Year and Duration***

The Company's fiscal year is the calendar year.

The Company has an unlimited duration.

#### ***4.1.3 Designated Sponsor***

Oddo Seydler Bank AG is appointed as designated sponsor for the shares in the Company. The designated sponsor places limited buy and sell orders for the Company's shares and thereby achieves greater liquidity in the market for the shares.

#### ***4.1.4 Material Changes in the Company's Borrowing and Funding Structure***

Since 30 September 2019 to the date of this Prospectus, there was no material change to the Company's borrowing and funding structure.

#### ***4.1.5 Expected Financing of the Company's Activities***

The Company's primary sources of liquidity are net profit from operating activities and share of profits of associates. For further details, please see "4.7 Investments" in relation to the expected financing of the SPSW Transaction and the Lange Transaction and "9.2.7 Liquidity and Capital Resources".

### **4.2 Business Overview**

#### ***4.2.1 Introduction***

The Company was established in 1995 and has been active for more than 20 years as an asset and investment manager for closed-end investment products in various asset classes, including shipping, real estate, aircraft, British life insurance, energy and private equity. The Group was engaged in the

development, arrangement, initiation and administration, including trustee activities, of closed-end investment products through third party distributors in Germany.

As of 30 September 2019, the Group has TEUR 1,779,000 assets under management in relation to TEUR 1,779,000 closed-end funds. The Group generated sales of TEUR 5,951 during the nine-month period ending on 30 September 2019 (TEUR 7,918 for the 12-month period ending on 31 December 2018) and had a respective financial result of TEUR -1,842 as of 30 September 2019 (TEUR -1,534 as of 31 December 2018). The Group's asset and fund management team for closed-end products comprises of 10 employees. These numbers for the period ended 30 September 2019 are derived from the Unaudited Interim Consolidated Financial Statements. The numbers for the financial year ended 31 December 2018 are derived from the Audited Consolidated Financial Statements.

### ***Strategy 2019+***

On 9 March 2018, the Company and Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG entered into an investment agreement, which agreement was entered into in connection with the acquisition of shares in the Company by Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG from the former majority shareholder of the Company as of the same day. On the same, the former majority shareholder of the Company sold its remaining stake to funds managed by SPSW. Following the change of the Company's shareholders and the corresponding changes at the level of the Company's supervisory board in 2018, the Company initiated a process of reshaping its business and strategic focus and commenced implementing its newly defined, and fully revised, business model. The Group's focus is to reposition itself as an independent, and unaffiliated with any banking organisation, "investment manager" and "active asset manager" dedicated to implement its Strategy 2019+.

As part of Strategy 2019+, the Group decided to no longer offer closed-end products. While it continues to manage the closed-end funds until their end of life-cycle, the Group is no longer actively marketing and offering closed-end products, as the Group believes that closed-end funds in relation to such asset classes, in particular as regards shipping, are no longer a viable asset class for investments.

The new business model rests on the following three pillars, the implementation of which is closely linked to the Acquisition Transactions (as defined below):

#### *LF-Line*

Through the LF-Line, the Company, through Lange Assets & Consulting GmbH (***Lange Assets***), a financial services institution (*Finanzdienstleistungsinstitut*) licenced under the German Banking Act (*Kreditwesengesetz*), renders active asset management advice in relation to a range of investment funds. Currently, the Group's asset management activities are focused on equities, mixed funds and mutual funds. For a detailed discussion, see "4.2.4 Existing Business and Principal Markets".

#### *LF-System*

Through the LF-System, the Group develops digital investment offerings in the form of, among others, securities custodies accounts, investment funds products or other funds related investment products, all of which are based on a self-learning algorithm. The algorithm is developed by the Company and, in principle, targets a maximum yield for any given risk appetite. Following intense internal testing, the Group expects to offer these services to clients in the fourth quarter of 2019.

#### *LF-Wealth*

Through LF-Wealth, individualised and fully tailored investment advice will be offered, through Lange Assets, to wealthy clients, i.e., family offices and high net worth individuals. The Group intends

to leverage its know-how and experience of the LF-Line and the LF-System when rendering tailored investment advice in direct investments, real estate and funds.

#### *Acquisition Transactions*

In implementing its new strategic focus, the Company entered into Acquisition Transactions:

On 4 December 2018, and as amended on 3 June 2019, the Company entered into a contribution agreement with Lange Assets and the sole shareholders of Lange Assets, Axel Sven Springer, Oliver Heine, John Jahr and Thomas Lange, as contributors regarding the contribution of 90% of the shares (*Geschäftsanteile*) in Lange Assets to the Company (the **Lange Transaction**). Upon implementation of the Lange Transaction, the Group intends to offer services associated with LF-Wealth. The Lange Transaction closed on 20 November 2019. See also “4.3.1 Acquisition of Lange Assets & Consulting GmbH” and “10.7.1 Acquisition of Lange Assets & Consulting GmbH”.

On 25 April 2019 the Company entered into a contribution agreement, subject to various conditions, with the sole shareholders of SPSW (being KKK Kontor für Konsultation GmbH, Plate & Cie. GmbH, Silvretta Asset Management GmbH and Wedel Hanseatic Capital GmbH as contributors (*Einbringende*)), and, in relation to anti-compete undertakings contained in the contribution agreement only, Henning Soltau, Achim Plate, Robert Suckel and Markus Wedel as managing directors of SPSW, regarding the contribution of 90% of the shares (*Geschäftsanteile*) in SPSW to the Company by way of a mixed contribution in kind (*gemischte Sacheinlage*) (the **SPSW Transaction**, and together with Lange Transaction, the **Acquisition Transactions**). See also “4.3.2 Acquisition of SPSW Capital GmbH” and “10.7.2 Acquisition of SPSW Capital GmbH”.

In connection with the Acquisition Transactions, the Company expects that the current members of the Supervisory Board, Achim Plate and Hennig Soltau will resign from the Supervisory Board. Subsequently, Achim Plate is expected to be appointed as chief executive officer of the Management Board. In this context, the composition of the Management Board may further change in an effort to proactively implement the Strategy 2019+ in the near future. See also “8.2.2 Members of the Management Board”.

#### **4.2.2 Key Competitive Strengths**

The Group believes the following primary strengths will be the main drivers that allow it to pursue its strategy:

##### ***Extensive know-how and experienced management team***

The management team of Lloyd has many years of experience in asset management and has accumulated a significant amount of know-how in the field in which the Company operates. This know-how will be brought to bear on the new challenges ahead and will drive the Company in pursuit of its goals. The well-respected management team’s experience, extensive network of contacts in the field and long track record of quality, performance and integrity will facilitate the achievement of such goals.

##### ***Strong shareholder base***

The shareholders of the Company believe in the Company and have provided strong support to the Company in its endeavour to pursue its new business model. This steadfast support of its shareholders has been, and will continue to be, a valuable asset to the Company, providing a level of stability in this time of change. This stable base of shareholders will allow the Company to better pursue its new business goals.

### ***Newly developed technology provides a competitive advantage***

The newly developed algorithm allows Lloyd to continually adjust the holding mix of its funds to its customers' particular preferences, thereby creating truly bespoke investments for its individual customers. The Company believes that this will provide its customers with an unparalleled product offering and dramatically improve customer satisfaction. Such increased customer satisfaction will both facilitate the process of attracting new customers and provide an additional means of binding current customers, thereby supporting the Company's goal of expanding its business.

### ***Leveraging existing customer base***

Lloyd already has a broad, established customer base and therefore already has a significant number of parties that it can contact as regards its new products and services. Since Lloyd has already had the benefit of working extensively for its customers and learning their preferences, interests and goals, it will be well positioned to offer each of them only those new products and services that are likely of interest to them.

Once products and services in implementing its Strategy 2019+ will be established with Lloyd's current customers, it will be easier to attract additional customers, particularly if the current customers' feedback is positive. The Company expects that this advantage will allow it to get off to a fast start in pursuing its new business goals.

### ***Broad offering and established sales structures***

Since Lloyd has a diverse product offering and established sales structures and capabilities, it believes that it will be able to effectively cross-sell other products and services to customers currently only interested in one such product or service. The ability to effectively cross-sell will allow the Company to both achieve a greater number of sales per customer and to increase the overall satisfaction of its customers by offering them additional solutions to their investment goals. Greater interaction with its customers will also provide the Company with additional insights into its customers' interests and preferences, which will, in turn, allow it to leverage its customer base even more effectively.

## **4.2.3 Strategy**

### ***Focus on capital market products***

The Group has chosen to no longer market actively market and offer closed-end products, as the Group believes that closed-end funds in relation to particular asset classes are no longer viable. Instead, the Group intends to focus its investment activities on liquid capital markets products.

### ***Embedding new technologies in our product offerings***

The Group fully recognises the importance and value of new technologies and aims to fully embed such applications in its product offerings and its operations. Pursuant hereto, the Group has developed a self-learning algorithm targeting a maximum yield for any given risk appetite, which the Group intends to offer for, among others, securities custodies accounts, investment funds products or other funds related investment products. By leveraging the advantages enabled by such technologies, the Group intends to become increasingly attractive to its current and future customers.



#### ***4.2.4 Existing Business and Principal Markets***

##### ***Overview***

The Company is an investment and asset manager for closed-end investment products focussed on the asset classes of shipping, real estate, aircraft, British life insurance, energy and private equity. The legal structure pursuant to which closed-end investment funds were offered is no longer permissible. As part of its Strategy 2019+, the Group no longer offers closed-end investment products, but continues to manage the closed-end funds until their end of life-cycle. In addition, as part of its trustee activities, the Group renders services relating to the preparation of financial accounts and communications with investors in relation to the funds.

As of 30 September 2019, Lloyd manages 42 closed-end funds with an aggregate volume of EUR 1,779,000,000.00 of assets held in funds managed by the Company (*AuM*). Currently, the Group has 10 employees dedicated to its closed-end investment products.

##### ***Asset Classes***

###### ***Real estate***

The Group has established twelve real estate funds with an initial investment volume of approximately EUR 420 million. The underlying assets are primarily located in Germany and the Netherlands. Besides office properties, the Company focuses, in particular, on hotels, with four hotel funds structured and placed with investors. As regards hotels, the Company focusses on sound operators with innovative use concepts, central locations and long-term leases of at least 20 years when identifying and selecting hotel assets. The hotel operators were and/or are the Motel One Group, TUI AG and Lindner AG.

As of 31 December 2018, the real estate team, which comprises of 3 dedicated employees, manages eight funds. The portfolio comprises approximately 114,000 square meters of lettable space let to 34 tenants. Differentiated by asset classes, the real estate assets comprise of office, hotel and retail space, accounting for 58%, 41% and 1%, respectively, of total lettable space. For the year 2018, distributions amounting to more than TEUR 4,800 were made to investors in the funds.

###### ***Shipping***

As of 31 December 2018, the managed fleet of the Group comprised a total of 20 ships, including 12 container ships with a slot capacity of up to TEU 8,500 as well as eight product and crude oil tankers. In addition, three secondary market funds for ship investments are under management. As of 31 December 2018, the portfolio of these secondary market funds consisted of 42 container ships, 24 tankers and one bulk carrier.

###### ***Other assets***

As of 31 December 2018, the Group managed four aircraft funds with an original investment volume of around EUR 350 million. One of these funds companies is in liquidation. The current fleet consists of a total of four aircraft: two long-range aircraft (Airbus A380/A340-600) and two medium-range aircraft (Airbus A319). As of the date of this Prospectus, the portfolio was fully leased to Singapore Airlines, Virgin Atlantic and Germania.

As of 31 December 2018, the Company also managed eight British endowment life insurance funds with an original total investment volume of around EUR 270 million. As per the reporting date of

31 December 2018, around 660 policies were managed by insurers in the British endowment insurance fund.

In the private equity sector, Lloyd managed a fund managed by US investment company Neuberger Berman as per 31 December 2018, which carries out broadly diversified investments primarily in buyout participations in the US.

In the field of renewable energies, investors are also managed by two funds. In addition, Lloyd manages two portfolio funds launched by it.

#### **4.2.5 New Business Lines**

As part of the Group's Strategy 2019+, it has chosen to reshape its business based on the following key pillars:

##### ***LF-Line***

Through the LF-Line, the Group renders active asset management advice in relation to a range of investment funds. Currently, the Group's asset management activities are focused on equities, mixed funds and mutual funds.

The investment funds are structured as undertakings for collective investments in transferable securities (*UCITS*) within the meaning of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 (as amended, the *UCITS Directive*) and the German Capital Investment Code (*Kapitalanlagegesetzbuch*) and are established by Universal-Investment-Gesellschaft mbH as asset management company (*Kapitalverwaltungsgesellschaft*). Universal-Investment-Gesellschaft mbH is an asset management company (*Kapitalverwaltungsgesellschaft*) within the meaning of the German Capital Investment Code (*Kapitalanlagegesetzbuch*) in the form of a German limited liability company (*Gesellschaft mit beschränkter Haftung*). It is registered with BaFin and authorised to manage UCITS.

The German Capital Investment Code (*Kapitalanlagegesetzbuch*) requires a separation of management and custody functions of UCITS and, therefore, HSBC Trinkaus & Burkhardt AG, a German credit institution licensed under the German Banking Act (*Kreditwesengesetz*) in the form of a German stock corporation (*Aktiengesellschaft*), acts as depository for the funds.

In light of the existing regulatory framework and the currently existing regulatory authorisations of the relevant Group companies, the Company acts as advisory firm in relation to the funds and provides non-binding investment recommendations to Lange Assets. In this respect, the Company acts for the benefits of Lange Assets, who assumes ultimate liability. Currently, the Group, through Lange Assets, acts as fund advisor for the following funds: ASSETS Defensive Opportunities UI and ASSETS Special Opportunities UI.

The Group intends to market its fund products through various distribution channels such as savings banks, private banks, insurance companies, broker pools, wealth managers and family offices.

The market for UCITS has steadily grown in previous years and the Group believes that this will continue in the foreseeable future. While the market enjoys strong growth, it is equally subject to strong competition, in particular as large local and international banking organisations (e.g., Deutsche Bank, Commerzbank; UniCredit, BNP Paribas) offer UCITS as well. However, we believe that our experience combined with technological innovation through our algorithm provides us with a competitive advantage.

##### ***LF-System***

Through the LF-System, the Group is developing a digital offering for asset building and optimisation based on a self-learning algorithm. The algorithm is developed by the Company by a team of 5 employees and, following intense internal testing, is expected to be offered to clients in the fourth quarter of 2019.

The core of LF-System is digital asset management, with customer portfolios put together individually and according to personal risk by an algorithm using artificial intelligence, developed by the Company. In particular, a customer profile is established by incorporating the customer's investment preferences, amounts, time horizon and risk aversion, whereupon a risk classification is performed to determine appropriate investment and risk classes. On the basis of such information, the Company's self-learning algorithm determines an individualised and appropriate investment portfolio for each customer on the basis of a pool of around 7,500 different funds.

Besides exchange traded funds (*ETFs*), the LF-System will focus mainly on actively managed funds. The LF-System is expected to offer an individual customer portfolio, continuously monitoring allocation and changing it if necessary, while not overstepping individual risk tolerance.

The Group intends to market its algorithm to family offices, institutional investors, private customers, wealthy individuals and wealth managers.

### ***LF-Wealth***

The Company plans, following the acquisition of Lange, to offer individualised and fully tailored investment advice through LF-Wealth to wealthy clients, i.e., family offices and high net worth individuals. The Group intends to leverage its know-how and experience of the LF-Line and the LF-System when rendering tailored investment advice in direct investments, real estate and funds.

The Group intends to market Lange Assets' wealth management services, to wealthy individuals, family offices, foundations and institutional investors.

#### ***4.2.6 The Group's Platform***

As part of the realignment of its business, the Group uses a cloud-based platform to operate its IT-infrastructure, maintain a comprehensive data warehouse, including customer data, internal data, fund data, investment data, sales data etc, and run its system operations. This platform enables the various business lines to have access to all data and data analytics in real-time thereby optimising risk management and providing customer centric solutions.

#### ***4.2.7 Principal Markets and Competition***

The Company currently conducts its existing business geographically concentrated in Germany. Going forward the new business lines will be concentrated in Germany as well. The Company currently has an office in Hamburg, Germany and intends to open offices in Munich and Frankfurt, Germany, in the near future.

The Company competes in its market with other providers of capital investment products as well as asset and investment managers. The Company operates in an environment that is characterised by strong national and international competition. This makes the Company even more dependent on qualified, competent and committed employees. In addition, the Company is planning to enter into new markets with the implementation of Strategy 2019+ and will, therefore, be exposed to new competition. Since there is a strong competition in these markets, especially from very large market players, it could be more difficult for the Group to enter these new markets and to gain market shares. This applies especially to the LF-system pillar since many market players, including fintechs, are currently working

on digital offerings in this market. Increased competition may also lead to the loss of market shares already attained.

#### **4.2.8 Research and Development**

The Company's activities in the area of research and development are limited to the development of certain intangible assets, such as the Company's proprietary algorithm used to process and analyse investment-related information, forecast probabilities and tailor investment recommendation. The costs incurred by the Company in relation to research and development are, however, very low.

### **4.3 Recent Acquisitions**

The Company's Strategy 2019+ provides for organic growth as well as growth through acquisitions.

#### **4.3.1 Acquisition of Lange Assets & Consulting GmbH**

As part of the continuing implementation of Strategy 2019+ and in order to ensure the successful implementation of the LF-Assets, the Management Board acting with the consent of the Supervisory Board decided in December 2018 to acquire a majority share in the Hamburg-based investment manager Lange Assets. The contribution of the shares in Lange Assets and the assignment of these shares were subject to the condition precedent that the in-kind capital increase is registered by 2 December 2019. The contribution was registered with the Commercial Register on 20 November 2019 (see for further details on the contribution agreement *10.7.1 Acquisition of Lange Assets & Consulting GmbH* and see further details on financing of the Acquisition of Lange Assets *4.7 Investments*).

Lange Assets was established at the end of 2005. The Hamburg-based asset management company serves wealthy private clients, family offices and trusts and has a total of approximately EUR 350 million assets under management. In addition to asset management for private and institutional investors, the fund advice services of the money-market-oriented ASSETS Defensive Opportunities UI fund (share class A, securities identification number: A1H72N, share class B, securities identification number: A1JGBT) and the bonds-oriented ASSETS Special Opportunities mixed fund (share class A, securities identification number: AOQ8A5) are part of the business areas of Lange Assets. The investment objective of the money-market-oriented ASSETS Defensive Opportunities UI bond fund launched already in 2011 is to achieve a steady rate of return higher than that of the money market at a very low fluctuation margin. This aim is to be achieved by a broad diversification of assets in interest-bearing securities with a short residual term, selected defensive certificate structures and investment funds. The bonds-oriented ASSETS Special Opportunities mixed fund uses special investment opportunities that result from special market movements and developments of companies. The focus is on fixed-interest securities, including convertible bonds.

#### **4.3.2 Acquisition of SPSW Capital GmbH**

In addition to the majority acquisition of the Hamburg-based investment manager Lange Assets, the Company entered into a contribution agreement on 25 April 2019, subject to various conditions, with the sole shareholders of SPSW (being KKK Kontor für Konsultation GmbH, Plate & Cie. GmbH, Silvretta Asset Management GmbH and Wedel Hanseatic Capital GmbH as contributors (*Einbringende*)), and, in relation to anti-compete undertakings contained in the contribution agreement only, Henning Soltau, Achim Plate, Robert Suckel and Markus Wedel as managing directors of SPSW, regarding the contribution of 90% of the shares (*Geschäftsanteile*) in SPSW to the Company by way of a mixed contribution in kind (*gemischte Sacheinlage*). The sum of all purchase price components for SPSW depends, among other things, on the growth in assets under management and the performance of

the three SPSW funds. The purchase price will be paid in cash over seven years (see for further details on the contribution agreement “10.7.2 Acquisition of SPSW Capital GmbH”).

#### *Overview of SPSW*

SPSW is a bank-independent investment company and was established in 2010 as SPS Investments GmbH by Robert Suckel, Achim Plate and Henning Soltau. SPSW focuses principally on managing funds with investments in small and mid-size companies in Germany, Austria and Switzerland, taking on an active role in regards to the companies in which it invests. SPSW currently manages two public funds (SPSW - WHC Global Discovery A, WKN: ADYJMG and SPSW - Global Multi Asset Selection A, WKN: A1WZ2J) and one hedge fund (SPSW Actice Value Selection, WKN: A1C0T0). As of 30 September 2019, SPSW had total assets under management amounting to approximately EUR 650,000,000.00. SPSW generated sales of EUR 5,229,00.00 during the nine-month period ending 30 September 2019 (EUR 8,134,000.00 for the financial year ending 31 December 2018) and had a financial result of EUR 2,255,000.00 during the nine-month period ending 30 September 2019 (EUR 1,979,000.00 for the financial year ending 31 December 2018). SPSW is not obliged to prepare IFRS financial statements, but instead prepares its financial statements in accordance with German GAAP. However, for purposes of preparing the pro forma financial information included in this Prospectus, the Company has prepared IFRS financial information of SPSW for the financial year ending 31 December 2018 as well as the nine-month period ended 30 September 2019. See “9.5 Pro Forma Financial Information”.

The acquisition of SPSW serves the purpose of expanding the Company’s business activities as part of the strategy “Strategie 2019+”. In the view of the Management Board acquisitions are essential for the Company to become a leading German asset manager in the medium term. The target company SPSW is a highly specialised, independent and award-winning portfolio manager led by an experienced and highly-skilled management. The acquisition of 90% of the shares in SPSW strengthens in particular the Company’s business of public funds with active asset management (LF-Line).

It is contemplated that the acquisition of 90% of the shares in SPSW will be realised by way of a mixed contribution in-kind while excluding the subscription rights of the Company’s existing shareholders. The Company is able to preserve its liquidity by granting shares as consideration which also facilitates the financing of the acquisition. In addition, the contributors rejected a mere cash compensation in order to benefit from the future business development of SPSW through a direct shareholding (at least in the period until the potential exercise of option rights regarding the remaining 10% of the shares in SPSW).

According to an amendment of the contribution agreement relating to SPSW dated 5 November 2019, the contributors are obliged to convert the contribution agreement into a share purchase agreement if the in-kind capital increase is not registered with the Commercial Register before or on 30 June 2020.

The additional cash capital increase serves in principle (i) the pro rata financing of the cash remuneration components to be paid to the contributors (see also “2.3 Reasons for the Offering and Use of Proceeds” and “4.7 Investments”) and (ii) the dilution protection of shareholders whose statutory subscription rights are excluded in the context of the in-kind capital increase.

#### **4.4 Group Structure and Significant Subsidiaries**

The Company is the parent company of the Group, which comprises the Company and its consolidated subsidiaries. The Company’s most significant subsidiaries are:

- Lloyd Fonds Real Estate Management GmbH, Hamburg

- Lloyd Shipping GmbH, Hamburg
- Lloyd Treuhand GmbH, Hamburg
- TradeOn GmbH, Hamburg
- Lloyd WohnWert Verwaltung GmbH, Hamburg
- Lloyd Fonds Consulting GmbH, Hamburg
- Lloyd Fonds Special Assets GmbH, Hamburg
- PPA Beteiligungsgesellschaft mbH, Hamburg

The following chart provides an overview of the fully consolidated subsidiaries of the Company as of the date of this Prospectus:



(Source: Company Information)

#### 4.5 Employees

The table below shows the total numbers of employees (headcount) employed by the Group as of 31 December 2018 and 2017 and as of 30 September 2019, along with staff costs for the financial years ended 31 December 2018 and 2017 and for the nine-month period ended 30 September 2019.

	31 December		30 September
	2018	2017	2019
Employees (as of) .....	36	34	59
Staff costs (for the period ended) (in EUR million).....	4.3	4.8	5.7

Staff costs are comprised of wages and salaries, social security, share option programs and retirement benefit expenses.

A focus of the human resources department has been on recruiting new employees to implement the new business model of the Group. The employees of the Group are remunerated with fixed and variable salary components. For detailed information on the remuneration of members of the Management Board, see “8.2.3 *Remuneration and Other Benefits of the Members of the Management Board*”.

#### 4.6 Real Property Owned and Leased

The Company leases or owns the properties in which or offices are located. Individual property leases vary as to their term, cost provisions and expiration dates. The following table shows the material offices spaces currently occupied by Group:

Location	Size (sqm)	Use	Leased/Owned
Amelungstraße 8-10, Hamburg, Germany*	4,347	Headquarter	Leased
An der Alster 42, Hamburg, Germany	2,045	New Headquarter	Leased
Sendlinger Straße 10, Munich, Germany	284	Office Space	Leased
Ulmenstraße 23-25, Frankfurt am Main, Germany	376	Office Space	Leased

(\*) Lease terminates on 30 November 2019.

#### 4.7 Investments

The Company is currently in the process of acquiring SPSW and Lange. For further information on these recent acquisitions, see “4.3 *Recent Acquisitions*”.

##### *Lange Transaction*

The Lange Transaction was resolved upon by the Company’s shareholders’ meeting on 16 August 2018, followed by a resolution of the Management Board on 4 December 2018 and approval of the Supervisory Board on 4 December 2018.

The Lange Transaction closed on 20 November 2019. In relation to Lange, the minimum purchase price for 100% of the shares in Lange Assets under the contribution agreement is EUR 4,500,000.00. Therefore, the contributors are entitled to a minimum amount of EUR 4,050,000.00 (including the value of the new shares in the Company issued to the contributors in the amount of EUR 1,000,000.00) for 90% of the shares in Lange Assets. Furthermore, under the contribution agreement the contributors are granted the right to sell the remaining 10% of the shares in Lange Assets to the Company in the year 2023 against a pure cash payment. The minimum purchase price for the remaining 10% of the shares is EUR 450,000.00.

The purchase price is payable in eight annual instalments commencing in 2019 until 2026. The amount of each instalment depends, among others, on a specific financial performance-related financial indicator (i.e., “earnings after tax” as defined in the transaction documents of the Lange Transaction) of the Group (including Lange). The first instalment is due and payable after the registration of the implementation of the contribution in the Commercial Register. The following instalments will be due and payable on each 31 March for the years 2020 to 2026. For the first instalment, a downpayment in an amount of EUR 1,000,000 will be made by the Company, which will be credited towards the first instalment of the purchase price for the Lange Transaction. The Company currently expects to finance the payment of the annual instalments out of available operating cash flows.

For further details, see “10.7.1 *Acquisition of Lange Assets & Consulting GmbH*”.

## *SPSW Transaction*

The SPSW Transaction was resolved upon by resolution of the Management Board on 23 April 2019 and approved by the Supervisory Board on 25 April 2019, followed by resolution of the Company's shareholders' meeting on 12 June 2019. In relation to SPSW, the minimum purchase price for 100% of the shares in SPSW is EUR 45,000,000.00. Therefore, as compensation for 90% of the shares in SPSW, the Company owes the contributors a minimum amount of EUR 40,500,000.00 (without taking into account the profit compensation) as cash remuneration including the value of the new shares and a settlement amount reflecting the profit participation rights of the new shares. The maximum purchase price for 100% of the shares in SPSW amounts to EUR 90,000,000.00. Thus, the contributors are entitled to a maximum amount of EUR 81,000,000.00 for 90% of the shares in SPSW including the cash remuneration and the value of the new shares but without consideration of the profit compensation and of the settlement amount reflecting the profit participation rights of the new shares.

The payment of the purchase price is subject to all conditions precedent being met and, assuming this to be the case, payments in relation to the SPSW Transaction are payable by the Company in eight annual instalments, with the first instalment being due and payable on 29 February 2020 and the last instalment on 28 February 2027. The amount of each instalment depends, among others, on a specific financial performance-related financial indicator (i.e., "earnings after tax" as defined in the transaction documents of the SPSW Transaction) of the Group (including SPSW). For further details, see "10.7.2 Acquisition of SPSW Capital GmbH".

Except for the first instalment, which will be financed through the proceeds of this Offering as well as the Company's existing cash flow (see "2.3 Reasons for the Offering and Use of Proceeds"), the Company currently expects to finance the payment of the remaining annual instalments out of available operating cash flows. This financing approach, which is reflected in the documentation to the SPSW Transaction, foresees each instalment being dependent on the performance of the Group expressed as a specific financial indicator (e.g., "earnings after tax").

Other than as described above, no further investments were resolved upon by the Company that are currently in progress.

## **4.8 Regulatory and Legal Environment**

### ***4.8.1 Overview***

Several current or future subsidiaries of the Company provide or will provide regulated financial services or regulated UCI-related investment management (the ***Regulated Subsidiaries***). Therefore, a variety of regulatory rules and provisions, in particular relating to investment management or financial services, applies or will apply to such Regulated Subsidiaries. These regulations subject the Regulated Subsidiaries' business activities, as well as the Regulated Subsidiaries themselves, to a pervasive array of increasingly detailed operational and organisational requirements, compliance with which is costly, time-consuming and complex.

The BaFin and the German Central Bank (*Deutsche Bundesbank*) as the competent regulatory authorities have broad administrative surveillance and regulatory competences and powers over many aspects of the financial services and investment management business, which – depending on the specific type of regulated service provided – may include liquidity and capital adequacy requirements, permitted investments, money laundering, privacy, record keeping, and marketing and selling practices. In this regard, BaFin and the German Central Bank (*Deutsche Bundesbank*) conduct control and monitoring measures on a regular basis. BaFin has, among other things, the power to bring administrative proceedings against the Regulated Subsidiaries, which could result, among other things,



in suspension or revocation of the Regulated Subsidiaries' licenses, cease and desist orders, conditions, fines, criminal penalties or other disciplinary action.

#### **4.8.2 Investment Management**

In August 2019, Lloyd Capital KVG GmbH iG, a subsidiary of the Company, filed an application with BaFin for a licence as an external UCITS management company and would, as a result of receiving the licence, become subject to the provisions of the German Capital Investment Code (*Kapitalanlagegesetzbuch*). The German Capital Investment Code (*Kapitalanlagegesetzbuch*) implements Directive (EU) 2011/61 (*AIFMD*) and Directive (EG) 2009/65 (*UCITS Directive*).

The German Capital Investment Code (*Kapitalanlagegesetzbuch*), provides for strict organisational rules, including risk management and conflicts of interest requirements and conduct of business rules, for example relating to fees and information provided to customers. A fund of an investment management company must hold its assets in safe custody by a depository. Depositories have to be a distinct entity from the fund and the investment management company. In addition, UCITS have to comply with asset allocation and diversification rules.

All investment management companies must prepare a key investor information document for investors, that is a short document containing the essential information about all managed UCITS. The key investor information document must contain information on key elements in respect of the UCITS concerned, including the identification of the UCITS, a short description of its investment objectives and its investment policy as well as a presentation of historic performance, the costs and associated charges, and the risk/reward profile of the investment. A prospectus must be published by the investment management company and must include the information that investors require to be able to make an informed judgment on the proposed investment and, in particular, on the risks related to the investment. For infringements of certain key UCITS rules, the German Capital Investment Code (*Kapitalanlagegesetzbuch*) stipulates administrative sanctions.

#### **4.8.3 Financial Services**

In August 2019, *LAIC Vermögensverwaltung GmbH iG (LAIC)*, another subsidiary of the Company, filed an application for a licence as a financial services institution (*Finanzdienstleistungsinstitut*) with BaFin.

In April 2019, the Company signed a contract for the majority acquisition of SPSW (for details see “4.3.2 Acquisition of SPSW Capital GmbH” and “10.7.2 Acquisition of SPSW Capital GmbH”). SPSW is another financial services institution (*Finanzdienstleistungsinstitut*) licenced under the German Banking Act (*Kreditwesengesetz*). On 26 September 2019, the Company successfully completed the ownership control procedure with BaFin and the German Central Bank (*Deutsche Bundesbank*) for the acquisition of SPSW. The acquisition has not yet been closed.

In December 2018, the Company signed a contract for the majority acquisition of Lange Assets (for details see “10.7.1 Acquisition of Lange Assets & Consulting GmbH”). Lange Assets is a financial services institution (*Finanzdienstleistungsinstitut*) licenced under the German Banking Act (*Kreditwesengesetz*). In September 2019, the Company successfully completed the ownership control procedure with BaFin and the German Central Bank (*Deutsche Bundesbank*) for the acquisition of Lange Assets. The acquisition closed on 20 November 2019.

Lange, SPSW and LAIC (once licenced as financial services institution), when providing investment services and activities, are required to comply with the regulatory framework stipulated by Regulation (EU) 600/2014 (*MiFIR*), the German Securities Trading Act (*Wertpapierhandelsgesetz*) and the German Banking Act (*Kreditwesengesetz*). The German Securities Trading Act

(*Wertpapierhandelsgesetz*) and the German Banking Act (*Kreditwesengesetz*) also implement Directive (EU) 2014/65 (**MiFID II**).

The investment services regulated by MiFID II includes investment advice, the management of individual portfolios (discretionary portfolio management), receipt and transmission of orders and the execution of orders on behalf of clients. MiFID II establishes rules and regulations for the provision of investment services and activities throughout the European Union (**EU**), in particular (i) conduct of business requirements for the provision of investment services to clients, (ii) the duty to execute orders on the terms which are most favourable for the client, (iii) rules for client order handling, (iv) requirements regarding market transparency, integrity and organisational requirements and (v) provisions containing rules for the acceptance and right to retain fees, commissions or benefits. Delegated legislation and regulatory technical standards specify certain provisions of MiFID II. ESMA prepares these legislative acts and the European Commission adopts them. ESMA further issues guidelines and publishes Q&As that provide an additional level of detail on the interpretation of the MiFID II provisions.

Financial services institutions (*Finanzdienstleistungsinstitute*) pursuant to the German Banking Act (*Kreditwesengesetz*) are jointly supervised by BaFin and the German Central Bank (*Deutsche Bundesbank*).

#### **4.8.4 Further Regulations**

##### ***Requirements applicable to PRIIPS***

Regulation (EU) 1286/2014 on key information documents for packaged retail and insurance-based investment products (**PRIIPS Regulation**) may impact the business of the Regulated Subsidiaries. The PRIIPS Regulation classifies all investment products and contracts in which money of consumers is not directly, but indirectly, invested in the capital market or where its repayment is otherwise linked to the performance of certain securities or reference values. Such investment products and contracts essentially comprise structured financial products (certificates and structured deposits), financial products whose value is derived from reference values, e.g. shares (derivatives), investment funds – with the exception of UCITS funds, endowment (including unit-linked and hybrid) life insurance products as well as German private pension insurance schemes. Before potential investors sign the contract, they must be provided with a key information document (**KID**) on PRIIPs by the person advising on, or selling, a PRIIP. PRIIP manufacturers remain responsible for creating the KID.

##### ***European Market Infrastructure Regulation***

The activities of the Regulated Subsidiaries' concerning derivatives are regulated by Regulation (EU) 648/2012 (**EMIR**) on OTC derivatives, central counterparties and trade repositories. EMIR stipulates (i) the requirement to clear certain classes of standardised OTC derivative contracts centrally, (ii) reporting requirements regarding all derivatives transactions and (iii) the requirement to apply risk mitigation techniques (such as collateralisation) to non-centrally cleared OTC derivatives. Regulation (EU) 834/2019 (**EMIR REFIT**) recently amended EMIR.

##### ***Requirements applicable to Compensation Policies***

AIFMD, the UCITS Directive, Directive (EU) 2013/36 (**CRD IV**) and MiFID II set forth requirements for compensation policies of investment firms, Alternative Investment Funds (**AIF**) and UCITS managers. The requirements aim to align the compensation with sound risk management principles.

These entities must, among other things, disclose information about the remuneration policy, principles and practices in their management or annual report. There are additional compensation requirements for credit institutions and investment firms. Under CRD IV, the aggregate amount of variable compensation of the relevant employees cannot exceed the aggregate amount of their fixed salary. However, the shareholders' meeting may decide to increase this cap to two times the fixed compensation.

### ***Capital Requirements***

The UCITS Directive and the AIFMD (both as implemented in the German Capital Investment Code (*Kapitalanlagegesetzbuch*)), the CRD IV (as implemented in the German Banking Act (*Kreditwesengesetz*)) and Regulation (EU) 575/2013 (**CRR**) provide for minimum regulatory capital requirements for investment managers and investment firms. The Regulated Subsidiaries will therefore be subject to minimum regulatory capital requirements.

For financial service institutions pursuant to the German Banking Act (*Kreditwesengesetz*), the regulatory capital requirements of the CRR, the CRD IV and the German Banking Act (*Kreditwesengesetz*) generally apply. Certain facilitations may be applicable to specific financial service institutions pursuant to the German Banking Act (*Kreditwesengesetz*) that do not qualify as investment firms under the CRR. CRD IV and the German Banking Act (*Kreditwesengesetz*) set forth detailed rules to calculate minimum capital requirement. These requirements aim to address, inter alia, the credit risk, market risk, liquidity risk and operational risk of institutions.

External asset management companies are required in particular to have a fixed initial capital and must maintain an additional amount of own funds calculated in accordance with the assets under management and with overhead costs. For the definition of own funds, the law refers to the definition of own funds in the CRR.

### **4.8.5 Changes in the Regulatory and Legal Environment**

It is expected that the general level of regulatory scrutiny to which the Regulated Subsidiaries in the Group subject will continue to increase. A number of regulatory reforms that have been proposed may require the regulated subsidiaries in the Group to alter its business or operating activities, which could be time-consuming and costly and may impede the Group's growth.

Several regulatory initiatives and legislative measures concern the provision of investment management. On 12 July 2019, Directive (EU) 2019/1160 and Regulation (EU) 2019/1156 were published in the EU Official Journal and lay down marketing conduct rules concerning UCITS and AIF managers. In particular, Regulation (EU) 2019/1156 stipulates rules for premarketing communications and prolongs the transitional exemption from the obligation to provide investors also with a KID as required by the PRIIPS Regulation by 24 months. Directive (EU) 2019/1160 provides conditions for pre-marketing for, for instance, AIFs (i.e. information or communication for an AIF or a compartment which is not yet established, or which is established, but not yet notified for marketing). On 1 October 2019, the BaFin circular of the Supervisory Requirements for IT for Asset Management Companies (*Kapitalverwaltungsaufsichtliche Anforderungen an die IT, KAIT*) entered into force. KAIT stipulates detailed requirements to the IT of asset management companies and has a significant impact on asset management companies.

On 8 November 2019, the European Council adopted a regulation and a directive to amend the current EU prudential rules for investment firms, including the CRR and the CRD IV (***Investment Firm Directive and Investment Firm Regulation***). They intend to introduce more proportionate and risk-sensitive rules for investment firms. They aim at better capturing the risks for investment firms that are

not deemed to be systemic and bank-like (so called class 2 firms and class 3 firms). At the same time, systemic and bank-like investment firms should be subject to the same regime as European credit institutions (so called class 1 firms). For that purpose, the Investment Firm Directive and Investment Firm Regulation will introduce a new capital regime that places particular focus on the risks that investment firms pose to customers and to market liquidity and integrity. In addition to capital requirements, they include, but are not limited to, a revised liquidity requirement as well as requirements addressing sound governance and remuneration of employees.

The Regulatory and Legal Environment can not only change due to regulatory reforms, but can also be a consequence of changing interpretations of regulatory provisions by supervisory authorities and regulators. For example, MiFID II is interpreted by regulators such as ESMA or supervisory authorities such as BaFin. Changing interpretations may alter the application of regulatory requirements. This can have an adverse impact on the Company's capital ratio.

#### **4.9 Trend Information**

The Company has observed the following trends that could potentially have a material impact on its business:

The low interest rate environment of recent years has led to greater interest in securities generally as an alternative means of achieving an attractive return on investment, since savings in bank accounts have been subject to very low and even negative interest rates. Moreover, with greater interest in securities generally, there has also been an increase in demand for managed investments. In today's volatile market environment, many investors seek portfolios that are professionally managed in an effort to safeguard better against the inherent risks of the securities market. As a result of these developments, the Company has observed an increased interest in the types of services it provides and expects this interest to continue, and indeed increase, in the years ahead.

Another trend that the Company has observed in recent years is an increased interest in sustainable finance and investments. The heightened awareness among the general population generally, and investors in particular, that climate change will require new environmentally sustainable solutions has led to increased interest in portfolios that focus on companies that are well situated in regards to such trend. Since investors are often unsure about which companies offer the best services and/or technologies to achieve future environmental sustainability, but have a keen interest in investing in such enterprises, the Company believes its managed portfolios will offer investors an effective solution to their investment goals, particularly considering the sustainable finance investment expertise of Michael Schmidt, board member of the Company. As climate change becomes an ever more pressing issue, the Company expects the recent interest in green solutions and sustainable finance to increase in the future.

A trend that will likely present a heightened challenge for the Company in coming years is the further expansion of financial regulatory oversight and compliance requirements. In the wake of the Great Recession, government have sought to more closely regulate financial institutions and service providers in an effort to prevent another financial market crash and protect investors. Such increased regulatory oversight and more stringent financial regulations may make it increasingly difficult to pursue our business in the manner we currently envision. It is therefore possible that we will need to periodically adjust how we offer our services, manage portfolios and interact with investors.

As artificial intelligence applications, such as the Company's algorithm, become increasingly pervasive and companies grow more accustomed to utilising artificial intelligence in offering new solutions to their customers, financial service providers will also seek to use artificial intelligence capabilities to improve their product offerings and services. Consequently, the Company expects investment advice and portfolio management to become more reliant upon artificial intelligence. As ever

more investment advisers use artificial intelligence solutions to assist their clients and as investors become ever more accustomed to receiving the benefits of such solutions, pressure will increase on all other financial service providers to offer customers similar solutions and benefits, thereby expediting the adoption of artificial intelligence technology by the entire financial services industry.

## **4.10 Outlook**

### ***4.10.1 Important Disclaimers***

The statements in regards to assets under management of Lloyd Fonds AG for the fiscal year ending 31 December 2019 (the ***Outlook Targets*** ) in this section are not statements of facts and should not be regarded as such by investors. These targets do not constitute forecasts or projections, and in no event may the Group be held responsible if the targets referred to herein are not met.

The Outlook Targets rather reflect the forward-looking expectations of Lloyd Fonds AG which are necessarily based on a number of assumptions and estimates about future events and actions, including management's assessment of opportunities and risks. Such assumptions and estimates are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond Lloyd Fonds AG's control. Should one or more of these assumptions prove to be inappropriate or incorrect, the actual developments could materially deviate from the Outlook Targets. Accordingly, prospective investors should treat this information with caution and should not place undue reliance thereon.

### ***4.10.2 Outlook Targets of Lloyd Fonds AG for the Fiscal Year Ending 31 December 2019***

Based on developments in the fiscal year ended 31 December 2018 and the current trends observed and results achieved in the nine months ended 30 September 2019 that are shown in Lloyd Fonds AG's Unaudited Interim Consolidated Financial Statements, the management of Lloyd Fonds AG would anticipate a balanced result for the 2019 financial year, despite increased expenses, with assets under management expected to reach a volume of over EUR 1 billion in 2019, combined in LF-Line, LF-System, LF-Wealth as well as an-organic growth initiatives, and, in line therewith, targets a volume of over EUR 7 billion by 2023.

## 5. RISK FACTORS

*The purpose of this section is to describe the main risks faced by the issuer and their impact on the issuer's future performance as well as the main risks which are specific to the securities of the issuer.*

*An investment in shares of Lloyd Fonds AG is subject to risks. Lloyd Fonds AG is defined in this Prospectus as the **Company** or **Lloyd, we**", **us**, or **our**) and together with its consolidated subsidiaries, the **Group**. All shares of the Company outstanding from time to time, together are defined in this Prospectus as the **Shares** and each share, a **Share**.*

*A number of risks are described below, including specific and significant risks concerning the Company's and the Group's business, and specific and significant risks concerning the Shares and the Offering. The risks mentioned herein could materialise individually or cumulatively. If these risks materialise, they may have a material adverse effect on the Company, the Group and for any investors. Investors should not acquire Shares if they are not able to bear the loss of their investment.*

*The Company believes the risk factors described below represent the principal risks inherent in investing in the Company's Shares. In addition to the other information contained in this prospectus, investors should carefully consider the following risks and uncertainties associated with our business and the industry in which we operate when deciding whether to invest in the Shares.*

*The risk factors in this section are categorised as follows:*

- *Risks related to our assets under management, the markets we target and the industries in which we operate;*
- *Risks related to our new business model;*
- *Risks related to our business;*
- *Risks related to our financial position;*
- *Risks in connection with our IT-systems;*
- *Risks related to our algorithm;*
- *Regulatory and legal risks;*
- *Risks in connection with our securities and the stock exchange listing.*

*When a risk factor is relevant in more than one category, such risk factor is presented only under the category deemed to be the most relevant for such risk factor. All risk factors in each category are presented in order of their significance, with the two most significant risk factors under each category being presented first and second in their respective category. The significance of the risk factors is assessed on the basis of (i) the probability that the risk will materialise and (ii) the magnitude of the negative effect the materialised risk may have on the Company, the Group and any investors. In order to present the assessment of the significance of the risks on this basis in a clear and concrete manner, the risk factors are described with a qualitative scale with the designations low, medium and high.*

## **5.1 Risks related to our Assets Under Management, the Markets we Target and the Industries in which we Operate**

*Our revenue depends on the value of our funds and assets under management.*

Our primary source of revenue is management fees and performance fees generated with respect to the funds we offer our customers. The management fees we earn are based on the value of our funds and the performance fees are based on the performance of such funds over time. Therefore, our revenue is affected by the value of our funds generally, how much the AuM are worth, as well as on the increase in value of our funds year over year. If the value of our funds were to decrease or if we are not able to achieve value appreciations, or only reduced value appreciations, of our funds, our revenues for the year would correspondingly decrease, which we consider a high risk.

*The value of our funds depends on various factors outside of our control.*

The value of our funds, which hold a variety of assets such as bonds, equities, real estate assets, as well as other property-based and alternative asset investments, is subject to fluctuations based on a variety of factors.

Firstly, macroeconomic trends that affect global markets generally can have an impact on the demand for asset management products and related services generally, as well as on fund values in particular, since customers are more likely to invest when markets are generally stable or performing well and less likely to invest in times of significant market uncertainty and volatility. As customers' demand for capital investments increases, our funds increase in value, while the opposite is the case when investment demand decreases. Therefore, all factors that influence global markets, whether political, social, environmental, financial, or regulatory, including interest rates set by the European Central Bank, withdrawal of the United Kingdom of Great Britain and Northern Ireland (**UK**) from the European Union, trade conflicts and other scenarios, can also influence the value of our funds and thereby the level of our management fees.

Secondly, the value of our funds greatly depends on the value of our AuM. Therefore, even if macroeconomic conditions are favourable, a general decrease in the value of a particular asset class, either globally or in relevant markets, could negatively affect the value of funds holding such assets. For example, the value of a fund holding primarily real estate assets in Germany could decrease, even if market conditions are generally favourable, if the German real estate market were to decrease from present highs.

Thirdly, the value of individual funds is affected by the value of the particular assets held by such fund. For example, even if the real estate market in Germany remains generally strong, a particular property owned by such fund could decline in value due to very specific circumstances. This would, nevertheless, affect the value of such fund and therefore the revenues we can generate with respect to such fund.

Consequently, any or all of the above circumstances or developments could have a material influence on our revenues, which we consider a high risk.

*We are subject to risks from significant competition, in particular with regard to certain asset classes and due to technological progress.*

The asset management industry is highly competitive with moderate barriers to entry. Retail clients have numerous investment choices, which are growing as online investment offers become increasingly available. This trend is reinforced by a general trend towards passively managed products (e.g. ETFs or index funds), automated financial advisory tools and numerous Fintechs entering the asset

management market increasing pressure on fee margins. Furthermore, certain asset classes, in which we do not invest, such as commodities, may be more lucrative or attractive to investors. By not investing in such asset classes, we may lose market share and become less attractive to existing or potential investors in our funds. There is a risk that we could ultimately not be able to successfully implement our growth strategy with a focus on active fund management due to the high competitive pressure (also with regard to technological progress and the numerous digital offerings of competitors). Increased competition could cause our AuM to decline, which we consider a medium risk.

***The failure or negative performance of products offered by competitors could lead to a loss of client confidence and thus also to a loss of confidence in our asset management products.***

Many competitors offer similar or comparable products or services to those we offer. The failure or negative performance of comparable competitors' products or services could lead to a loss of confidence in asset management products in general and thus also to a loss of confidence in our asset management products, irrespective of the performance of such products. Such a loss of confidence could negatively affect the total amount of AuM, which we consider a medium risk.

## **5.2 Risks related to our New Business Model**

***A failure to close the SPSW Transaction could result in a failure or delayed implementation of our Strategy 2019+.***

We have invested significantly in developing our new business model pursuant to our Strategy 2019+. The SPSW Transaction is pivotal in implementing our Strategy 2019+. The closing of the SPSW Transaction depends on the successful implementation of this Offering. A failure to close the SPSW Transaction could result in a failure or delayed implementation of our Strategy 2019+. We consider this to be a high risk.

***A delay of the implementation of Strategy 2019+ could have a negative impact on earnings.***

Our new business model consists of the three pillars "LF-Line", "LF-System" and "LF-Wealth". LF-Line includes the active management of liquid mutual funds. We intend to issue equity funds, mixed funds and fixed income funds. There is a risk that the establishment of these funds will be delayed, e.g. due to a longer than planned approval process by BaFin or an unfavourable market environment. The success of LF-Line also depends on the successful integration of the acquired businesses related to SPSW and Lange Assets. As a result, expenses could be higher than presumed and earnings from these funds may not be generated, may only be generated with a delay, or may not be generated in the amount expected. LF-System includes set up of a digital asset management platform to offer AI supported portfolio management. The development of the system could be delayed or not even achieve marketability. This would lead to a delay of the implementation of Strategy 2019+ and could have a negative affect on earnings. Individual direct asset management for wealthy clients is subject to the third pillar LF-wealth. We consider this to be a high risk.

***The failure of implementing our Strategy 2019+ could have a material negative effect on our reputation.***

In case the implementation of Strategy 2019+ fails, the brand "Lloyd Fonds" could suffer a loss of reputation, resulting in an increase in the withdrawal of assets by existing clients and the inability to attract new clients and consequently, in lower than planned earnings. We consider this to be a high risk.



***The implementation of our new business model exposes us to regulatory risks.***

As a consequence of our new business strategy we plan to grow our organisation in order to expand our range of services and to meet regulatory requirements. The implementation of this strategy will increase the cost base and is associated with the risk of not being able to setup the new organisation as planned (e.g. not filling new job positions in time, lacking necessary expertise, not meeting regulatory requirements in time, delays etc.). In addition, the implementation of Strategy 2019+ requires Lloyd Capital KVG GmbH iG and LAIC Vermögensverwaltungs GmbH iG to obtain licences from BaFin. It could significantly affect the implementation of Strategy 2019+ should the licences be obtained delayed or not obtained or should the licences be only granted subject to certain conditions. We consider this to be a high risk.

***The implementation of our new business model exposes us to risks related to financial expenditures.***

By changing the business model from a closed-end fund provider to an active asset manager with business in three pillars, the closed-end funds portfolio business has to be liquidated as the funds mature. Therefore, we may face certain risks associated with selling off the underlying assets. These risks concern the market price of each asset type at the point of maturity, which may deviate from our internal projections and can highly negatively affect potential success fees. Furthermore, the run-down of the discontinued business could be delayed or complicated if we lose key personnel that leaves the firm before the liquidation process is finished. We consider this to be a high risk.

### **5.3 Risk related to our Business**

***We depend on our board members and key personnel.***

The Company's success greatly depends on the skills and expertise of its board members, both the management as well as the supervisory board, which the Company believes has longstanding experience in the industry enabling it to take on a crucial role in the growth and continued development of the Company's business. The loss of a member of the management team or the failure of the Company's plans for succession, especially if a suitable replacement cannot be found in a timely manner, could lead to a high material loss of know-how and require the Company to operate without the expertise of such member of the management team as well as without maintaining business relationships with key customers.

In addition, employees in key operational positions (e.g., portfolio managers, investment analysts, product specialists, and sales staff) may resign, in particular in connection with organisational restructuring measures, and new employees may not be as successful in business as their predecessors, leading to a loss in know-how and expertise in the respective operational area. Further, this may trigger capacity constraints which in turn may result in delayed completion of orders, a decrease in the quality of provided services or increase costs for outsourced support, which we consider to be a high risk.

In addition, the Company relies heavily on the expertise of its programmers in regards to the development and proper functioning of the Company's algorithm applied in the course of LF-System's business. The loss of a member of the programming team responsible for the algorithm, or a member of such programming team, could jeopardise the implementation of our Strategy 2019+, which we consider to be a high risk.

***Performance fees are difficult to predict and the volatility of our directly affects our income.***

Our income from performance fees are potentially subject to more volatility than management fees and other income. We earn performance fees only if returns on the portfolio exceed agreed-upon

periodic or cumulative return targets (i.e. performance fees are only due if predefined hurdle rates and high-water marks are exceeded). If these targets are not exceeded, a performance fee for that period will not be earned. If targets are based on cumulative returns, we may not earn performance fees in future periods. On the other hand, to the extent that performance fees are based on targets that do not decline as market conditions become less favourable, we might fail to achieve the relevant targets for reasons beyond our control. Especially in a declining market environment (bear markets) the high-water mark may not be exceeded over a longer period of time which not only vanishes performance-based fee income but also customers' confidence in the funds long-term performance potential which may lead to AuM outflows. In addition, management base fees, which depend on total AuM, may also decrease in such an event as lower customer confidence and a lower asset price environment may decrease the AuM base of each fund and put pressure on this source of income. For all of these reasons, performance fees and to a lesser extent base fees can be volatile and difficult to predict and may be significantly less than anticipated, which we consider to be a high risk.

***Different types of investments and investment strategies carry different risks that can affect our business.***

Certain types of investments, for example stocks, fixed-income or money market investments, alternative asset classes (real estate, infrastructure, energy, etc.) and private equity or hedge funds or certain investment strategies (e.g. active versus passive management) are subject to different or additional risks. Investments in stocks, in particular in small and medium sized entities, are subject to higher volatilities and usually exhibit a lower trading liquidity. Bonds and money market investments are strongly tied to the current interest environment. In case of a shift in the interest rate policy, the prices of those assets can change significantly. Another risk is the investment focus within a certain geographical region which increases idiosyncratic risks. Some types of investments, particularly alternative products, may also be more illiquid than other traditional assets. In addition, to the extent we have co-invested or made seed investments in products (especially LF-Line), these risks can have a disproportionate effect on our results compared with managed assets we do not own. Any of the underlying risks associated with our products and investment strategies could have a material adverse effect on our AuM levels. Beyond that, a negative performance of these newly launched funds can not only negatively affect the invested seed capital but also damage the reputation of other funds and may slow down or prevent the planned growth path of the Group.

While we offer a wide range of products and solutions, a significant portion of our assets under management are in a limited number of investment strategies or flagship funds. Consequently, we are dependent upon our abilities to manage these investment strategies to minimise the risk of outflows through relatively strong performance over measured periods of time compared to relevant benchmarks and peer performance results. Also, certain customers may evaluate us on the basis of the asset-weighted performance of our assets under management. A relatively small change in the relative performance of one of our largest strategies/funds could significantly affect the asset-weighted performance of our assets under management. Such volatility or poor performance could adversely affect clients' perception of us. This in turn could result in damage to our reputation and, in certain cases, cause customers to withdraw AuM or other investments they have with us.

Investment trends in the market change over time, and customers may choose to invest with another asset manager if we do not provide attractive investment opportunities or carry products that match investment strategies sought by customers. Demand for such strategies may change (for example due to market conditions), and such changes in demand may have a significant effect notwithstanding good relative performance of our strategies and products. It takes time to develop new offerings and we may be too slow to react to changing market trends, which could negatively affect our AuM levels. In addition, the products we carry may not be appropriately matched to customers seeking certain

investment strategies, increasing risks that our products might not be suitable for a particular investor class.

The occurrence of any of the above-mentioned risks could have a material adverse effect on our reputation and the ability to attract customers. This could negatively affect the total amount of AuM, which we consider to be a high risk.

***We may not succeed in increasing our growth through selective acquisitions and we may not identify all relevant risks prior to acquisitions.***

Our future growth is based on organic growth and on selective acquisitions that complement our business strategy. However, we may not be in a position to identify attractive targets or to conclude transactions in a timely manner or under satisfactory conditions. The anticipated benefits from future or achieved acquisitions or divestitures may not materialise in a timely manner or at the expected level and could affect our financial condition. There is a risk that we may not identify all relevant risks in the due diligence phase prior to acquisitions and investments. Further, certain acquisitions may require regulatory approvals. The failure to obtain such required approvals may highly endanger contemplated transactions.

If we are able to identify and acquire suitable targets, we may be unable to realise the benefits expected from the transactions. If our underlying business plan assumptions prove to be incorrect, we may be unable to achieve expected synergies, and cost savings. In addition, we may not succeed in integrating acquired companies, their technologies, their areas of expertise and their employees; or be in a position to retain certain employees or key clients of the acquired companies. Even if we enter into new or expanded distribution partnerships through such acquisitions, we may not succeed in attracting clients and increasing our net inflows. In order to finance acquisitions, we may increase our indebtedness or reduce our level of capitalisation vis-a-vis regulatory requirements which could limit our operational flexibility, or issue new shares, which could negatively affect our share price. We may make acquisitions at an untimely moment in the relevant market, which could result in the perception that we have overpaid and exacerbate these effects.

Risks in divestiture transactions include difficulties in the separation of the disposed business, retention or obligation to indemnify certain liabilities, the failure of counterparties to satisfy payment obligations, unfavourable market conditions that may affect any earnout or contingency payment due to us and unexpected difficulties in losing employees of the disposed business. We cannot assure our success in overcoming these risks or any other problems encountered with acquisitions, investments and divestitures or other strategic transactions. The anticipated benefits from future or achieved acquisitions or divestitures may not materialise in a timely manner or at the expected level and affect our financial condition, which we consider to be a high risk.

***In order to sell our products, we are significantly dependent on access to distribution partners.***

We depend on third party distribution partners and sales platforms in generating demand for our products and services and, consequently, in maintaining and growing our levels of AuM. In implementing our Strategy 2019+, in particular in relation to the LF-Line, we depend on our ability to access new distribution channels, such as savings banks, private banks, insurance companies, broker pools, wealth managers and family offices. There is a risk that we are not able or fail to access such distribution channels, or if distribution partners are no longer available as a result of negative market developments or increasing regulatory requirements for distribution partners. Alternatively, such developments could result in a decreased quality of services. This could negatively affect our AuM, which we consider to be a medium risk.

***Our valuation of illiquid investments may include methodologies, estimations and assumptions which are subject to differing interpretations and could result in changes to investment valuations.***

Certain of our investment assets in ships, real estate and other closed-end assets, for which there is no active trading market or other observable market data, may be valued using models and methodologies that involve estimates, assumptions and significant management and expert judgment. During periods of market disruption, a larger portion of our investment assets may be valued using these models and methodologies as a result of less frequent trading or less observable market data with respect to certain asset classes that were previously actively traded in liquid markets. There can be no assurance that our valuations on the basis of these models and methodologies represent the price for which an asset may ultimately be sold or for which it could be sold at any specific point in time. If our valuations do not reflect the price for which assets can be ultimately sold, our managed funds and portfolios could suffer losses upon the liquidation of such assets, which would negatively affect our AuM and which we consider to be a medium risk.

***Breaches of duty or illegal activities by our employees can lead to damage to reputation, possible regulatory liability or liability towards investors.***

Since we are involved in managing the investments of others, we are subject to specific rules and regulations, such as anti-money laundering rules and the market abuse regulations of the European Union. As part of our compliance management, we have devised internal policies to safeguard compliance with such rules and regulations. However, we remain exposed to the risk that employees or third parties may commit intentional or negligent breaches of duty or illegal acts that violate regulatory or other legal provisions or the investment policy of the funds (e.g. fraud, violation of money laundering regulations, breach of internal or regulatory guidelines, etc.). Such breaches of duty or illegal actions may result in damage to reputation, possible regulatory liability or liability to investors, which we consider to be a medium risk.

***The cost of insuring our business is significant and may increase and our insurance coverage may prove to be inadequate.***

As an investment manager, our insurance costs are significant and can fluctuate significantly from year to year. While we believe our insurance to be in line with that of our peers in the market and sufficient to cover our needs, our insurance coverage may ultimately prove inadequate. In addition, certain insurance coverage that we may seek to obtain as an investment manager may not be available or may only be available at prohibitive costs on account of the nature of our business. As we renew our insurance coverage, we may be subject to additional costs caused by premium increases, higher deductibles, co-insurance liability, changes, pursuant to Strategy 2019+, in the size of our business or nature of our operations, litigation or acquisitions or dispositions, which we consider to be a low risk.

***The book value of intangible assets on our balance sheet could be subject to an impairment, which would adversely affect our financial condition.***

We have recorded goodwill and intangible asset impairments in the past and could incur such charges in the future as acquisitions occur and we record more goodwill. We may need to review the carrying value of goodwill and intangible assets not subject to amortisation more frequently if indications exist suggesting that the fair value of our intangible assets may be below their carrying values. We test the values of intangible assets subject to amortisation whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Should such review indicate impairment, an extraordinary write-down of the carrying value of the intangible asset could

occur, resulting in a non-cash charge that may, in turn, affect our financial condition and that of our shareholders, which we consider to be a low risk.

#### **5.4 Risks related to our Financial Position**

***We may not be able to raise the required amount of equity or debt capital on economically acceptable terms. Financing expenditure could increase as a result of an increase in interest rates.***

We finance our business activities by raising debt and equity, among other things. There is a medium risk that we may not always be able to raise the required amount of equity or debt capital on economically acceptable terms. In addition, there is a medium risk that financing expenditure may increase due to an increase in interest rates.

***We may not achieve our targets or expectations.***

We set certain targets for our business from time to time, including goals related to AuM growth, margins and cost discipline, and may provide guidance to investors and other market participants in the future. Any guidance or growth targets set by management are of necessity based on our past performance and may not accurately predict actual results and milestones following our separation. Our ability to reach these targets is dependent on a variety of factors including market performance, timely implementation of cost efficiency measures, regulatory developments and interpretation of regulations and rules and continuity of our business and management. In addition, increased competition or an unanticipated change in habits or behaviour of market participants could also lead to us requiring longer to achieve these targets or not reaching them at all. A failure to achieve our business and strategic objectives could have a material adverse effect on our reputation and AuM and thus could negatively affect our share price, which we consider to be a medium risk.

***We may increase our indebtedness in the future, which may affect the value of our ordinary shares and may limit our ability to pay future dividends.***

We may increase our indebtedness levels, which could negatively affect the value of our ordinary shares and may limit our ability to pay future dividends. Should we incur more debt to implement our growth strategy, we would need to use an increasing portion of our cash flow from operations to pay interest and principal on our debt, which would reduce the funds available to us for working capital, capital expenditures and other general corporate purposes and may limit our ability to pay future dividends at a medium level. In particular, our obligation under the SPSW Transaction as regards the payment of a minimum purchase price, payable at the last instalment in 2027, may require us to incur additional debt in case our operating cash-flows are insufficient to meet such obligation.

***Changes in the value of financial assets that we own or in which we co-invest could affect our equity and could increase the volatility of our earnings.***

We regularly invest in newly created funds (especially LF-Line) in order to provide them with a critical mass of assets necessary to attract customers. This seed capital is temporarily tied to the newly launched funds accompanying the risk of bearing losses from this investment and having limited access to the tied-up cash. In addition, at the request of our clients' investments in funds may be required in individual cases in order to demonstrate alignment of interests between customers and us. The value of such investments may decrease for a variety of reasons, which could adversely affect our financial results or AuM, and which we consider to be a medium risk.

***Our decision to provide financial support to particular products or in respect of particular services, or to decline to provide such support, may result in significant financial losses.***

While we have no legal obligation to compensate losses sustained by our funds (except where we have provided a principal guarantee) or by segregated investment management accounts, if significant losses occur, we may decide to provide support despite the absence of an obligation to do so. We may provide such support, for example, if a particular fund or client experiences losses, in order to ensure that clients do not precipitously withdraw assets. Such support may utilise capital and liquidity that would otherwise be available for other purposes. On the other hand, the decision not to or the failure to provide such support may damage our reputation and cause our AuM to decline, which we consider to be a low risk.

## **5.5 Risks in connection with our IT-Systems**

***Failure of our IT systems or cyber-attacks could lead to a significant impairment of our business operations.***

We rely heavily on our IT systems for a variety of functions, including providing information to customers and/or employees and maintaining financial records. Furthermore, our algorithm is set-up on a cloud-based application and therefore, dependent on the cloud provider. The IT systems used by us may be vulnerable to physical and electronic breaches, computer viruses and other attacks by cyber-criminals, internet fraudsters or by virtue of internal abuse, which could lead to, amongst other things, a leakage of our customer data, damage related to incursions, destruction of documents, inability or delays in processing transactions and unauthorised transactions. Furthermore, software errors and similar problems could affect our ability to support and satisfy the needs of our customers in a timely manner, interrupt our activities, harm our reputation, expose us to increased regulatory audits or cause us to incur substantial technical, legal and other costs. We have business continuity management policies in place. However, interruptions to our IT systems may occur on a large magnitude and may have significant effects regarding the ability to serve our customers' needs on a timely basis and could result in damage to our reputation, exposure to increased regulatory scrutiny and could require us to incur significant expenses.

We also face the risk of loss events due to the instability, malfunction or outage of our IT system and IT infrastructure. Such losses could materially affect our ability to perform business processes and may, for example, arise from technical failures, human error, unauthorised access, cybercrime, natural hazards or disasters, or similarly disruptive events as well as from the erroneous or delayed execution of processes as either a result of system outages or degraded services in systems and IT applications. IT-related errors may also result in the mishandling of confidential information, damage to our computer systems, financial losses, additional costs for repairing systems, reputational damage, customer dissatisfaction or potential regulatory or litigation exposure, which we consider to be a high risk.

## **5.6 Risks related to our Algorithm**

***If our algorithms for assessing and predicting potential options are or become flawed or ineffective, or if our products and services fail to provide acceptable results for our customers, our reputation may be materially and adversely affected.***

Our ability to attract customers to, and build trust in, our products and services depends significantly on the effectiveness of our algorithms. We utilise our proprietary algorithms to process and analyse investment-related information, forecast probabilities and tailor investment recommendations based on parameters specified by our customers. Our proprietary algorithms take into account multiple sources of data, including customers' basic profile and financial data from various sources under various

scenarios. The data we collect may not be relevant or may be insufficient to ensure that our algorithms work effectively. Further, we do not generally verify the data we gather, which may be subject to fraud or otherwise inaccurate. Even if such data were accurate, they may become irrelevant or outdated and, as a result, may not be helpful in accurately predicting future developments.

In addition, we anticipate significant growth in the amount of data we process. As the amount of data and variables we process increases, our algorithms process increasingly complex calculations, and, as a result, the likelihood of defect and errors increases. To the extent our proprietary algorithms fail to accurately assess or predict important developments, or experience significant errors or defects, customers may not achieve their investment goals, which could make us less attractive to them, result in damages to our reputation our business, which we consider to be a medium risk.

***If our algorithms for assessing and predicting potential options are stolen, we may lose a key competitive advantage.***

We utilise our proprietary algorithms to process and analyse investment-related information, forecast probabilities and tailor investment recommendations based on parameters specified by our customers, thereby providing our customers with better, more personalized investment recommendations than they may receive from our competitors. Our algorithms therefore give us a competitive advantage and are an important part of our strategy for attracting and retaining customers. If our algorithms were stolen or similar algorithms were developed by competitors, we could lose one of our important competitive advantages. This could negatively affect our ability to attract customers and could also make it more difficult to retain our current customers. A reduction in the number of customers could materially reduce our AuM, which we consider to be a medium risk.

***If our algorithms cease providing a competitive advantage, it could result in the impairment of an important asset.***

Our algorithms are expected to become important assets. Since our ability to attract customers to, and build trust in, our products and services depends significantly on our algorithms, any developments that lead to our algorithms no longer providing a material competitive advantage in this regard could result in the impairment of one of the most important assets we have. Therefore, if our algorithms are or become flawed or ineffective, fail to provide acceptable results for our customers, are stolen and used by competitors or no longer provide a material competitive advantage over similar, newly developed algorithms of our competitors, we may be required to account for a significant impairment of one of our most valuable assets, which may negatively affect our financial position and could ultimately hurt our business, which we consider to be a medium risk.

## **5.7 Regulatory and Legal Risks**

***Legal and regulatory risk relating to the Company's business.***

A variety of regulatory and supervisory regimes apply to the Company and its business activities. Ensuring compliance with such rules and regulations is costly, time-consuming and complex. We cannot rule out violations of applicable laws or regulations, which could result in fines, the temporary or permanent prohibition of certain activities, reputational harm and related client losses, suspensions of employees or revocation of their licenses or the licenses of the Company, or other sanctions.

Despite careful planning, regulatory and approval requirements may result in an increase in expenses at the Company or its Subsidiaries. Furthermore, due to the depth of regulation and permanent regulation updates/additions, there is a risk that the Company will not be sufficiently transparent with regard to supervisory regulations. This may result in breaches of regulations and orders issued by the

national supervisory authorities. In the case of infringements, the law provides for sometimes considerable sanctions, for instance, in the form of drastic fines. Beyond regulatory requirements, there is also a risk of violations of law (such as money laundering law, copyright, licensing law, data protection law) or ordinances as well as errors, incorrect interpretation (for instance, with regard to fiscal provisions) or failure to meet deadlines. We consider this risk to be a high risk.

***Regulatory reforms in the EU and internationally expose us and our clients to increasing regulatory burdens.***

In recent years, a number of regulatory reforms, such as the MiFID II or the Investment Firm Directive and Investment Firm Regulation, have been adopted or proposed, and it is expected that the level of regulatory scrutiny to which we as an investment management company are subject will continue to increase. Such reforms may require us to alter our business or operating activities, which could be time-consuming and costly and may impede the Company's growth. Regulatory reform may also affect our banking, insurance company and pension fund clients, e.g. by modifying the solvency or liquidity treatment of our products on our balance sheet, which could cause us to change our investment strategies or allocations in manners that may be adverse to us. Potential future regulations with respect to the use of algorithms may also make it more difficult to conduct our business as currently envisioned.

Any new regulation or changes in the implementation and enforcement of existing laws and regulations affecting our investment management activities or the inability to understand the implications of new regulations and to adjust our business model quickly enough may have a material adverse effect on our growth and income, which we consider to be a medium risk.

***The Company' and the Group' compliance systems and controls may not be sufficient to adequately prevent or detect legal, financial or operational risks.***

The Company and the Group are subject to various laws and regulations and implemented internal compliance procedures and mechanisms relating to, among others, the prevention of illegal employment, bribery, corruption and money laundering as well as compliance with antitrust, data protection and other applicable regulations. The Company cannot guarantee that these internal rules will prevent or detect any breaches of law going forward or in the past or ensure that employees will comply with all applicable laws and regulations. A breach of law might incur significant civil penalties and damage claims to the Company as well as damage its reputation, which we consider to be a high risk.

***If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses, including from litigation or fines.***

In order to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, monitor and control our exposure to operational, legal and reputational risks. Our risk management methods may prove to be ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise. If our risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our financial condition or reputation. The potential for some types of operational risks, including, for example, trading errors, may be increased in periods of increased volatility, which can magnify the cost of an error. Such errors could be significant as could the related losses which we could be required to absorb.

Additionally, we could be subject to litigation, particularly from clients and counterparties, and sanctions or fines from regulators. Our techniques for managing operational, legal and reputational risks in client portfolios may not fully mitigate the risk exposure in all economic or market environments,



including exposure to risks that we might fail to identify or anticipate, which we consider to be a medium risk.

***We are subject to privacy, information security and data protection laws and regulations and any actual or perceived failure to comply with such obligations could harm our business.***

We are in possession of employee and customer data which may include personal data for use in various areas, including sales, marketing, support and human resources activities. Data protection laws and regulations apply to the collection, use, retention, security, disclosure, transfer and other processing of personal data, with which we must comply. Increasing appetite for regulation, in particular with respect to data protection, IT security and law enforcement may result in a more restrictive regulatory environment. Some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could, if implemented in Germany, increase the cost and complexity of our business.

Data protection requirements are evolving. Government and legislative bodies and agencies have adopted, are considering adopting or may adopt laws and regulations regarding the collection, use, storage and disclosure of personal information obtained from consumers and individuals, such as compliance with the General Data Protection Regulation (the **GDPR**). The GDPR has resulted in a number of changes to current EU data protection legislation, for example, increased fines (up to 4% of annual worldwide turnover or EUR 20,000,000.00, whichever is greater), and direct liability for breach by data processors. The GDPR may limit or inhibit our ability to operate or expand our business or may increase our potential liability as customers seek broader indemnification for potential data breaches. In addition, the lack of well-developed legal interpretations of the GDPR and related rules provides a degree of uncertainty for us in the application of the GDPR. These and other applicable developments in data protection and privacy laws require us to continually review and monitor our business practices and policies to ensure that we are, and remain, compliant. Our failure to comply with applicable laws and regulations, or to protect data from breaches or misuse by employees, could result in investigations by law enforcement agencies and enforcement actions against us. Such enforcement could include fines, public censure, claims for damages by employees, customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing customers and prospective customers) and in some circumstances the imprisonment of company officials. Even the perception of privacy concerns, whether or not valid, may harm our reputation. Additionally, if third parties we work with violate applicable laws or regulations or our policies, such violations may also put our customers' content at risk and could in turn have adverse effect on our business, which we consider to be a medium risk.

***We may be subject to tax risks.***

There is a risk that assessment or consulting errors or missed deadlines may occur in the tax area. This may lead to tax consequences which are detrimental to the Company or, in the event of failure to comply with deadlines, to penalty payments or surcharges for delays imposed by tax authorities. It cannot be ruled out that contract reviews will not be carried out or will be carried out only inadequately from a tax perspective, which may also lead to adverse tax consequences for the Company.

The Company and the Group are regularly subject to tax audits. The most recent tax audit covers the fiscal years 2012 up to and including 2015 and is almost finalised. All tax assessment notices issued for the audit periods and for tax periods not yet audited are not yet final and are subject to full review and therefore can be changed by the tax authorities at any time without restrictions. As a consequence of current or future tax audits, any tax loss carry forwards could be reduced, or we could be obliged to pay additional taxes. Such additional taxes could have material adverse effects on our business.

It cannot be ruled out that the entry of new shareholders or a change in the shareholders by way of share deals or capital increases may result in a forfeiture of tax loss carry-forwards. As a basic rule, a forfeiture of tax loss carry-forwards occurs if more than 50% of the shares or voting rights in the Company are transferred within five years to one purchaser, to related parties of that purchaser or to a group of purchasers with similar interests.

***Our business involves risks of potential litigation that could harm our business.***

We and the funds we manage or have invested in, may be named as defendants or co-defendants in lawsuits, or may be involved in disputes that include the threat of lawsuits seeking substantial damages. In particular, we may face prospectus liability in relation to our closed-end funds we previously offered to our clients.

Any such legal action, whether threatened or actual, could result in high reputational damage, loss of clients and assets, increased costs and expenses in resolving a claim, diversion of employee resources and resulting financial losses, which we consider to be a high risk.

We make investment decisions on behalf of our clients that could result in substantial losses to those clients. If our clients suffer significant losses or otherwise are dissatisfied with the service they receive, we could be subject to the risk of legal liability or actions alleging deliberate or negligent misconduct, breach of fiduciary duty, breach of contract, unjust enrichment and/or fraud. These risks often are difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time, even after an action has been commenced. We may incur substantial legal expenses in defending against litigation commenced by a client or enforcement by a regulatory authority. Substantial legal judgments or fines levied on us could have a material adverse effect on our business and could cause significant reputational harm, which we consider to be a medium risk.

## **5.8 Risks in connection with our Securities and the Stock Exchange Listing**

***The price and trading volume of the shares could fluctuate significantly, and investors could lose all or parts of their investments.***

The price of our shares can be subject to volatility and fluctuating trading volumes. Fluctuations may especially follow from changes in the actual or forecast operating results of the Company or its competitors, changes in the regulatory requirements regarding the investment management business, deficiencies in the algorithm or failure to meet profit expectations of investors and securities analysts, assessments by investors as well as the assessment of the related risks, changes in the general economic conditions, changes in the shareholder structure as well as other factors affecting the Company in particular or the industry in which it operates generally. Furthermore, external factors such as changing demand in the monetary or interest rate policy measures by central banks can affect the revenues and the earnings of the Company and lead to fluctuations in the price of the shares. General fluctuations in share prices, especially the price of shares in other companies in the same investment management industry as the Company, or a general deterioration in capital markets, may lead to pressure on the price of the shares, and these fluctuations in share price may not necessarily be based on the Company's business operations or earnings prospects. Therefore, there is a risk of devaluation or, in extreme cases, total loss of investments, which we consider to be a high risk.

***A failure to complete the Offering could adversely affect the price of our shares.***

The consummation of the Offering is conditional upon us raising a minimum of EUR 6,000,000 in proceeds and the closing of the SPSW Transaction depends on the successful completion of the Offering. Therefore, since a failure to close the SPSW Transaction could result in a failure or delayed

implementation of our Strategy 2019+, our inability to raise the minimum proceeds in connection with the Offering could adversely affect our share price, which we consider to be a medium risk.

***No admission for trading on a regulated market will be made. Therefore, important investor protection regulations of the regulated market do not apply.***

The shares are listed on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (SCALE segment). The Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange is not qualified as a regulated market within the meaning of Section 2 paragraph 11 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) and implies that some investor protection provisions do not apply, such as major holdings notification requirements pursuant to Sections 33 et seq. of the German Securities Trading Act (*Wertpapierhandelsgesetz*) or mandatory offer in the event of a change of control pursuant to the German Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

It cannot be ruled out that a potential investor may not have access to information in order to obtain a more comprehensive picture of the Company's situation. Investors should therefore be aware of the risk of investing in shares traded on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (SCALE segment), which we consider to be a medium risk.

***Future capital increases could be dilutive and lead to substantial reductions in the value of the shares, thereby diluting the shareholders' interest in the Company.***

We intend to finance the further expansion of our portfolio by issuing additional shares, among other things. In the future the Company may raise further capital to finance its business activities. The issuance of equity securities, the exercise of any convertible bonds or bonds with warrants the Company may issue in the future, as well as the purchase of other enterprises or participations in enterprises in exchange for shares, if so approved by general meeting of the Company, may lead to a commercial dilution of shareholders' interests in the Company, if statutory subscription rights have been excluded or if existing shareholders have not exercised their subscription rights, which we consider to be a medium risk.

## 6. TERMS AND CONDITIONS OF THE SECURITIES

*The purpose of this section is to set out the terms and conditions of the shares and provides a detailed description of their characteristics.*

### 6.1 Information on the Shares to be Offered

The Offering consists of a subscription offering (*Bezugsangebot*) of the Company of 1,500,000 Offer Shares, each such share representing a notional value of EUR 1.00 of the Company's share capital and carrying full dividend rights from 1 January 2019, which will be offered to existing shareholders of the Company. Please also see "7.1 *Subject Matter of the Offering*". The Offer Shares will be created pursuant to the laws of Germany. All of the Company's Shares confer the same voting rights. The Offer Shares are denominated in euro.

#### 6.1.1 ISIN/WKN/Ticker Symbol

The securities identification numbers for the Offer Shares are as follows:

International Securities Identification Number (ISIN) ..... DE000A12UP29

German Securities Code (*Wertpapier-Kenn-Nummer*, WKN) ..... A12UP2

Ticket Symbol..... L1OA

#### 6.1.2 Certification of the Shares

The Company's Shares are represented by a global share certificate (the *Global Share Certificate*), which is deposited with Clearstream Banking Frankfurt.

Article 5 paragraph 3 of the Company's articles of association (the *Articles of Association*) excludes to the extent legally permissible and not required by the rules and procedures of a stock exchange on which the Company's shares are admitted for trading, the right of the shareholders to receive share certificates.

### 6.2 Rights Attached to the Securities

#### 6.2.1 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. There are no restrictions on voting rights. Major shareholders do not have different voting rights.

#### 6.2.2 Dividend and Liquidation Rights

The Offer Shares carry full dividend rights from 1 January 2019. For further details on the Company's dividend policy and any dividend restrictions, see "9.4 *Dividend Policy, Results and Dividends per Share, Use of Profits*". In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

#### *General provisions governing a liquidation of the Company*

Apart from liquidation as a result of insolvency proceedings, the Company may be liquidated by a resolution of the shareholders' meeting that is passed by a majority of the votes cast, provided that those votes also represent 75% or more of the share capital represented at the shareholders' meeting at which such vote is taken. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), in the event of

the Company's liquidation, any assets remaining after all of the Company's liabilities have been settled will generally be distributed among the shareholders in proportion to their shareholdings. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors that must be observed in the event of liquidation.

### **6.2.3 Subscription Rights**

In principle Section 186 of the German Stock Corporation Act (*Aktiengesetz*) grants to all shareholders the right to subscribe for new shares issued in a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have a right to request admission to trading for subscription rights. The shareholders' meeting, subject to a majority of at least 75% of the share capital represented at the vote, as well as the management board, in relation to authorised capital, may resolve to exclude subscription rights. Exclusion of shareholders' subscription rights also requires a report from the management board that justifies and demonstrates that the company's interest in excluding subscription rights outweighs the interest of the shareholders being granted subscription rights. Excluding shareholders' subscription rights when new shares are issued is specifically permissible where:

- the company is increasing share capital against cash contributions;
- the amount of the capital increase does not exceed 10% of the share capital at issue; and
- the price at which the new shares are being issued is not materially lower than the stock exchange price.

## **6.3 Authorisation of the Issue of the Securities**

The Management Board resolved on 8 November 2019, followed by the authorisation of the Supervisory Board on 10 November 2019, to increase the Company's share capital by up to EUR 1,500,000 and to issue up to 1,500,000 newly issued bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*) against contribution in cash and with subscription rights for existing shareholders of the Company from the capital increase as resolved by the shareholders' meeting on 12 June 2019. The implementation of the cash capital increase is subject to the conditions that (i) a subscription volume of at least EUR 6,000,000 is achieved by 15 June 2020 and (ii) the implementation of the cash capital increase is entered in the Commercial Register within six months of the entry of the shareholders' resolution in the Commercial Register.

### ***Delivery and settlement***

The Offer Shares will be delivered to investors in the form of co-ownership rights in a global share certificate to be deposited with the collective securities depository Clearstream Banking Aktiengesellschaft. The Offer Shares are expected to be credited to investors' accounts starting on 19 December 2019 through the book-entry facilities of MainFirst Bank AG. Investors can obtain information about the actual delivery of the Offer Shares subscribed for under the Subscription Offering from their respective custodian bank. Trading in Offer Shares subscribed for by an investor under the Subscription Offering is not available before the crediting of such shares to the investor's account.

At the shareholder's option, the Offer Shares purchased in the Offering will be credited either to a securities deposit account maintained by a German bank with Clearstream Banking Aktiengesellschaft or to a securities account of a participant in Euroclear Bank S.A. /N.V., 1, Boulevard Roi Albert II,

1120 Brussels, Belgium, as the operator of the Euroclear system, or to Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg, for the account of such shareholder.

#### **6.4 Transferability of the Shares**

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares (*Inhaberaktien*), except for the restrictions set forth in "7 Details of the Offer and Inclusion to Trading" and "7.8.3 Selling Restrictions", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

#### **6.5 Taxation**

The following is a general discussion of certain tax consequences under the tax laws of Germany of the acquisition, ownership and sale of shares and subscription rights. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to shareholders. The following section only provides some very general information on the possible tax treatment. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

Prospective investors should not apply any information set out below to other areas, including (but not limited to) the legal consequences of transactions involving the shares and/or the subscription rights.

Prospective investors are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of shares and subscription rights, including the effect of any state or local taxes under the tax laws applicable in Germany and each country of which they are residents.

##### **6.5.1 Taxation of Shareholders**

Shareholders of the Company are subject to taxation in particular in connection with the holding of shares (see "*Taxation of Dividends*"), the disposal of shares (see "*Taxation of Capital Gains from the Disposal of Shares*") and the gratuitous transfer of shares (see "*Inheritance and Gift Tax*").

##### ***Taxation of Dividends***

Distributions made by the Company are classified as income from capital investments (dividends) and are subject to income tax (plus solidarity surcharge and church tax, if any) by way of withholding tax.

The withholding tax is generally withheld at source regardless of whether and, if so, to what extent the dividend is exempt from tax at the shareholder's level and whether the shareholder is a resident of Germany or of a foreign country. If shares – as it is the case with the shares in the Company – are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the withholding tax is withheld and discharged for the account of the shareholders by the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), including domestic branches of foreign credit and financial services institutions, by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps and administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent or by the central securities

depository to which the shares were entrusted for collective safe custody if the dividends are disbursed to a foreign agent by such central securities depository (hereinafter referred to jointly or separately as ***Domestic Paying Agent***).

The credit of withholding tax to dividends is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties. Absent the fulfilment of all of the three prerequisites, three fifths of the withholding tax imposed on the dividends must not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the refrained withholding tax deduction. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed EUR 20,000 or that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

If monies from the tax recognised contribution account (*steuerliches Einlagekonto*) are to be used for the distribution, the dividend payment is generally, subject to certain prerequisites, tax-exempt and not subject to withholding tax. Nevertheless, such dividends lower the acquisition costs of the shares which may result in a greater amount of taxable capital gain upon the shareholder's disposal of the shares. To the extent that dividends from the tax recognised contribution account exceed the then lowered acquisition costs of the shares, a capital gain is recognised by the shareholder, which may be subject to tax in accordance with the provisions outlined below.

In the case of dividends paid to a company domiciled in another European Union Member State and subject to the Parent Subsidiary Directive, upon request and provided that other conditions are also met, including, e.g., the minimum holding requirement of 10% and substance requirements of the German anti-treaty shopping rules, the withholding tax is reduced to zero. The same applies to dividends paid to a permanent establishment of such company located in another EU Member State and to dividends paid to a permanent establishment of a German parent company located in another EU Member State if the shares in the Company are classified as business assets of the respective permanent establishment for tax purposes.

In the case of dividends paid to foreign shareholders, a reduced withholding tax rate may be applied if the respective shareholder can claim the benefits of a double taxation treaty concluded between its country of residence and Germany and assuming other conditions are met, including substance requirements of the Anti-Treaty Shopping Rules. However, certain reductions of German withholding tax under the double tax treaties may not apply due to the maximum participation limit of less than 10%. A reduction of the withholding tax rate generally does not affect the obligation to comply with withholding obligations. However, an application may be filed with the Federal Central Tax Office (Bundeszentralamt für Steuern) for a refund of the difference between the tax withheld and the maximum rate stipulated in the double taxation treaty. Nevertheless, certain conditions have to be met (e.g. the above described special rules for the refund of withholding tax on dividends).

### ***Shareholders Tax-Resident in Germany***

#### *Shares Held as Private Assets*

The tax liability applicable to dividend payments to individual shareholders who are German tax residents and who hold shares as part of their private assets is generally satisfied by withholding a flat tax (Abgeltungsteuer) of 25% plus solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if any).

Therefore, as a rule, individuals as shareholders are not obliged to report interest payments in his/her personal income tax return as a result of the flat tax which covers the personal income tax liability in connection with the interest payments.

For shareholders subject to church tax holding shares as private assets, as a rule, the Domestic Paying Agent withholds the amount of church tax due on the interest payments (Kirchensteuerabzug). The withholding of church tax generally settles any church tax liability of the shareholder. The church tax paid in such withholding scenario is not allowed to be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment. As compensation, the flat tax will be reduced by 25% of the church tax due on the capital income. Church tax is not deducted by way of withholding if the shareholder has filed a blocking notice (*Sperrvermerk*) with the Federal Central Tax Office (*Bundeszentralamt für Steuern*). Where church tax is not levied by way of withholding, it is determined by means of an income tax assessment.

If the capital income has been subject to withholding tax, the shareholder may upon application declare such income in his/her income tax return, e.g. in order to utilise unused amounts of the general saver's allowance (*Sparer-Pauschbetrag*) or a loss carry-forward, credit foreign taxes or to avoid the application of the withholding tax based on a lump sum substitute basis (*Ersatzbemessungsgrundlage*). In such cases, the capital income will still be taxed with the tax rate of the flat tax, and, if applicable, church tax, but not at the individual, progressive income tax rate.

Within the tax return and, upon request, vis-à-vis the Domestic Paying Agent in the withholding procedure, a saver's allowance in the amount of EUR 801.00 (or EUR 1,602.00 for married couples and registered partners filing jointly) per calendar year can be deducted from the investment income. Income-related expenses incurred in connection with private investment income are not tax deductible.

Shareholders may apply for the whole amount of their capital income, including interest, to be taxed at the income tax rate based on their personal circumstances instead of the flat-rate withholding tax if this results in a lower tax liability (*Günstigerprüfung*). The withholding tax is (subject to the fulfilment of the special rules for dividend withholding tax crediting) credited against the personal tax liability of the shareholder or reimbursed if it exceeds the personal tax liability.

Individual shareholders who privately hold, directly or indirectly, an interest of at least 25% in the Company, and shareholders who privately hold, directly or indirectly, at least 1% in the Company and work for the Company, may apply for an exemption from the flat-rate withholding tax. As a consequence, only 60% of the dividends paid to the shareholder are subject to income tax according to the applicable rate plus solidarity surcharge, and church tax, if applicable. Expenses incurred in connection with dividend income are 60% tax-deductible. The withholding tax is offset against the income tax (and solidarity surcharge and church tax, if any) and any excess withholding is refunded. The saver's allowance is not granted additionally.

Dividend payments that are made using funds from the tax recognised contribution account are generally, subject to certain prerequisites, tax-exempt.



### *Shares Held as Business Assets of Corporations*

In principle, dividends received by corporations tax resident in Germany are fully taxable and therefore subject to corporate income tax at a rate of 15% plus 5.5% solidarity surcharge thereon, in total 15.825%.

However, dividends received are effectively 95% exempt from corporate income tax (including solidarity surcharge thereon), if the corporation holds a direct participation of at least 10% in the share capital of such corporation at the beginning of the calendar year. The acquisition of a participation of at least 10% in the course of a calendar year is deemed to have occurred at the beginning of such calendar year for the purpose of this rule. Participations in the share capital of the company which a corporate shareholder holds through a partnership, including co-entrepreneurships, are attributable to such corporate shareholder only on a pro rata basis at the ratio of the interest share of the corporate shareholder in the assets of relevant partnership. 5% of the dividends are treated as non-deductible operating expenses and are subject to tax. Business expenses actually incurred in connection with dividend income should be generally tax-deductible.

Certain companies in the financial and insurance sectors are excluded from this benefit (see below).

The tax withheld is (subject to the fulfilment of the special rules for dividend withholding tax crediting) offset against the corporate income tax due and any excess withholding is refunded. The same applies to the solidarity surcharge.

Dividend payments that are made using funds from the tax recognised contribution account are generally, subject to certain prerequisites, tax-exempt.

For trade tax purposes, dividends are only exempt if the entity receiving the dividends held a stake of at least 15% in the share capital of the Company at the beginning of the assessment period. Otherwise, the dividends will be fully subject to trade tax.

### *Shares Held as Business Assets of Sole Proprietors*

Dividend payments to individuals who are German tax residents and who hold shares in the Company as part of their business assets are subject to income tax in an amount of 60% of the dividends paid due to the partial income system (*Teileinkünfteverfahren*) according to the applicable tax rate. Solidarity surcharge and church tax (if any) also apply. Business expenses incurred in connection with dividend income are generally only 60% tax-deductible.

The withholding tax and solidarity surcharge (and church tax, if any) withheld are (subject to the fulfilment of the special rules for dividend withholding tax crediting) offset against the individual's income tax and the solidarity surcharge (and the church tax, if any) due. Any excess withholding is refunded. Subject to certain conditions, a sole proprietor may request that its personal income tax be lowered for earnings not withdrawn from the business.

Dividend payments that are made using funds from the tax contribution account are generally, subject to certain prerequisites, tax-exempt.

Dividends are also subject to trade tax. They are exempt from trade tax, provided that the shareholder held at least 15% of the Company's share capital at the beginning of the relevant assessment period. Otherwise, the dividends will be fully subject to trade tax. The trade tax will be (partly) credited towards the individual's income tax by a lump sum method.

### *Shares Held as Business Assets of a Co-Entrepreneurship*

Income tax or corporate income tax (including solidarity surcharge and church tax, if any) is not levied at the level of the co-entrepreneurship but rather at the level of the respective partner. The taxation of the respective partner depends on its tax status, i.e., whether the partner is a corporation or an individual.

If the partner is a corporation, the dividends contained in its profit share are taxed in accordance with the principles applicable to corporations (see above). If the partner is an individual and the shares are held as business assets of the partnership, dividends contained in their profit share are taxed in accordance with the principles applicable to sole proprietors (see above). Subject to certain conditions, an individual partner may request that its personal income tax be lowered for earnings not withdrawn from the partnership.

To the extent the shares are held as business assets in a permanent establishment in the partnership in Germany, the dividends are, as a rule, subject to trade tax regardless if the partners are corporations or individuals. In this case, the trade tax is levied at the level of the partnership. If an individual holds an interest in the partnership, the proportionate trade tax may be credited towards the individual's income tax by means of a lump sum method.

### *Shares Held as Assets of Certain Companies in the Financial and Insurance Sector*

The tax exemption applicable to dividends does not apply to dividends paid to certain companies in the financial and insurance sector.

Dividends from shares that are part of the trading portfolio (*Handelsbestand*) in the meaning of the German Commercial Code (*Handelsgesetzbuch*) of banks and financial services institutions in the meaning of the HGB, as well as dividends from shares that are to be shown as current assets at the time of addition to the business assets of financial enterprises in the meaning of the German Banking Act (*Kreditwesengesetz*) in which banks or financial service institutions directly or indirectly hold more than 50% of the shares are fully liable for corporate income tax (plus solidarity surcharge) and trade tax.

### *Shareholders Tax Resident Outside Germany*

Dividends paid to shareholders (individuals and corporations) who are not German tax residents are generally subject to German taxation on their individual German income.

If the shares are held as part of business assets in Germany (that is, via a permanent establishment or as part of business assets for which a permanent representative in Germany has been appointed), the provisions outlined above with respect to the taxation of shareholders that are German tax residents principally apply accordingly. The withholding tax and solidarity surcharge withheld at source and remitted to the German tax authorities will be credited (subject to the fulfilment of the special rules for dividend withholding tax crediting) towards the shareholder's income tax or corporate income tax liability or refunded in the amount of any excess paid.

In all other cases, the tax liability of the dividends is settled via the withholding tax plus the solidarity surcharge (which may be reduced pursuant to an applicable double taxation treaty or under national tax laws). The Parent-Subsidiary Directive (as implemented into domestic law) or a reduction pursuant to of a double taxation treaty may be applied (see above), subject to the fulfilment of the special rules for dividend withholding tax crediting.

If the shareholder is a foreign corporation subject to limited tax liability, two-fifths of the withheld and remitted withholding tax and the solidarity surcharge for dividends may be refunded by the

German Federal Tax Office (*Bundeszentralamt für Steuern*) upon request under an official form subject to further requirements.

### ***Taxation of Capital Gains from the Disposal of Shares or Subscription Rights***

Capital gains from the disposal of shares or subscription rights are classified as income from capital investments and are generally subject to income tax (plus solidarity surcharge and church tax, if any) by way of withholding tax, irrespective of how long the shares have been held.

If shares or subscription rights – as it is the case with the shares in the Company – are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the withholding tax is withheld and discharged for the account of the shareholders by the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), including domestic branches of foreign credit and financial services institutions, by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which carries out the disposal of the shares or subscription rights and disburses or credits the capital gains or disburses the capital gains to a foreign agent or by the central securities depository to which the shares and subscription rights were entrusted for collective safe custody if the capital gains are disbursed to a foreign agent by such central securities depository.

### ***Shareholders Tax-Resident in Germany***

#### ***Shares and Subscription Rights Held as Private Assets***

The tax liability applicable to capital gains from the disposal of shares and subscription rights to individual shareholders who are German tax residents and who hold shares and subscription rights as part of their private assets is generally satisfied by withholding a flat tax of 25% plus solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if any) as described above (see “Taxation of Dividends”).

In the view of taxing authorities, the exercise of subscription rights is not considered as a disposal of such subscription rights. Shares acquired as a consequence of the exercise of subscription rights are deemed to be acquired at a subscription price of EUR 0 at the time of exercise of the subscription right.

The provisions set out above (see “Taxation of Dividends – Shares Held as Private Assets”) regarding the report of investment income in the personnel income tax return, church tax, the saver’s allowance, the use of a loss carry-forward, the application of the withholding tax based on a lump sum substitute basis, the offset of losses from capital income and the application for a taxation at the personnel income tax rate in connection with the flat tax apply accordingly. Any tax already withheld is credited against the income tax and any overpayment is refunded.

Losses on the disposal of such shares or subscription rights can only be used to offset gains made on the disposal of shares or subscription rights during the same year or, subject to certain restrictions, in subsequent years. Losses from the disposal of subscription rights can only be offset against positive private capital investment income.

If the shareholder making the disposal – or, in the event of a disposal of shares acquired without consideration, its legal predecessor – held a direct or indirect stake of at least 1% in the Company’s share capital at any time in the five years preceding the disposal, any capital gains realised are deemed to be trading income such that the withholding tax levied on the capital gains does not satisfy the tax liability.

The same applies if the shares have been gratuitously transferred several consecutive times prior to the disposal. The capital gains are 60% taxable at the individual tax rate of the shareholder. The withholding tax and solidarity surcharge withheld are credited towards the shareholders' tax liability or refunded in the amount of any excess paid on their tax assessment.

The aforesaid taxation rules apply accordingly to the disposal of subscription rights by substantial shareholders. Unlike under the flat tax regime, the acquisition costs of subscription rights are calculated as a fraction of the original acquisition costs of the underlying shares which is split off from the shares and attributed to the subscription rights (aggregate value method). Upon exercise of a subscription right, its acquisition costs increase the acquisition costs of the newly acquired shares.

Under certain conditions, prior payments from the tax recognised contribution account may lead to reduced acquisition costs of the shares held as personal assets and, as a consequence, increase the taxable capital gain.

#### *Shares and Subscription Rights Held as Business Assets of Corporations*

Capital gains from the disposal of shares are not subject to withholding tax if the shareholder declares to the Domestic Paying Agent that the shares are held by corporations that are German tax residents on the designated official form. In principle, they are exempt from corporate income tax and trade tax.

However, 5% of the capital gains are deemed non-deductible business expenses and are thus subject to corporate income tax (plus solidarity surcharge) and – if the shares are held as part of the commercial business assets in Germany – to trade tax. Consequently, capital gains are generally 95% exempt from tax.

As a rule, losses on disposals and other profit reductions in connection with the shares sold may not be deducted as business expenses.

Special regulations apply to certain companies in the financial and insurance sector (see below).

The tax authorities take the view that the exercise of subscription rights is not considered a taxable event. Gains realised on the disposal of subscription rights are subject in full to corporate income tax and trade tax. Losses from the disposal of subscription rights and other reductions in profit reduce the taxable income.

#### *Shares and Subscription Rights Held as Business Assets of a Sole Proprietor*

Capital gains from the disposal of shares and subscription rights held by individuals are not subject to withholding tax if the disposal proceeds are part of the business income of a business based in Germany and the shareholder declares this fact to the Domestic Paying Agent on the designated official form.

If the withholding tax (plus solidarity surcharge and church tax, if any) has been withheld, this does not satisfy the tax liability with respect to gains from the disposal of shares and subscription rights held as part of the business assets. Amounts withheld are instead credited towards the seller's income tax liability (plus solidarity surcharge and church tax, if any) or refunded in the amount of any excess paid.

60% of the gains from the disposal of the shares and subscription rights are subject to income tax (plus solidarity surcharge and church tax, if any) at the individual tax rate of the shareholder and – if the shares and subscription rights are held as part of commercial business assets in Germany – to trade tax. Upon application and provided that additional prerequisites are met, a sole proprietor can obtain a certain reduction of his personal income tax rate for profits not withdrawn from the business.

Generally, only 60% of the losses on disposals and business expenses commercially linked to the shares and subscription rights sold may be deducted.

The trade tax is (partially) credited to the shareholder's personal income tax by means of a lump sum method.

The tax authorities take the view that the exercise of subscription rights is not considered a taxable event.

#### *Shares and Subscription Rights Held as Business Assets of a Co-Entrepreneurship*

Income tax or corporate income tax (including solidarity surcharge and church tax, if any) is not levied at the level of the co-entrepreneurship but rather at the level of the respective partner. The taxation of the respective partner depends on its tax status, i.e., whether the partner is a corporation or an individual.

If the partner is a corporation, the capital gains contained in its profit share are taxed in accordance with the principles applicable to corporations (see above). If the partner is an individual and the shares and subscription rights are held as business assets of the partnership, capital gains contained in its profit share are taxed in accordance with the principles applicable to sole proprietors (see above). Subject to certain conditions, an individual partner may request that its personal income tax be lowered for earnings not withdrawn from the partnership.

For a partnership, capital gains are subject to trade tax if the shares and subscription rights are part of the business assets of a German business operation of the partnership. 5% of these gains are subject to trade tax insofar as they relate to the profit share of a partner that is a corporation and 60% insofar as they relate to the profit share of a partner that is an individual. In the latter case, the trade tax is (partially) credited to the partner's personal income tax by means of a lump-sum method.

The Domestic Paying Agent is released from its obligation to retain withholding tax on capital gains if the partnership declares vis-à-vis the Domestic Paying Agent, that the shares and subscription rights are held as German business assets on an official form. If taxes and solidarity surcharge are withheld, these do not have any settling effect in respect of the shares and subscription rights held as business assets; instead, they are credited against the individual income tax respectively the corporate income tax liability, the solidarity surcharge and the church tax, if any, of the seller, or refunded to the extent of a potential overpayment.

#### *Shares and Subscription Rights Held as Assets of Certain Companies in the Financial and Insurance Sector*

Capital gains realised by certain companies in the financial and insurance sector are fully subject to corporate income tax plus solidarity surcharge and trade tax. The effective tax exemption of 95% does not apply for gains from the disposal of shares and subscription rights that are part of the trading portfolio (*Handelsbestand*) of banks and financial services institutions in the meaning of the HGB or to be shown as current assets at the time of addition to the business assets of financial enterprises in the meaning of the German Banking Act (*Kreditwesengesetz*) in which banks or financial service institutions directly or indirectly hold more than 50%.

#### *Shareholders Tax Resident Outside Germany*

Gains from the disposal of shares and subscription rights held by shareholders that are not German tax residents as part of German business assets (that is, via a permanent establishment or as part of business assets for which a permanent representative in Germany has been appointed), are taxed in

Germany, as a general rule, according to the same provisions that apply to the taxation of shareholders that are German tax residents as described above.

Otherwise, capital gains realised by shareholders that are not German tax residents are taxable in Germany only if the shareholder making the disposal – or, in the event of shares and subscription rights acquired without consideration, their legal predecessor – held a direct or indirect stake of at least 1% in the Company’s share capital at any time in the five years preceding the disposal. 60% of the gains from the disposal of the shares and subscription rights are subject to income tax (plus solidarity surcharge). As a general rule, double taxation treaties concluded by Germany often provide for full exemption from German taxation in such cases and assign fiscal jurisdiction to the shareholder’s country of residence.

Losses on disposals and other profit reductions or expenses incurred in connection with the shares and subscription rights may be deducted only to a limited extent in line with the principles outlined above. The German tax authorities have ruled that generally no withholding tax needs to be deducted by a Disbursing Agent in such cases. However, if the capital gain is subject to tax in Germany, the shareholder is required to file a tax return and pay such taxes.

### ***Inheritance and Gift Tax***

The transfer of shares or subscription rights to another person upon death or as a gift is generally subject to German inheritance or gift tax in the following circumstances:

1. the place of residence, customary place of abode, place of management or registered office of the testator, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five consecutive years prior to the transfer outside Germany without having a place of residence in Germany (this term is extended to ten years for German expatriates with U.S. residence);
2. the testator’s or donor’s shares or subscription rights were part of business assets for which there was a place of business in Germany or for which a permanent representative was appointed; or
3. the testator, at the time of death, or the donor, when the gift was made, held a direct or indirect interest of at least 10% of the Company’s share capital either alone or jointly with other persons closely connected to them.

The fair value represents the tax assessment base. In general that is the stock exchange price. Dependent on the degree of relationship between descendent or donor and recipient, different tax-free allowances and tax rates apply.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance or gift tax only to be levied in the cases under (1) and, subject to certain restrictions, in the cases under (2). Special arrangements apply to certain German nationals and former German nationals living outside Germany.

### ***Other taxes***

No German capital transfer tax, value added tax, stamp duty or similar taxes are levied on the purchase or disposal of bonds or other forms of share transfer. Wealth tax is currently not levied in Germany. However, an entrepreneur can opt to pay value-added tax on the disposal of shares, despite being generally exempt from value-added tax, if the shares are sold to another entrepreneur for the entrepreneur’s business.

### *The Proposed Financial Transaction Tax (FTT)*

The European Commission has published a proposal for a directive for a common FTT in certain participating Member States. The proposed FTT has very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions). The FTT could apply to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in a participating Member State or (ii) the financial instruments are issued in a participating Member State. The proposed directive remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear.

### *The Proposed Tax Law Changes Under the 2018-2021 Agenda of the Grand Coalition*

In its coalition agreement dated March 12, 2018 the German government agreed on relieving low and middle income earners from the solidarity surcharge as from 2021.

Pursuant to the draft tax bill of the German government dated August 20, 2019, the solidarity surcharge shall only be levied for wage tax and income tax purposes from the assessment period 2021 onwards if the individual income tax of the German individual exceeds the threshold of EUR 16,956 (EUR 33,912 for jointly assessed individuals). Pursuant to the draft tax bill, the solidarity surcharge shall remain in place for purposes of withholding tax, the flat tax regime and the corporate income tax. That legislative proposal has not been implemented yet.

Further, the German government agreed on an abolishment of the flat tax rate of 26.375% with the definitive taxation of interest income as soon as the automatic information exchange on tax matters (*Automatischer Informationsaustausch in Steuerfragen*) is established. Instead, interest income shall be taxed by way of assessment on the basis of the investor's marginal tax rate of up to 47.475% (plus church tax, if any).

## **6.6 Subscription Agent**

The shares in the Company will be offered by the Company. MainFirst Bank AG, organised under German law and registered with the Commercial Register under the number HRB 53261 and its business address Kennedyallee 76, 60596 Frankfurt am Main, Germany (telephone +49 (0) 69 788080; website [www.mainfirst.com](http://www.mainfirst.com)) will act as Subscription Agent, is responsible for the technical execution of the Offering and will support the Company with the identification of suitable investors for the placement of the Rump Placement.

## **6.7 Description of National Legislation Applicable to the Company and the Shares**

### ***6.7.1 General provisions governing a change in the share capital***

Under the German Stock Corporation Act (*Aktiengesetz*), to increase or decrease its share capital a German stock corporation (*Aktiengesellschaft*) generally requires a resolution of the shareholders' meeting to be passed by a majority of the votes cast, as well as a majority of at least 75% of the share capital represented at the time the resolution is passed unless the articles of association provide for a different capital majority. Section 19 paragraph 2 of the Articles of Association provides that resolutions of the shareholders' meeting shall be passed with a simple majority of the valid votes cast, unless a higher majority is required by mandatory law or by the Articles of Association. In so far as the law requires a capital majority in addition to a majority of votes for resolutions of the Company's shareholders' meeting, a simple majority of the share capital represented shall be sufficient to the extent legally permissible. Accordingly, capital measures that do not mandatorily require a majority of at least

75% of the share capital represented at the vote, such as capital increases against cash contributions without the issuance of non-voting preferred shares and the exclusion of subscription rights, may be adopted by a simple majority of the votes cast and of the share capital represented.

Shareholders can also create authorised capital. This requires a resolution passed by a majority of the votes cast as well as a majority of at least 75% of the share capital represented when the resolution is passed, authorising the Management Board to issue a specific quantity of shares within a period not exceeding five years. The nominal amount of the authorised capital may not exceed 50% of the share capital existing at the time the authorisation is granted.

In addition, shareholders can create conditional capital by a resolution passed with a majority of the votes cast as well as a majority of at least 75% of the share capital represented at the time the resolution is passed, for the purposes of (i) issuing shares to holders of convertible bonds or other securities granting a right to subscribe for shares, (ii) issuing shares as consideration in a merger with another company, or (iii) issuing shares offered to managers and employees. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to issue shares to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce share capital require a simple majority of the votes cast as well as a majority of at least 75% of the share capital represented at the time the resolution is passed.

#### **6.7.2 Exclusion of Minority Shareholders**

Under Sections 327a et seq. of the German Stock Corporation Act (*Aktiengesetz*), which governs the so-called “squeeze-out under stock corporation law”, upon the request of a shareholder holding 95% of the share capital (**Majority Shareholder**), the shareholders’ meeting of a stock corporation may resolve to transfer the shares of minority shareholders to the Majority Shareholder against the payment of adequate compensation in cash. The amount of the cash payment that must be offered to minority shareholders has to reflect “the circumstances of the company” at the time the shareholders’ meeting passes the resolution. The amount of the cash payment is based on the full value of the company, which is generally determined using the capitalised earnings method. The minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), in the course of which the fairness (*Angemessenheit*) of the cash payment is reviewed.

In addition, under Section 62 paragraph 5 of the German Transformation Act (*Umwandlungsgesetz*), a majority shareholder holding at least 90% of a stock corporation’s share capital can require the shareholders’ meeting to resolve that the minority shareholders must transfer their stock to the majority shareholder against the payment of adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation, a partnership limited by shares (*Kommanditgesellschaft auf Aktien – KGaA*), or a European company (*SE*) having its seat in Germany, and (ii) the squeeze-out is performed in connection with a merger under the German Transformation Act (*Umwandlungsgesetz*) between the majority shareholder and the stock corporation. The shareholders’ meeting approving the squeeze-out must take place within three months of the conclusion of the merger agreement. The procedure for the squeeze-out is essentially identical to the “squeeze-out under stock corporation law” described above, including the minority shareholders’ right to have the appropriateness of the cash compensation reviewed.

Under Sections 319 et seq. of the German Stock Corporation Act (*Aktiengesetz*), the shareholders’ meeting of a stock corporation may vote for integration (*Eingliederung*) with another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the company to be integrated. The former shareholders of the integrated



company are entitled to adequate compensation, which, generally, must be provided in the form of shares in the parent company. Where the compensation takes the form of shares in the parent company, it is considered appropriate if the shares are issued in the same proportion as the shares the parent company would have been issued per share in the integrated company if a merger had taken place. Fractional amounts may be paid out in cash.

### **6.7.3 Insider Rules and Ad-Hoc Publicity**

The Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (**MAR**) and the German Securities Trading Act prohibit the abuse of inside information. Inside information is defined in MAR as information of precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers, or one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments, because a reasonable investor would likely use such information as the basis for his/her investment decision.

Information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instruments. An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information.

Pursuant to Article 17 MAR, the Company shall inform the public as soon as possible of inside information which directly concerns the Company. In such case the Company shall also, prior to informing the public, inform the BaFin and the management of the trading venues and facilities (*Geschäftsführungen der Handelsplätze*) where financial instruments of the Company have been admitted to trading or been included in such trading, and, after publication, without undue delay transmit the information to the German Company Register (*Unternehmensregister*).

The Company may, on its own responsibility, delay disclosure if (i) immediate disclosure is likely to prejudice the legitimate interests of the Company, (ii) delay of disclosure is not likely to mislead.

### **6.7.4 Directors' Dealings**

Pursuant to Article 19 MAR, persons discharging managerial responsibilities (**Executives**) shall notify the Company and the competent authority, i.e. BaFin, of every transaction conducted on their own account relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto (so-called managers' transactions). The same applies to persons closely associated with Executives. Transactions that must be notified shall also include, among others, the pledging or lending of financial instruments, transactions undertaken by any person professionally arranging or executing transactions on behalf of an Executive or a closely associated person, including where discretion is exercised, as well as transactions made under a life insurance policy. The notification requirement shall apply to any subsequent transaction once a total amount of EUR 5,000.00 has been reached within a calendar year. BaFin may decide to increase the threshold to EUR 20,000.00. Notification shall be made promptly and no later than three business days after the date of the transaction.

For the purposes of MAR, Executive means a person within the Company who is a member of the administrative, management or supervisory body of the Company or a senior executive who is not such member but who has regular access to inside information relating directly or indirectly to the

Company and who has power to take managerial decisions affecting the future developments and business prospects of the Company. A person closely associated with an Executive means a spouse, a registered civil partner (*eingetragener Lebenspartner*), a dependent child as well as a relative who has shared the same household for at least one year on the date of the transaction concerned. A person closely associated also includes a legal person, trust or partnership, the managerial responsibilities of which are discharged by an Executive of the Company or by another person closely associated with him. Finally, the term includes a legal person, trust or partnership, which is directly or indirectly controlled by an Executive of the Company or by another person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

The Company shall ensure that the information of which it is notified is promptly made public. In any case, it shall be made public no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis in accordance with European Securities and Markets Authority's implementing technical standards. Furthermore, according to the German Securities Trading Act (*Wertpapierhandelsgesetz*), the Company shall without undue delay transmit the information to the German Company Register (*Unternehmensregister*) and notify BaFin. Non-compliance with the notification requirements may result in a fine.

## 7. DETAILS OF THE OFFER AND INCLUSION TO TRADING

*The purpose of this section is to set out the specific information on the offer of the shares, the plan for their distribution and allotment, an indication of their pricing. Moreover, it presents information on the placing of the shares, any underwriting agreements and arrangements relating to admission to trading. It also sets out information on dilution to existing shareholders.*

### 7.1 Subject Matter of the Offering

This public offer relates to the subscription offering (*Bezugsangebot*) of up to 1,500,000 bearer shares (*Inhaberaktien*) of the Company with no-par value (*Stückaktien*), each with a notional interest in the share capital of the Company of EUR 1.00 and full dividend rights from 1 January 2019 (the *Offer Shares*) at the subscription price of EUR 5.36 (the *Subscription Price*) and with a subscription ratio of 6:1, i.e. six existing shares entitle to to subscribe for one new share, which will be offered to existing shareholders of the Company, from a capital increase against cash contribution, as resolved by the Company's ordinary shareholders' meeting on 12 June 2019 (the *Subscription Offering* and together with the Rump Placement, the *Offering*).

The Management Board of the Company resolved on 8 November 2019, following authorisation by the Supervisory Board on 10 November 2019, to increase the Company's share capital by up to EUR 1,500,000.00 and to issue up to 1,500,000 bearer shares (*Inhaberaktien*) of the Company with no-par value (*Stückaktien*) from the capital increase against contribution in cash as resolved by the shareholders' meeting on 12 June 2019 with subscription rights for existing shareholders of the Company at the Subscription Price.

Background to this Subscription Offering is the acquisition of SPSW by way of contributing 90% of the shares in SPSW, in form of a combined cash/non-cash capital contribution. This cash capital increase is intended to give the free float shareholders the opportunity of avoiding any dilution of their shares in the Company (through the non-cash capital increase subject to the exclusion of subscription rights) (for details see "4.3.2 Acquisition of SPSW Capital GmbH" and "10.7.2 Acquisition of SPSW Capital GmbH").

The subscription period is expected to run from and including 22 November 2019 to and including 13 December 2019.

In Germany, the Subscription Offering will take the form of a public offering by the Company exclusively to existing shareholders of the Company. Any Offering Shares not placed in the Subscription Offering will be offered by the Subscription Agent in the Rump Placement in form of private placements in Germany and other selected jurisdictions. The Offering has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the *Securities Act*) and subject to certain exceptions, the Offer Shares may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, as defined in the Securities Act.

In connection with the Offering, the Company and the Subscription Agent have entered into an underwriting agreement dated 20 November 2019 (the *Underwriting Agreement*), pursuant to which the Subscription Agent agrees to support the Company in the identification of suitable investors for the placement of the Offer Shares in the Rump Placement and to take the responsibility of the technical execution of the Offer to the existing shareholders by way of indirect subscription rights during the subscription period, in accordance with the Subscription Price. The Subscription Agent further agreed, on the basis of the Underwriting Agreement, to offer the Offer Shares not placed in the Subscription Offering to qualified investors in private placements in Germany and other selected jurisdictions outside the United States, Japan, Canada and Australia in offshore transactions as defined in and in reliance on

Regulation S under the Securities Act. The Subscription Offering is subject to, among other things, registration of the implementation of the capital increase in the Commercial Register, which is expected to occur on or about 17 December 2019.

In relation to the Subscription Offering certain shareholders, including the major shareholder DEWB Effecten GmbH (**DEWB**), waived their statutory subscription rights with respect to their entire holdings, corresponding to an aggregate amount of 5,040,689 shares in the Company, and will not participate in the Subscription Offering.

The Company targets the placement of Offer Shares in the aggregate amount of EUR 8,040,000 in the Offering. The offer price per share for the Rump Placement will correspond to the Subscription Price.

Under certain circumstances, the Subscription Offering may be terminated prematurely. See below, “7.8.2 Termination and Indemnification”.

## **7.2 Expected Timetable for the Offering**

The following is the expected timetable of the Offering, which may be extended or shortened:

20 November 2019.....	Approval of this Prospectus without Subscription Price by BaFin
20 November 2019.....	Publication of the approved Prospectus on the Company’s website ( <a href="http://www.lloydfonds.de">www.lloydfonds.de</a> ) and the Subscription Offering
21 November 2019.....	Publication of the Subscription Offering in the Federal Gazette
22 November 2019.....	Ex date, i.e. the existing shares will be traded “ex-rights” on the Frankfurt Stock Exchange
22 November 2019.....	Start of Subscription Period (00:00 CEST)
25 November 2019.....	Record date, i.e. the date on which the number of subscription rights for each shareholder are determined based on its then current shareholding
26 November 2019.....	Account entry of the subscription rights of the shareholders of the Company as of the evening of 26 November 2019 ( <i>Zahlbarkeitstag</i> )
13 December 2019.....	Close of the subscription period and latest possible date for payment of the Subscription Price
16 December 2019.....	Private Placement of Offer Shares not subscribed for in the Subscription Offering ( <i>Rump Placement</i> )
17 December 2019.....	Registration of the consummation of the capital increase with the Commercial Register and creation of the Offer Shares to be delivered on the date of the settlement (assuming a sale of Offer Shares in an aggregate volume of at least EUR 6,000,000)
17 December 2019.....	Resolution by the Management Board, with the consent of the Supervisory Board, of a capital increase.
17 December 2019.....	Announcement of the results of the Subscription Offering on the Company’s website and allocation of the Offer Shares placed in the Rump Placement
17 December 2019.....	Registration of the implementation of the capital increase with the Commercial Register relating to the Offer Shares placed in the Offering

19 December 2019..... Commencement of trading in the placed Offer Shares on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) and book-entry delivery of the Offer Shares to investors (settlement and closing)

The Prospectus will be published on the Company's website at [www.lloydfonds.de](http://www.lloydfonds.de). Printed copies of the Prospectus are available from the Company free of charge during normal business hours at the following address: An der Alster 42, 20099 Hamburg, Germany (tel. +49 (0)40325678-0).

Information on the websites listed in this section and information accessible via these websites is neither part of nor incorporated by reference into this Prospectus.

### **7.3 Subscription Offering**

The following is an English-language translation of the draft German-language Subscription Offering. The German-language version is expected to be finalised with any outstanding information and published in the German Federal Gazette (*Bundesanzeiger*) on 21 November 2019:

**“Lloyd Fonds AG  
Hamburg, Germany  
(ISIN DE000A12UP29/WKN A12UP2)  
Subscription Offering**

On 12 June 2019 the general shareholders' meeting of Lloyd Fonds AG (the “**Company**”) adopted a resolution to increase the Company's share capital in the amount of EUR 10,072,306.00 by up to EUR 1,500,000.00 by issuing up to 1,500,000 new ordinary bearer shares (*auf den Inhaber lautende Stückaktien*) with a notional value of EUR 1.00 against cash contribution. The shares will carry full dividend rights as of 1 January 2019. The existing shares of the Company will be equipped with subscription rights and additional subscription rights (*Mehrbezugsrechte*) for existing shareholders of the Company with respect to the new shares.

Under this shareholders' resolution, shareholders will be offered up to 1,500,000 new shares (the “**Offer Shares**”). The Management Board resolved on 8 November 2019, with approval by the Supervisory Board on 10 November 2019, upon the subscription price per Offer Share of EUR 5.36 (the “**Subscription Price**”). This corresponds to the volume-weighted average price of the shares of the Company in the electronic Xetra-trading of the Deutsche Börse AG in Frankfurt/Main for the last 10 (ten) stock exchange trading days preceding the price determination by the Management Board.

The Offer Shares will be offered to the existing shareholders of the Company for subscription by way of indirect subscription rights (*mittelbares Bezugsrecht*) pursuant to an underwriting agreement entered into between the Company and MainFirst Bank AG, Kennedyallee 76, 60596 Frankfurt am Main, Germany (“**MainFirst**”) dated 20 November 2019 (the “**Underwriting Agreement**”). The Offer Shares will thereby be acquired by MainFirst with the obligation to offer them for subscription to the existing shareholders, subject to certain conditions, in particular to the conditions stipulated below in the Section “Important Notices”. The Offer Shares are offered to the shareholders for subscription at a ratio of 6:1 (i.e. six (6) existing shares entitle to subscribe for one (1) Offer Share at the subscription price per Offer Share of EUR 5.36).

Certain existing shareholders of the Company, including the major shareholder DEWB Effecten GmbH, (partially) waived their statutory subscription rights with respect to their holdings, corresponding to approximately 50% of the aggregate amount of the existing shares of the Company (i.e., waivers with respect to 5,040,689 shares). To such extent, they will not participate in the Subscription Offering. Taking these waivers into account allows a subscription ratio of 6:1.

It is only possible to purchase a whole Offer Share or a multiple thereof in whole numbers. The Company does not intend to enable trading of subscription rights.

Subscription rights are attached to all of the bearer shares of the Company with ISIN DE000A12UP29/WKN A12UP2. The subscription rights (ISIN DE000A255EE4/WKN A25 5EE) will automatically be booked by Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, to the custodian banks on 26 November 2019 as per the status on 25 November 2019 ("**Record Date**"). The custodian banks are responsible for booking the subscription rights to the eligible custodian accounts of the Company's existing shareholders.

The Company requests that its shareholders, to avoid exclusion from the capital increase, exercise their subscription rights in the Offer Shares during the period from and including 22 November 2019 (0.00 CEST) up to 13 December 2019 (24.00 CEST) (the "**Subscription Period**") through their depositary bank towards the underwriter MainFirst acting as subscription agent (the "**Subscription Agent**"). Subscription rights that are not exercised during this period will expire without any compensation.

The number of subscription rights to which the shareholders are entitled is calculated on the basis of their respective holdings of Lloyd Fonds AG shares in ISIN DE000A12UP29 after the closing date for bookings as at the Record Date, 25 November 2019. At this time, the subscription rights (ISIN DE000A255EE4 / WKN A255EE) will be separated from the share bookings in ISIN DE000A12UP29. The subscription rights attributable to shares held in collective safe custody will automatically be booked in the morning of 26 November 2019 to the accounts of the respective custodian banks by Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany, in accordance with the relevant securities account holdings.

At the beginning of the subscription period, i.e. as of 22. November 2019, the existing shares of the Company will be traded "ex-rights" on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

Subscription rights can be exercised by signing the subscription declaration, which will be sent to the entitled shareholders by their respective depositary bank, and submitting the signed subscription declaration to the Subscription Agent. Recorded subscription rights will be valid as proof of subscription rights with regard to the respective Offer Shares. The subscription declaration will become effective and legally binding at or after the point in time when the subscription declaration reaches the Subscription Agent and cannot be altered or rescinded afterwards.

**Shareholders of the Company should note that the Company reserves the right to terminate this subscription offering (the "Subscription Offering"), e.g., in case of deteriorating market conditions.**

### ***Subscription Price***

The subscription price per Offer Share is EUR 5.36. The Offer Shares are being offered exclusively for cash in the amount of the Subscription Price. All shareholders that participate in the capital increase will subscribe for the Offer Shares at the same price. The Subscription Price must be paid at the latest on 13 December 2019 (24:00 CEST).

**Shareholders should take into account that if they exercise their subscription rights, they may have committed to acquiring the shares of the Company at a higher price than would be possible for them through an acquisition on the market, due to a possible volatility of the Company's shares and/or a possible further deterioration of market conditions.**

### ***No Subscription rights trading***

A trading of subscription rights ISIN DE000A255EE4/WKN A255EE is neither arranged by the Company nor by MainFirst and is not provided for. Nor will an application be made at a stock exchange for a determination of the price for the subscription rights. Starting 22 November 2019, the Company's existing shares will be listed "ex-subscription rights" (*ex Bezugsrecht*) on the Frankfurt Stock Exchange.

### ***Offer Shares not Subscribed in the Subscription Offering***

After the end of the Subscription Period, MainFirst will offer any Offer Shares which are not subscribed for as part of the Subscription Offering (the "**Rump Shares**") in the context of private placements outside the United States, Canada, Australia and Japan to qualified investors in reliance on Regulation S of the US Securities Act of 1933, as amended (the "**Securities Act**"). The sales in the context of the private placement will be made at the Subscription Price (the "**Rump Placement**" and together with the Rights Offering, the "**Offering**").

### ***Payment***

The Subscription Price for Offer Shares subscribed in the Subscription Offering will be due and payable no later than 13 December 2019 (24:00 CEST). The Company and MainFirst will not specifically charge any expenses and taxes related to the subscription of Offer Shares. The depository banks may charge customary bank commissions for the subscription of Offer Shares. Shareholders and investors are advised to inform themselves about these costs.

### ***Commercial register entry and delivery of Offer Shares***

The entry of the implementation of the capital increase in the Commercial Register is expected on or about 17 December 2019.

After the entry of the implementation of the capital increase into the Commercial Register the Offer Shares will be represented by one global share certificate deposited with Clearstream Banking AG, Frankfurt/Main, Germany. Shareholders are not entitled to individual share certificates. Offer Shares acquired in connection with the Subscription Offering are expected to be available as of 19 December 2019 after being deposited in the accounts of the shareholders following their transfer to the depository banks.

### ***Trading of Offer Shares***

First day of trading of the placed Offer Shares acquired in connection with the Subscription Offering is expected for 19 December 2019

### ***Publication of Prospectus***

In connection with the Subscription Offering the Company has published on 20 November 2019 an English-language securities prospectus on its internet website [www.lloydfonds.de](http://www.lloydfonds.de) (heading: "Investor Relations") which has been approved by the German Federal Financial Supervisory Authority ("**BaFin**") on 20 November 2019 (the "**Prospectus**"). Printed copies of the Prospectus are available in Germany during normal business hours at Lloyd Fonds AG, An der Alster 42, 20099 Hamburg, Germany, free of charge.

### ***Important notices***

Prior to the decision on the exercise of the subscription rights for Offer Shares investors and shareholders are advised to carefully read the Prospectus and to consider such information when making their decision. **In particular, shareholders and prospective investors should read the Section "Risk Factors" of the Prospectus, when considering an investment in the Company.**

Considering a possible volatility of equity prices and the market environment, shareholders should inform themselves of the Company's current share price before exercising their subscription rights for the Offer Shares at the Subscription Price.

Pursuant to the Underwriting Agreement the obligations of MainFirst with respect to the Subscription Offering and the Rump Placement are subject to the fulfilment of certain conditions precedent such as the registration of the implementation of the capital increase into the Commercial Register on or about 17 December 2019, by which the Offer Shares will be created, and the occurrence and non-occurrence of certain other customary circumstances, as the case may be, and MainFirst has the right to terminate the Underwriting Agreement if the conditions precedent have not been met or such other circumstances occur, as briefly explained in the subsequent paragraph.

Upon the occurrence of certain circumstances, MainFirst reserves the right to terminate the Underwriting Agreement. These circumstances include, in particular, (i) the occurrence or development of certain material adverse changes in the general business affairs, management structure, financial condition (results of operations, cash flows and shareholders' equity) or prospects of the Company, (ii) material limitations of stock exchange trading on the Frankfurt Stock Exchange, (iii) suspension of trading of any securities of the Company (except for immaterial suspensions) (iv) a general moratorium on commercial banking activities declared by Federal Republic of Germany, or a material disruption in securities settlement, payment or clearance in the European Economic Area or (v) the outbreak or escalation of hostilities or terrorist attacks or any material adverse change in national or international financial, political, industrial or economic conditions or laws (including tax laws) or currency exchange rates or currency controls or any calamity or crisis that is material and adverse or the declaration by the Federal Republic of Germany of a national emergency or war. Such termination may already occur on the first day of the Subscription Period.

If the Offering is cancelled by the Company, if Offer Shares in an aggregate amount of less than EUR 6 million are subscribed or if the Underwriting Agreement is terminated by MainFirst prior to entry of the implementation of the capital increase into the Commercial Register, the Offering will not take place, in which case any allocations of Offer Shares to shareholders and investors will be invalidated and shareholders and investors will not have any claim to delivery of Offer Shares, the Subscription Offering will lapse and the shareholders' subscription rights will expire. Subscription declarations for Offer Shares already made will be invalid. Should short sales already have occurred at the time of such an expiry of the Subscription Offering, the short-seller of the Offer Shares would bear the risk of not being able to meet its obligation to deliver shares.

### ***Selling restrictions***

The Offer Shares, and the subscription rights have not been and will not be registered under the Securities Act nor with the securities regulatory authorities of any state of the United States and may not be offered, sold or otherwise transferred or, in case of the subscription rights, exercised, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the US Securities Act of 1933. They are also not offered for subscription in Australia, Canada, or Japan.



The acceptance of this offer outside of Germany may be subject to restrictions. Persons wishing to accept the offer outside of Germany are requested to inform themselves on such restrictions and to take these into account.

The distribution of the Prospectus into jurisdictions other than Germany may be restricted by law. Persons into whose possession the Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, the Prospectus should not be distributed forwarded or transmitted into the United States, Canada, Australia and Japan subject to limited exceptions at the Company's sole discretion.

Hamburg, 20 November 2019  
Lloyd Fonds AG  
The Management Board"

#### **7.4 Subscription Rights Not Exercised and Transferability**

Subscription rights not exercised in this Offering within the Subscription Period will lapse and have no value. The subscription rights are freely transferable.

#### **7.5 Waiver of Subscription Rights**

In relation to the Subscription Offering certain shareholders, including the major shareholder DEWB, waived their statutory subscription rights with respect to their entire holdings, corresponding to an aggregate amount of 5,040,689 shares in the Company, and will not participate in the Subscription Offering. This will enable the remaining shareholders to maintain their proportionate interest in the Company by subscribing to new shares, thus avoiding a dilution of their holdings in connection with the SPSW Transaction.

In connection with the waiver of subscription rights by DEWB, the Company and DEWB entered into an agreement, dated 5 June 2019, according to which the Company will endeavour to have the Subscription Agent to offer DEWB a proportionate stake of 50% of the remaining Offer Shares with respect to the Rump Placement (see *7.7 Instruction Regarding the Remaining Shares in the Connection with the Rump Placement*). Furthermore, it has been agreed that if a person resigns from the Supervisory Board, DEWB may nominate a person to be elected to the Supervisory Board in accordance with the provisions set forth in the agreement (for further details see *8.3.1 Overview*).

#### **7.6 Subscription Price**

On 8 November 2019, the Management Board, as approved by the Supervisory Board on 10 November 2019, determined the Subscription Price of EUR 5.36 per share in accordance with the resolution of the shareholders' meeting on 12 June 2019.

Investors will not be charged expenses by the Company or the Subscription Agent. Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution.

#### **7.7 Instruction Regarding the Remaining Shares in the Connection with the Rump Placement**

In connection with the Rump Placement, the Management Board of the Company will endeavour to have the Subscription Agent offer DEWB a proportionate stake of 50% of the remaining Offer Shares pursuant to an agreement entered into between DEWB and Lloyd Fonds, dated 5 June 2019.

## **7.8 Underwriting Agreement**

On 20 November 2019, the Company and the Subscription Agent, MainBank First AG, entered into the Underwriting Agreement with respect to the Subscription Offering and the Rump Placement.

Pursuant to the Underwriting Agreement, the Subscription Agent has agreed to subscribe the Offer Shares and the Company has agreed to issue up to 1,500,000 Offer Shares to the Subscription Agent, in each case provided that the Offer Shares are placed in the Rump Placement and the capital increase has been registered in the Commercial Register.

By way of Subscription Offering (*Bezugsangebot*), the Company will offer the Offer Shares exclusively to its existing shareholders. In Germany, the Offering will take the form of a public offering exclusively to existing shareholders of the Company. The Offer Shares subject to the Rump Placement will be offered by the Subscription Agent for sale in the Rump Placement. The shares subject to the Rump Placement will only be offered outside the United States, Canada, Australia and Japan in offshore transactions in a private placement to qualified institutional buyers in reliance on Regulation S of the Securities Act.

According to the Underwriting Agreement, the Subscription Agent will pay the Company the Subscription Price for all Offer Shares less an agreed fee. The Underwriting Agreement also stipulates that the Company must release the Subscription Agent from certain liabilities and that its obligations under the agreements are contingent on the fulfilment of certain conditions.

### **7.8.1 Commissions**

Under the Underwriting Agreement, the Company is obliged to pay the Subscription Agent a fixed selling fee calculated as percentage of the gross sales proceeds of the Offering Shares placed in the Rump Placement. In addition, the Company reserves the right to pay on its sole discretion to Subscription Agent an additional discretionary fee which is also calculated as a percentage of the gross proceeds in case of a full placement of all Offering Shares. The overall commissions to be paid by the Company to the Subscription Agent are expected to amount to approximately EUR 201,000.00 (excluding VAT), assuming all Offer Shares are placed by the Subscription Agent. The Subscription Agent may involve one or more selling agents in connection with the Offering and, in this context, may share part of the commission with such selling agents. The Company has also agreed to reimburse the Subscription Agent for certain expenses incurred by them in connection with the Offering.

### **7.8.2 Termination and Indemnification**

The Underwriting Agreement provides that the Subscription Agent may terminate the Underwriting Agreement under certain circumstances, including after the Offer Shares have been allotted and listed, up to delivery and settlement. If the Underwriting Agreement is terminated, the Offering will not take place. Any allotments already made to investors will be invalidated. In such case, no claim to delivery exists. Claims relating to any subscription fees already paid and costs incurred by any investor in connection with the subscription are controlled solely by the legal relationship between the investor and the institution to which the investor submitted its order. Investors who engage in short selling bear the risk of being unable to satisfy their delivery obligations. The Company, as well as the existing shareholders of the Company, each severally and not jointly, have undertaken in the Underwriting Agreement to indemnify the Subscription Agent against certain liabilities arising in connection with the Offering, including liabilities under applicable securities laws.

### **7.8.3 Selling Restrictions**

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company or the underwriters to permit a public offering of the Offer Shares anywhere other than Germany or the possession or distribution of this document in any other jurisdiction, where action for that purpose may be required. This Prospectus has been approved solely by BaFin as competent authority under the Prospectus Regulation (see “*1.1 Responsibility Statement*”).

The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with the securities regulators of the individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal regulations.

Sales in the United Kingdom are also subject to restrictions. In the United Kingdom, this Prospectus is only addressed to and directed to qualified investors (i) who have professional experience in matters relating to investments falling within Article 19 paragraph 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**), and/or (ii) who are high net worth entities falling within Article 49 paragraph 2 lit a) through lit d) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as **Relevant Persons**). The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

No offer to the public of any Offer Shares which are the subject of this Offering has been and will be made in any member state of the EEA, other than the offers contemplated in this Prospectus in Germany (once the Prospectus has been approved by BaFin and published in accordance with Regulation (EU) 2017/1129), except that offers to the public of Offer Shares in any member state of the EEA are permitted in accordance with the following exceptions under the Regulation (EU) 2017/1129:

- to legal entities which are qualified investors as defined in Article 2 lit e) of the Regulation (EU) 2017/1129;
- to fewer than 150 natural or legal persons per member state of the EEA (other than qualified investors as defined in Article 2 lit e) of the Regulation (EU) 2017/1129), subject to obtaining the prior consent of the underwriters for any such offer; or
- in any other circumstances falling within Article 3 paragraph 2 of the Regulation (EU) 2017/1129.

For the purposes of this Prospectus, the expression “offer to the public” in relation to any Offer Shares in any member state of the EEA means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

### **7.9 Allotment Criteria**

The Offer Shares will primarily be offered to the existing shareholders of the Company in the Subscription Offering. Offer Shares not subscribed by existing shareholders will be allotted to

institutional investors as decided by the Company after consultation with the Subscription Agent in the Rump Placement.

The Company's only major shareholder, DEWB, waived its subscription rights and will not participate in the Subscription Offering. Achim Plate and Oliver Heine, as members of the Supervisory Board waived their subscription rights and will not to participate in the Subscription Offering. The Company is not aware that any of the members of its Management Board or Supervisory Board intends to participate in the Subscription Offering.

#### **7.10 Target Market Assessment**

Information for distributors: Solely for the purpose of the product governance requirements contained within (i) MiFID II, (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing MiFID II and (iii) local implementing measures (together, the *MiFID II Requirements*), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the *Target Market Assessment*).

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such investment, including up to the total amount invested.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Subscription Agent will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to, the Offer Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Offer Shares and determining appropriate distribution channels.

#### **7.11 Announcements, Paying Agent**

Information related to material developments in the Company following the Offering will be made available on the investor relations website of the Company [www.lloydfonds.de](http://www.lloydfonds.de).

The Company's paying agent is Oddo Seydler Bank AG.

## 7.12 Inclusion to Trading of the Shares on the Frankfurt Stock Exchange

All Shares in the Company are currently traded on the Open Market (*Freiverkehr*) (Segment: SCALE) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Company will apply for inclusion to trading of the Offer Shares on the Open Market (*Freiverkehr*) (Segment: SCALE) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

## 7.13 Dilution

The net asset value of the Company is defined as total assets less total liabilities of the Company as shown in the unaudited interim condensed statement of financial position as of and for the nine-month period ended on 30 September 2019, which amounted to TEUR 19,569 as of 30 September 2019. Considering the 10,072,306 Shares outstanding as of 30 September 2019, the Company's net asset value per Share totalled EUR 1.94 as of 30 September 2019.

After giving effect to an authorised capital increase, as resolved by the Management Board on 8 November 2019, followed by the authorisation of the Supervisory Board on 10 November 2019, the net asset value of the Company and the net asset value per Share, as of 30 September 2019, would have increased as specified in the two scenarios presented below.

### 7.13.1 First Dilution Scenario

As specified in “6.3 Authorisation of the Issue of the Securities”, the implementation of the cash capital increase is subject to a subscription volume of at least EUR 6,000,000 being achieved. Should only such minimum volume be achieved, the net asset value of the Company, as of 30 September 2019, would have increased by TEUR 6,000 to TEUR 25,569. With the subscription price set at EUR 5.36 per share and a subscription volume of TEUR 6,000, the total number of Shares would, in such scenario, have increased by 1,119,403 shares to 11,191,709, resulting in a net asset value per Share of EUR 2.28.

The table below illustrates the effects of the Offering in the scenario specified above:

Subscription Price per Offer Share (in EUR) .....	5.36
Net asset value of the Company per Share (based on 10,072,306 Shares) as of 30 September 2019 (in EUR) .....	1.94
Net asset value of the Company per Share following the Offering (in EUR) .....	2.28
Amount by which the net asset value of the Company per Share following the Offering exceeds the net asset value of the Company per Share as of 30 September 2019 (immediate increase in value to the current shareholders of the Company per Share) (in EUR) .....	0.34
Immediate increase in value (immediate increase in value to the current shareholders of the Company per Share) (in %) .....	17.53
Amount by which the Subscription Price per Offer Share exceeds the net asset value of the Company per Share following the Offering (immediate dilution to the new shareholders of the Company per Share) (in EUR) .....	3.08
Immediate dilution (immediate dilution to the new shareholders of the Company per Share) (in %) .....	42.54

### 7.13.2 Second Dilution Scenario

As specified in “7.1 Subject Matter of the Offering”, the public offer relates to the subscription offering (*Bezugsangebot*) of up to 1,500,000 Offer Shares (i.e., 1,500,000 Offer Shares is the maximum that can be issued in connection with the Offering). Should all 1,500,000 Offer Shares be issued following the Offering and with the subscription price set at EUR 5.36 per share, the net asset value of the Company, as of 30 September 2019, would have increased by TEUR 8,040 to TEUR 27,609. In such

scenario, the total number of Shares would have increased to 11,572,306, resulting in a net asset value per Share of EUR 2.39.

The table below illustrates the effects of the Offering if all 1,500,000 Offer Shares are issued following the Offering:

Subscription Price per Offer Share (in EUR) .....	5.36
Net asset value of the Company per Share (based on 10,072,306 Shares) as of 30 September 2019 (in EUR) .....	1.94
Net asset value of the Company per Share following the Offering (in EUR) .....	2.39
Amount by which the net asset value of the Company per Share following the Offering exceeds the net asset value of the Company per Share as of 30 September 2019 (immediate increase in value to the current shareholders of the Company per Share) (in EUR) .....	0.45
Immediate increase in value (immediate increase in value to the current shareholders of the Company per Share) (in %) .....	23.20
Amount by which the Subscription Price per Offer Share exceeds the net asset value of the Company per Share following the Offering (immediate dilution to the new shareholders of the Company per Share) (in EUR).....	2.97
Immediate dilution (immediate dilution to the new shareholders of the Company per Share) (in %) .....	44.59

## 8. CORPORATE GOVERNANCE

*This section shall explain the issuer's administration and the role of the persons involved in the management of the company. It will furthermore provide information on the background of senior management, their remuneration and its potential link to the issuer's performance.*

### 8.1 Overview

The Company's corporate bodies are the Management Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the shareholders' meeting (*Hauptversammlung*). The Company has a two-tier management and control system, consisting of the Management Board and the Supervisory Board. The powers and responsibilities of these governing bodies are determined by the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association and the rules of procedure for the Supervisory Board (*Geschäftsordnung des Aufsichtsrats*) and the Management Board (*Geschäftsordnung für den Vorstand*).

The Management Board is responsible for managing the Company in accordance with applicable law, the Articles of Association and the rules of procedure for the Management Board, including the business responsibility plan (*Geschäftsverteilungsplan*), generally adhering to the resolutions of the shareholders' meeting. The members of the Management Board represent the Company in dealings with third parties.

Simultaneous management and supervisory board membership in a German stock corporation is not permitted under German law. However, in exceptional cases and for an interim period a member of the supervisory board may take a vacant seat on the management board of the same German stock corporation. During this period, such individual may not perform any duties for the supervisory board. Such stand-in arrangement is limited in time for a maximum period of one year.

The German Stock Corporation Act (*Aktiengesetz*) and the Company's Articles of Association allow the Management Board to consist of one or more members, with the Supervisory Board determining their exact number. The Supervisory Board also appoints the members of the Management Board and is entitled to dismiss each of them under certain circumstances. As set out in the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board advises and oversees the Management Board's administration of the Company, but is not itself authorised to manage the Company. The Articles of Association of the Company or the Supervisory Board must, however, designate the types of transactions that may only be made with the approval of the Supervisory Board. The matters which, according to the rules of procedure for the Management Board, require the prior consent of the Supervisory Board or of a committee of the Supervisory Board currently include, in particular:

- Determination or amendment of the fundamental business policy of the company;
- Determination of the annual plan, including the financial and investment plan for the forthcoming fiscal year;
- Borrowing and granting loans to third parties, if they exceed an amount in individual cases of EUR 250,000.00;
- Provision of guarantees, warranties or other liabilities on behalf of third parties, if they exceed an amount of EUR 250,000.00 in individual cases;
- Waiver and write-off of claims insofar as they exceed an amount of EUR 250,000.00;

- Entering into agreements outside of the ordinary course of business and which are not part of the annual plan of the Company, insofar as they exceed an amount of EUR 50,000.00 in individual cases;
- Entering into, amendment or termination of joint venture agreements, profit and loss transfer agreements, other corporate agreements and silent partnership agreements as well as the exercise of voting rights in associated companies, to the extent that such exercises of voting rights are not part of the Company's line of business;
- Sale of parts of the Company or the Company as a whole;
- Commencement of new business activities, partial or complete discontinuation of business activities carried out in the past;
- Establishment or closure of permanent establishments, branches and sales outlets of the Company;
- Acquisition or disposal of holdings or parts of holdings;
- Acquisition, disposal or encumbrance of investments in other companies; formation of companies, with the exception of the formation of wholly-owned subsidiaries.
- Entering into, amendment or termination of service and employment contracts with fixed annual target salaries of more than EUR 250,000.00 gross;
- Granting, amendment or revoking procuration (Prokura), appointment of managing directors in certain significant direct and indirect subsidiaries;
- Acquisition, divestment or mortgaging of real estate as well as rights equivalent to real estate and obligations relating thereto;
- Conclusion, amendment or termination of contracts that provide for a remuneration of more than EUR 250,000.00 per year, unless included in the annual plan;
- Entering into commodity or stock exchange futures transactions or other speculative transactions;
- Conclusion, amendment or termination of contracts with members of the Supervisory Board, their related parties within the meaning of IAS 24.9 or with managing directors of a subsidiary or their related parties within the meaning of IAS 24.9, other than in relation to contracts in the ordinary course of business with the law firm Ehlermann Rindfleisch Gadow.

In addition to the aforementioned transactions and measures, the Supervisory Board may make other types of transactions and measures subject to a requirement of its consent within the rules of procedure of the Management Board or of the Supervisory Board or by a resolution of its members. The Supervisory Board may also give revocable consent in advance to a certain group of transactions in general or to individual transactions that meet certain requirements.

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



members of the Management Board or the Supervisory Board to the Company for compensatory damages, as the case may be.

Under German law, a shareholder generally has no right to proceed directly against members of the Management Board or Supervisory Board to assert a breach of their duties to the Company. In general, only the Company has the right to enforce claims for damages against the members of the Management Board or Supervisory Board. With respect to claims against Supervisory Board members, the Company is represented by the Management Board, and the Supervisory Board represents the Company with respect to claims against members of the Management Board. Under a decision of the German Federal Supreme Court (*Bundesgerichtshof*), the Supervisory Board is required to assert damages claims against the Management Board if they are likely to succeed unless significant interests of the Company conflict with the pursuit of such claims and outweigh the reasons for bringing such claim.

If the governing body authorised to represent the Company decides not to pursue a claim, the Company's claims for damages against members of the Management Board or the Supervisory Board must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect by a simple majority. The shareholders' meeting may appoint a special representative (*besonderer Vertreter*) to assert these claims. Shareholders whose shares cumulatively make up 10% of the share capital or a *pro rata* share of EUR 1 million may also petition the court to appoint a special representative. In addition, the shareholders' meeting may appoint a special auditor (*Sonderprüfer*) to audit transactions, particularly management transactions, by simple majority vote. If the shareholders' meeting rejects a motion to appoint a special auditor, the court must appoint a special auditor upon the petition of shareholders whose shares cumulatively constitute 1% of the share capital at the time the petition is filed or constitute a *pro rata* share of EUR 100,000.00 if facts exist that justify the suspicion that the behaviour in question constituted dishonesty or gross violations of the law or the articles of association. If the shareholders' meeting appoints a special auditor, the court must appoint another special auditor upon the petition of shareholders whose shares cumulatively constitute 1% of the share capital at the time the petition is filed or constitute a *pro rata* share of EUR 100,000.00 if this appears necessary, in particular because the appointed special auditor is unsuited.

Shareholders and shareholder associations can solicit other shareholders to file a petition, jointly or by proxy, for a special audit, for the appointment of a special representative, or to convene a shareholders' meeting or exercise voting rights in a shareholders' meeting in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of law or the articles of association, shareholders who collectively hold 1% of the share capital or a *pro rata* share of EUR 100,000.00 may also, under certain further conditions, seek damages from members of the Company's governing bodies in their own names through court proceedings seeking leave to file a claim for damages. Such claims, however, become inadmissible if the Company itself files a claim for damages.

The Company may only waive or settle claims for damages against members of the Management Board or Supervisory Board three years after such claims arose and if the shareholders grant their consent at the shareholders' meeting by simple majority vote and if no objection is raised and documented in the minutes of the shareholders' meeting by shareholders whose shares cumulatively constitute 10% of the share capital.

Under German law, individual shareholders and all other persons are prohibited from using their influence on the Company to cause a member of the Management Board or the Supervisory Board to take an action detrimental to the Company. A shareholder with a controlling influence may not use that

influence to cause the Company to act contrary to its own interests unless there is a domination agreement (*Beherrschungsvertrag*) between the shareholder and the Company and unless the influence remains within the boundaries of certain mandatory provisions of law or compensation is paid for the disadvantages that arise. Any person who intentionally uses his influence on the Company to cause a member of the Management Board or the Supervisory Board, an authorised representative (*Prokurist*) or an authorised agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders is liable to compensate the Company and the affected shareholders for the resulting additional losses. Alongside a person who uses his influence to the detriment of the Company, the members of the Management Board and Supervisory Board can be jointly and severally liable, if they acted in violation of their duties.

## **8.2 Management Board**

### **8.2.1 Overview**

The Management Board consists of one or more members with the Supervisory Board determining their number. The Supervisory Board appoints members of the Management Board for a maximum term of five years. The Supervisory Board may appoint members of the Management Board to act as chairman and deputy chairman of the Management Board.

Reappointment or extension of the term of members of the Management Board, each for a maximum period of up to five years, is permissible. The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the member's term for good cause, such as a gross breach of fiduciary duty, or if the shareholders' meeting passes a vote of no confidence with respect to such member, unless the no confidence vote was clearly unreasonable. The Supervisory Board is also responsible for entering into, amending and terminating service agreements with members of the Management Board and, in general, for representing the Company in and out of court vis à vis the Management Board.

Unless the Management Board has only one member, it has a quorum if all members were invited to the meeting and at least two of its members take part in the voting. Members of the Management Board may be connected to meetings via telephone or video conference, in which case they are also considered to take part in the voting. Furthermore, members who are not present may cast their votes in writing or text form or via telephone (*fernmündlich*). Resolutions may also be passed outside of meetings by casting the vote in writing, by telephone, by telefax or by email if all members have been informed about such procedure in due time, no member objects to this procedure without undue delay and, unless the Management Board has only one member, at least two members take part in the voting. Resolutions are passed with a simple majority of the votes cast, unless other majorities are required by law, the Articles of Association or the rules of procedure for the Management Board. If the Management Board has only two members, any resolutions must be adopted unanimously. Further details, particularly regarding composition, duties, overall responsibility, allocation of responsibility for particular functions and internal organisation are governed by the rules of procedure for the Management Board which were issued by the Supervisory Board and became effective on 23 September 2019.

The Company is generally represented vis à vis third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with an authorised representative (*Prokurist*), if the Management Board consists of several members. If the Management Board consists of only one member or if the Supervisory Board has authorised one member of the Management Board to represent the Company alone, such member solely represents the Company.

The internal rules of procedure for the Management Board allocate the responsibilities to individual members of the Management Board on the basis of a business responsibility plan

(*Geschäftsverteilungsplan*). The business responsibility plan is an annex to the rules of procedure for the Management Board and may only be amended by the Supervisory Board after consultation with the Management Board.

### 8.2.2 *Members of the Management Board*

As of the date of this Prospectus, the following table lists the current members of the Management Board and their respective responsibilities:

<u>Name</u>	<u>Age</u>	<u>Year first appointed since</u>	<u>End of current term</u>	<u>Position</u>
Klaus M. Pinter .....	44	2017	2021	Chief Financial Officer
Michael Schmidt .....	46	2019	2022	Chief Investment Officer
Jochen Sturtzkopf.....	52	2018	2020	Chief Sales Officer

The following description provides summaries of the curricula vitae of the current members of the Management Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

**Klaus M. Pinter** was born on 29 April 1975. Klaus M. Pinter is member of the management board and the chief financial officer of Lloyds Fonds AG since July 2018. He studied business and economics at Stuttgart-Hohenheim University (Dipl.oec). Klaus Pinter has 20 years of professional experience in the banking & finance sector across various operating roles. He began his career in Germany in 1999 as strategic advisor for large financial institutions at zeb.rolfes.schierenbeck associates GmbH. In 2006, Klaus Pinter joined Commerzbank AG, where he specialised in mergers & acquisitions, was later project head of “Integration Dresdner Bank” and got ultimately appointed as divisional head of risk management. Besides that, Klaus Pinter was founder and managing director of Hanseatic Ship Asset Management GmbH (a 100% subsidiary of Commerzbank AG), where he managed the construction and subsequent sale of a shipping platform of 18 ships encompassing an equity capital of around EUR 300 million. Since November 2015 he is the managing partner of KMP Management GmbH and in 2016 he joined Lloyd Fonds AG, where he already was the chief representative until July 2017, board member between August 2017 and June 2018 and chief executive officer between January 2018 and June 2018

**Michael Schmidt** was born on 16 June 1973. Michael Schmidt completed an apprenticeship as bank clerk at Deutsche Bank AG and subsequently studied business and economics at Frankfurt School of Finance and Management (*Diplom-Betriebswirt*). Furthermore, he is a CFA-charterholder. Michael Schmidt has 25 years of professional experience in the banking & finance sector across various operating roles, beginning in 1994 at Deutsche Asset Management (asset management division of Deutsche Bank AG), where he was portfolio manager equities, head of global telecom services team and head of European equity research. In 2005 he was appointed as managing director and head of portfolio management institutional equity at Deutsche Asset Management. Between 2009 and 2014 he was a member of the management board of Union Investment Privatfonds GmbH and head of equity portfolio management of the Union Investment-Group. In July 2016, Michael Schmidt joined the management board of Deka Investment GmbH and was the divisional head of asset servicing and alternative investments of the Deka Group. In March 2019 he left the Deka Group and joined Lloyd Fonds AG as a board member and chief investment officer in April 2019. Besides that, he is a board member of DVFA e.V. and head of the DVFA commission governance & stewardship. He also is a member of the sustainability advisory council of Deutsche Post DHL and a member of the high level expert group on sustainable finance of the European Commission as well as a member of the sustainable finance advisory committee of the German government.

**Jochen Sturtzkopf** was born on 16 June 1967. Jochen Sturtzkopf completed an apprenticeship as industrial clerk at Siemens AG and his studies of economic history, philosophy and political sciences

at the University of Hamburg (Mag.). Jochen Sturtzkop has 23 years of professional experience in the banking & finance sector across various operating roles, beginning in 1996 as advisor at MLP Finanzdienstleistungen AG, where he was appointed as head of the Hamburg office in 1999. In 2002 he founded Loyas Private Finance AG, where he also acted as board member. Between 2007 and 2009 he engaged in the development of an internet portal for student loans. In 2009 he became division manager for individual customers at Hamburger Sparkasse AG. In July 2014 he joined the management consultancy Trimpont Value Partner GmbH. Besides that, he acts as board member and chief sales officer of Lloyd Fonds AG and as a lecturer at the management academy of the Sparkassen-Finanzgruppe in Bonn.

As of the date of this Prospectus, the Company has not yet appointed a chief executive officer. The chairman of the Supervisory Board Achim Plate is expected to resign as a member of the Supervisory Board with effect from the registration of the in-kind capital increase with the Commercial Register in connection with the SPSW Transaction or by 1 February 2020 at the latest. Subsequently, Achim Plate is expected to become chief executive officer of the Management Board by 1 January 2020 at the earliest and 1 February 2020 at the latest, depending on the date of the registration of the in-kind capital increase with the Commercial Register. For further information see “10.7.2 Acquisition of SPSW Capital GmbH”. In this context, the composition of the Management Board may further change in an effort to proactively implement the Strategy 2019+ in the near future. Also see “4.2.1 Introduction”.

All members of the Management Board may be reached at the Company’s offices at An der Alster 42, 20099 Hamburg, Germany (tel. +49 (0)40325678-0).

The following overview lists all of the companies and enterprises in which the members of the Management Board currently hold seats or have held seats on administrative, management or supervisory boards, or comparable German or foreign supervisory bodies, or of which they were partners during the last five years, with the exception of the Company:

**Klaus M. Pinter**

*Current seats:*

Managing director of Lloyd Shipping GmbH  
Managing director of Verwaltung LF-Flottenfonds GmbH  
Managing director of Lloyd Fonds Consulting GmbH  
Managing partner of KMP Management GmbH

*Past seats:*

Managing director of Lloyd Fonds Invest GmbH  
Managing director of Erste Lloyd Fonds Vermögensverwaltung GmbH  
Managing director of Zweite Lloyd Fonds Vermögensverwaltung GmbH  
Managing director of Air Management GmbH  
Managing director of Lloyd Fonds Special Assets GmbH  
Managing director of Verwaltung “Air Fuhlsbüttel/Air Finkenwerder” Flugzeugfonds GmbH  
Managing director of Verwaltung Lloyd Fonds “Air Portfolio III” GmbH  
Managing director of Erste Lloyd Fonds TradeOn Portfolio Verwaltung GmbH  
Managing director of Zweite Lloyd Fonds TradeOn Portfolio Verwaltung GmbH  
Managing director of Dritte Lloyd Fonds TradeOn Portfolio Verwaltung GmbH

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Managing director of Verwaltung Lloyd Fonds A380 Flugzeugfonds GmbH  
 Managing director of TradeON GmbH  
 Managing director of PPA Beteiligungsgesellschaft mbH  
 Managing director of Lloyd Fonds Solutions GmbH  
 Managing director of MS "SCHUMANN" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS „TSCHAIKOWSKI „ Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of Hanseatic Ship Asset Management GmbH  
 Managing director of Hanseatic SMA Verwaltungsgesellschaft mbH  
 Managing director of MS "BELLINI" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "BEETHOVEN" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "BIZET" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "BRAHMS" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "CHOPIN" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "HAYDN" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "MOZART" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "PAGANINI" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "PUCCINI" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "PUGNANI" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "ROSSINI" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "SATIE" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "SCHUBERT" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "STRAUSS" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "VIVALDI" Schiffahrtsgesellschaft mbH & Co. KG  
 Managing director of MS "WAGNER" Schiffahrtsgesellschaft mbH & Co. KG

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**Michael Schmidt**

*Current seats:*

Member of the managing board of DVFA  
 Member of the Sustainability Advisory Council of Deutsche Post DHL  
 Member of Sustainable Finance Advisory Committee of the German government

*Past seats:*

Managing director of Deka Investment GmbH  
 Managing director of Union Investment Privatfonds GmbH

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**Jochen Sturtzkopf**

*Current seats:*

Managing director of Trimpont Value Partner GmbH

*Past seats:*

Managing director of Mulcuto Skincare GmbH

Managing director of appsilia GmbH

### **8.2.3 Remuneration and Other Benefits of the Members of the Management Board**

The total remuneration of the member of the Management Board comprises fixed and variable monetary remuneration and non-monetary benefits (fringe benefits).

#### *Total Remuneration*

The total remuneration paid to the members of the Management Board in the financial year 2018 amounts to TEUR 721.

#### *Fixed Remuneration*

The fixed remuneration element consists of a fixed salary in an aggregate amount of TEUR 425 for the financial year 2018.

#### *Variable Remuneration*

In addition to fixed salary components, the members of the Management Board receive variable remuneration based on the personal performance of the Management Board and the development of the Company. The members of the Management Board are also given the opportunity to participate in a stock option program and a phantom stock plan, as well as in a flag ship bonus that is based on the amount of the performance fee achieved by the Company (all as described below).

The variable remuneration element totals TEUR 264 for the financial year 2018.

#### *Stock Option Program*

A part of the remuneration of the members of the Management Board consists of options on shares of the Company within the framework of a stock option program (*SOP*), for the settlement of which the Annual General Meeting has approved conditional capital. The *SOP* must be classified as an equity-settled plan in accordance with IFRS 2.41, whereby the Company reserves the right to settle subscription rights in cash. The fair value of the options must be determined at the grant date. Pursuant to contractual provisions, valuation dates are 29 August 2018 and 1 December 2018.

The stock options may be exercised under the following conditions: (i) the expiration of the vesting period of five years beginning on the grant date of the options, (ii) the exercise during the term of a maximum of eight years outside certain blocking periods and (iii) the achievement of the following performance targets: (a) the doubling of the share price relative to the exercise price between the end of the vesting period and the end of the term of the subscription rights; and (b) the tripling of the EBITDA 2016 by fiscal year 2022. A further condition for exercise is that the members of the Management Board are still in active employment at the end of the vesting period. The achievable profit from the *SOP* is limited to eight times the exercise price.

### *Phantom Stock Program*

As additional compensation, the members of the Management Board receive a tranche of phantom stock on 1 July of each year, which entitles them to receive variable compensation from the Company after two years, paid in cash.

The payment of the phantom stocks is linked to the following performance conditions: (i) the share price increases by 15% within two years and (ii) the actual EBITDA before the cut-off date is equal to or greater than 90% of the respective plan EBITDA; in addition, the Company's EBITDA in the two quarters preceding the cut-off date must be equal to at least 90 % of the EBITDA in accordance with the business plan approved by the Supervisory Board.

The payment of a tranche from the PSP may not exceed the respective bonus payment from the previous year. The members of the Management Board lose all entitlements to payment if their activity on the Management Board ends before the end of the two-year term.

### *Flag Ship Bonus*

From the 2019 financial year, the members of the Management Board will receive an FSB derived from the performance of a fund managed by Lloyd Fonds.

#### **8.2.4 *Shareholdings of the Members of the Management Board in the Company***

Currently, the members of the Management Board directly or indirectly hold the following Company's shares or options on Company's shares:

Klaus M. Pinter holds 60,000 Company's stock option rights relating to the Company's shares, subject to a vesting period of five years from September 2018 and a valid management agreement at the end of the vesting period.

Michael Schmidt directly holds 9,538 Company's shares and 60,000 stock option rights relating to the Company's shares, subject to a vesting period of five years from April 2019 and a valid management agreement at the end of the vesting period.

Jochen Sturtzkopf directly holds 2,100 Company's shares and 60,000 stock option rights relating to the Company's shares, subject to a vesting period of five years from September 2018 and a valid management agreement at the end of the vesting period.

### **8.3 *Supervisory Board***

#### **8.3.1 *Overview***

In accordance with the Articles of Association and Sections 95 and 96 of the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board consists of five members. All of the members are elected by the shareholders at the general shareholders' meeting in accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*). The shareholders' meeting may, at the time of election of Supervisory Board members, appoint substitute members who shall replace members of the Supervisory Board leaving office before the end of their term or whose election has been successfully contested. The term of office of such substitute members shall terminate at the end of the Company's shareholders' meeting in which a successor is elected and at the latest at the end of the term of office of the leaving member. If the substitute member whose term of office has terminated due to the election of a successor was appointed as substitute member for several members of the Supervisory Board, its position as substitute member shall revive. Re-election of members of the Supervisory Board is possible.

Unless otherwise specified at the time of their election, the term of office of each Supervisory Board member, as well as the term of each substitute member, ends at the conclusion of the shareholders' meeting that resolves on the formal approval of the members' acts for the fourth fiscal year following the commencement of their term of office, not including for this calculation the fiscal year in which the term of office began. For members of the Supervisory Board who leave office before the end of their term, a successor shall be elected for the remaining term of the member who has left office. The same applies if a successor has to be elected due to a challenge of the election. Pursuant to German rules on co-determination, the Company is not required to establish a supervisory board subject to co-determination. It employs less than the relevant number of employees and, in accordance with German co-determination rules, employees of other Group companies are not attributed to the Company.

Supervisory Board members elected by the shareholders' meeting may be removed by a resolution of the shareholders' meeting if such resolution is approved by a simple majority of the votes cast. In addition, each member of the Supervisory Board and each substitute member may resign from office even without good cause with four weeks written notice to the end of a calendar month issued to the chairperson of the Supervisory Board or to the Management Board. Following the shareholders' meeting, in the course of which the members of the Supervisory Board have been elected for a new term, the Supervisory Board will elect a chairperson and a deputy chairperson from among its members to serve for the duration of those members' terms of office as members of the Supervisory Board. If the chairperson or his/her deputy leaves such office before the end of his/her term, the Supervisory Board shall conduct a new election without undue delay.

The Supervisory Board shall adopt internal rules of procedure in accordance with mandatory statutory provisions and the Articles of Association. It is further authorised to establish committees in accordance with the law and the Articles of Association. To the extent permitted by law or by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to its chairperson, to one of its members or to committees established from among its members. The Supervisory Board shall determine the composition, competences and procedures of the committees. The current version of the Supervisory Board's internal rules of procedure was passed by resolution of the Supervisory Board on 25 June 2018.

According to the contribution agreement dated 25 April 2019 between the Company and the sole shareholders of SPSW (as amended on 5 November 2019), it is intended that Achim Plate and Henning Soltau resign from the Supervisory Board with effect from the date of registration of the implementation of the in-kind capital increase in the Commercial Register or by 1 February 2020 at the latest. Furthermore, according to an agreement entered into between DEWB and Lloyd Fonds, dated 5 June 2019, it has been agreed that if a person resigns from the Supervisory Board, DEWB may nominate a person to be appointed to the Supervisory Board in accordance with the provisions set forth in the agreement.

### **8.3.2 Members of the Supervisory Board**

The table below lists the current members of the Supervisory Board.

<b>Name</b>	<b>Age</b>	<b>Year first appointed since</b>	<b>End of current term</b>	<b>Position</b>
Dipl.-Ing. Achim Plate .....	60	2018	2023	Chairperson
Dr. Stefan Rindfleisch .....	51	2017	2023	Deputy Chairperson
Henning Soltau .....	53	2018	2023	Member of the board
Prof. Wolfgang Henseler .....	58	2018	2023	Member of the board
Oliver Heine .....	57	2019	2023	Member of the board

The following description provides summaries of the curricula vitae of the current members of the Supervisory Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.



**Dipl.-Ing Achim Plate** was born on 29 July 1959. Achim Plate is a member of Lloyds Fonds AG's supervisory board since April 2018 and its chairman since August 2018. Achim Plate has 29 years of professional experience most notably in founding companies and forming them to market leaders. He studied mechanical engineering at Hochschule der Bundeswehr in Hamburg (Dipl.Ing.). He began his career by establishing an own medium-sized group of companies in 1990, of which he brought the largest single company into D+S Europe AG in 2002. From 2003 to 2009 he was chief executive officer at D+S Europe AG, a prime standard and SDAX listed public limited company. At D+S Europe AG, he developed the group from a call centre company with 1,500 employees and around EUR 42,000,000.00 turnover to a service group for multimedia customer contact management with more than 7,000 employees and around EUR 300,000,000.00 turnover in 2009. In 2010 he co-founded SPSW (formerly SPS Investments GmbH). Since September 2014 he is the chairman of the supervisory board at mVISE AG and since June 2017 he is the chairman of the supervisory board at DEWB AG.

**Dr. Stefan Rindfleisch** was born on 31 December 1967. Dr. Stefan Rindfleisch is a German lawyer, admitted to the bar in Germany and the Marshall Islands is a member of Lloyds Fonds AG's supervisory board since May 2017 and was its chairman until August 2018. He began his career at the law firm EHLERMANN RINDFLEISCH GADOW Rechtsanwälte Partnerschaft mbB in 1998, where he focused on structured maritime financing, including domestic and foreign fleet financing and its syndication and restructuring as well as container financing, special forms of financing such as domestic and foreign leasing financing including UK tax lease, maritime bareboat and borrower's note loans and securitisations, as well as advising private equity funds, hedge funds and institutional investors on their investment activities in the shipping industry. He is a member of the Deutsche Verein für Internationales Seerecht (since November 2002) and of the German Maritime Arbitration Association (since December 2008). Moreover he is a lecturer for maritime business law and the co-author of the handbook "*Grundlagen der Schiffsfinanzierung*"

**Henning Soltau** was born on 5 April 1966. Henning Soltau is a business graduate and certified tax consultant and member of Lloyds Fonds AG's supervisory board since April 2018. After university he started his career as managing director at a medium-sized IT company and as an audit manager at Arthur Andersen. From 2000 to 2009 he was chief financial officer of D+S Europe AG. In 2010 he co-founded SPSW (formerly SPS Investments GmbH). Since June 2017 he is a member of the supervisory board of both mVISE AG and DEWB AG.

**Prof. Wolfgang Henseler** was born on 4 May 1961. Prof. Wolfgang Henseler is diplom-designer and Master of HCID (Human Computer Interaction and Design) and a member of the Lloyds Fonds AG's supervisory board since August 2018. Besides that he holds a chair for Digital Media and Master of Creative Directions at Pforzheim University since 1999. He started his professional career in 1994 by founding Pixel Factory GmbH (a multimedia start-up), whose managing director he was until 2000. From 2000 to 2005 he was managing director and design director international at GFT Technologies AG (a listed information technology service provider for banks). In 2005 he became managing director and creative managing director at Syzgy Detschland GmbH (an internationally active listed agency group for digital marketing). He left the group in 2009, when he became creative managing director at Sensory Minds GmbH (a design studio for innovative technologies and smart media). Besides that, he is a member of the Investment-Committee at Main-Incubator (a f&e group of Commerzbank).

**Oliver Heine** was born on 1 June 1962. Oliver Heine is a German lawyer and member of Lloyds Fonds AG's supervisory board since June 2019. He studied law from 1984 to 1990 at the University of Hamburg and was admitted to the bar in 1995. He is a partner at Heine und Partner GbR and founding partner of Lange Assets&Consulting GmbH. Besides that, he is a member of the supervisory board at Axel Springer SE since April 2005.

All members of the Supervisory Board may be reached at the Company's offices at An der Alster 42, 20099 Hamburg, Germany (tel. +49(0)40325678-0).

The following overview lists all of the companies and enterprises in which the members of the Supervisory Board currently hold seats or have held seats on administrative, management or supervisory boards, or comparable German or foreign supervisory bodies, or of which they were partners during the last five years:

**Achim Plate**

*Current seats:*

Chairperson of the supervisory board of DEWB AG  
Member of the supervisory board of mVISE AG (formerly: conVisual AG)  
Member of the Management Board of SPSW Capital Investment-AG TGV  
Managing director of SPSW Capital GmbH  
Managing director of Plate & Cie. GmbH  
Managing director of Plate Immobilien GmbH  
Managing director of Plate Immobilien Management GmbH  
Managing director of Plate Active Equity GmbH  
Managing director of Plate Verwaltungs GmbH  
Managing director of MPL Verwaltungs GmbH  
Managing director of SPL Verwaltungs GmbH  
Managing director of Plate & Partner GmbH Wohnbau Klosterforst  
Managing director of BaB Invest GbR

*Past seats:*

Managing director of SPSW Active Capital GmbH (September 2018 – August 2019)  
Member of the supervisory board of SHS Viveon (May 2012 – June 2015)

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**Dr. Stefan Rindfleisch**

*Current seats:*

Managing director of HOST Kommanditgesellschaft  
Partner at Ehlermann Rindfleisch Gadow Partnerschaft mbH

*Past seats:*

Not applicable

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**Henning Soltau**

*Current seats:*

Managing director of SPSW Capital GmbH  
Member of the managing board of SPSW Capital Investment-AG TGV  
Liquidator of SPSW Active Capital GmbH  
Managing director of KKK Kontor für Konsultation GmbH  
Member of the supervisory board of Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG  
Member of the supervisory board of mVISE AG

*Past seats:*

Not applicable

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<b>Prof. Wolfgang Henseler</b>	<i>Current seats:</i> Managing director of SENSORY-MINDS GmbH
	<i>Past seats:</i> Not applicable

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<b>Oliver Heine</b>	<i>Current seats:</i> Supervisory board member of Axel Springer SE
	<i>Past seats:</i> Not applicable

### **8.3.3 Supervisory Board Committees**

Under the Articles of Association, the Supervisory Board can set up committees in accordance with the law. The Supervisory Board's decision-making authority may be delegated to these committees to the extent permitted by law. At the date of this Prospectus no committees have been established by the Supervisory Board.

### **8.3.4 Remuneration of the Members of the Supervisory Board**

Pursuant to Section 14 of the Articles of Association, the members of the Supervisory Board receive, in addition to reimbursement of their proven and reasonable expenses, an annual fixed remuneration of EUR 35,000 per financial year. The chairman of the Supervisory Board receives twice and the deputy chairman one and a half times the aforementioned amount. Members who have not been members of the Supervisory Board for the entire fiscal year receive the remuneration in proportion to their length of service on the Supervisory Board.

In addition to the aforementioned remuneration components, 1% of the reduced net income for the year pursuant to Section 113 (3) of the German Stock Corporation Act, shall be distributed equally among all members, but limited to EUR 35,000 per Supervisory Board member; members who did not belong to the Supervisory Board during the entire fiscal year receive this amount in proportion to their length of service on the Supervisory Board.

In addition, liability insurance may be taken out for the benefit of the members of the Supervisory Board to cover the risks arising from the performance of their duties as members of the Supervisory Board with a total premium of up to EUR 20,000.

### **8.3.5 Shareholdings of the Supervisory Board Members in the Company**

Currently, the members of the Supervisory Board directly or indirectly hold the following Company's shares or options on Company's shares:

Achim Plate indirectly holds 180,902 Company's shares. In addition, in connection with the SPSW Transaction, the Plate & Cie. GmbH, in which Achim Plate holds a stake of 25.5%, is obliged to subscribe 558,750 shares of the Company in return.

Dr. Stefan Rindfleisch directly holds 2,700 Company's shares.

Henning Soltau does not hold shares in the Company, however, his wife, Astrid Soltau holds 153,881 Company's shares. In connection with the SPSW Transaction, the KKK Kontor für Konsultationen GmbH, with its sole stockholder Astrid Soltau, is obliged to subscribe 282,500 shares of the Company.

Oliver Heine directly holds 350,000 Company's shares. In addition, in connection with the Lange Transaction, Oliver Heine is obliged to subscribe 48,208 shares of the Company.

#### **8.4 Certain Information Regarding the Members of the Management Board and Supervisory Board**

In the last five years, no member of the Management Board or Supervisory Board has been convicted of fraudulent offences.

No member of the Management Board or Supervisory Board has been associated with any bankruptcy or receivership acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager. Dipl.-Ing Achim Plate and Henning Soltau were associated with the liquidation of SPSW Active Capital GmbH, a company that was established in September 2018 and that never commenced any operational business. No other member of the Management Board or Supervisory Board has been associated with any liquidation acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager.

In the last five years, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against the members of the Management Board or Supervisory Board, nor have sanctions been imposed by the aforementioned authorities.

No court has ever disqualified any of the members of either board from acting as a member of the administrative, management, or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Apart from this, there are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board as regards the Company on the one side and their private interests, membership in governing bodies of companies, or other obligations on the other side.

The Supervisory Board members of the Company, Achim Plate and Henning Soltau entered into a manager's employment contract with SPSW. It is intended that these contracts will be replaced by new manager's employment contracts with effect from 1 January 2020. Achim Plate's contract with SPSW will be suspended for the duration of his managers' employment contract with the Company. Neither the other members of the Management Board nor the Supervisory Board have entered into a service agreement with a Group company that provides for benefits upon termination of employment or office. For further information see "*10.4 Related-Party Transactions*".

It is expected that the supervisory board members Achim Plate and Henning Soltau will resign from office with effect from the registration of the cash capital increase with the Commercial Register in connection with the SPSW Transaction, by 1 February 2020 at the latest. It is expected that the supervisory board members Achim Plate and Henning Soltau will resign from office with effect from the registration of the in-kind capital increase with the Commercial Register in connection with the SPSW Transaction or by 1 February 2020 at the latest. Subsequently, Achim Plate is expected to become chief executive officer of the Management Board by 1 January 2020 at the earliest and 1 February 2020 at the latest, depending on the date of registration of the in-kind capital increase with the Commercial Register. For further information see "*10.7.2 Acquisition of SPSW Capital GmbH*". In this context, the composition of the Management Board may further change in an effort to proactively implement the Strategy 2019+ in the near future.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the other body.

## 8.5 Shareholders' Meeting

Pursuant to Section 15 paragraph 1 of the Articles of Association, the annual shareholders' meeting takes place within the first eight months of each fiscal year and pursuant to Section 16 paragraph 3 of the Articles of Association, it must be held either at the registered seat of the Company or in a German city with more than 100,000 inhabitants. The shareholders' meeting shall be convened by the Management Board or any other persons who are authorised to do so by law. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days prior to the day of the shareholders' meeting, extended by 6 days having regard to the registration period for the meeting, the day of the receipt of the notice not being included when calculating this period.

A shareholders' meeting may in general be convened by the Management Board, the Supervisory Board, or may be requested by shareholders whose shares collectively make up 5% of the share capital. Shareholders or shareholder associations may solicit other shareholders to make such a request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request made by shareholders whose Company's shares collectively make up 5% of the share capital, a shareholders' meeting of the Company is not held in due time, the competent local court (*Amtsgericht*) may authorise the shareholders who have requested it or their representatives to convene a shareholders' meeting of the Company.

Pursuant to the Articles of Association, all shareholders who have duly submitted notification of attendance and of evidence of shareholding are entitled to participate in the shareholders' meeting and to exercise their voting rights. The registration for participation must be received by the Company at least six days prior to the shareholders' meeting. When calculating this period, the day of the shareholders' meeting and the day of the receipt of the notice shall not be included. Hence, the registration must be received at the latest by the end of the seventh day (24:00 hours) prior to the date of the shareholders' meeting. The shareholder's registration must be in text form and in German or English. The evidence of the shareholding is to be submitted in the form of proof prepared by a depository institution in German or English in text form. It must refer to the start of the 21st day prior to the shareholders' meeting and be received by the Company at least six days prior to the shareholders' meeting. When calculating such period, the day of the receipt of the notice shall not be included. Voting rights may be exercised by proxy. The granting of a proxy, its revocation and the evidence of authority to be provided to the Company must be in text form unless the convening notice provides for a less strict form.

The shareholders' meeting is chaired by the chairperson of the Supervisory Board or, if the chairperson is prevented, by another member of the Supervisory Board appointed by its chairperson. In the event that neither takes the chair, the chairperson of the general meeting is to be elected by the members of the Supervisory Board present with a simple majority of the votes cast. The chairperson of the shareholders' meeting may decide that topics on the agenda be dealt with in a sequence that differs from the notified sequence. He may determine type, form and sequence of voting. He is entitled to impose a suitable limit on the time allowed for shareholders to speak and ask questions.

According to the German Stock Corporation Act (*Aktiengesetz*), in principle, resolutions of fundamental importance (*grundlegende Bedeutung*) require both a majority of votes cast and a majority of at least 75% of the registered share capital represented at the vote on the resolution. Resolutions of fundamental importance include, among others:

- amendments to the business object (*Unternehmensgegenstand*) of the Company;
- approval of contracts within the meaning of Section 179a of the German Stock Corporation Act (*Aktiengesetz*) (transfer of the entire assets of the company) and

management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;

- capital increases involving the issuance of non-voting preferred shares as well as the creation of conditional or authorised capital;
- exclusion of subscription rights as part of an authorisation on the use of treasury stock;
- capital reductions;
- liquidation of the Company;
- continuation of the liquidated company after the resolution on liquidation or expiry of the time period;
- approval to conclude, amend or terminate affiliation agreements (*Unternehmensverträge*);
- integration of a stock corporation into another stock corporation; and
- transformations within the meaning of the German Transformation Act (*Umwandlungsgesetz*).

Pursuant to Section 19 paragraph 2 of the Articles of Association, resolutions of the shareholders' meeting are passed with a simple majority of the votes cast, and, in so far as a majority of the share capital is necessary, with a simple majority of the registered share capital represented at the voting, unless mandatory law or the Articles of Association stipulate otherwise.

Neither German law nor the Articles of Association limit the right of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise the voting rights associated therewith.

## 9. FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

*This section shall provide historical financial information by disclosing the issuer's financial information and key performance indicators. It shall also provide information on the issuer's dividend policy and disclose pro forma financial information.*

### 9.1 Selected Consolidated Financial and Other Information

*The following selected historical financial and business information of the Group should be read in conjunction with "5 Risk Factors", "9.2 Management's Discussion and Analysis of Financial Condition and Results of Operations" and "4.2 Business Overview", the Audited Consolidated Financial Statements of the Company as of and for the financial years ended 31 December 2018 and 2017, as well as the Unaudited Interim Condensed Consolidated Financial Statements of the Company as of and for the nine-month period ended 30 September 2019 (including comparative figures for the nine-month period ended 30 September 2018 and the respective related notes included therein, which are contained in this Prospectus. See also "2.4 Presentation of Financial Information", and "1.3.2 Currency Presentation and Presentation of Figures" for further information on the Consolidated Financial Statements.*

*The Audited Consolidated Financial Statements of the Group as of and for the financial years ended 31 December 2018 and 2017 were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) as accepted by the EU up until 31 December 2018 and audited by Baker Tilly who issued unqualified audit opinions thereon. The Unaudited Interim Condensed Consolidated Financial Statements as of and for the nine-month period ended 30 September 2019 (including comparative figures for the nine-month period ended 30 September 2018) were prepared in accordance with IFRS applicable to interim financial reporting (IAS 34) as adopted by the EU and have been reviewed by Baker Tilly in accordance with International Standard on Review Engagements 2410.*

*In this Prospectus, where financial information for the Group is labelled "audited", this information was taken from the Audited Consolidated Financial Statements of the Group as of and for the financial years ended 31 December 2018 and 2017. The label "unaudited" is used in this Prospectus to indicate financial information that was taken or derived from the Unaudited Interim Condensed Consolidated Financial Statements of the Company as of and for the nine-month period ended 30 September 2019 (including comparative figures for the nine-month period ended 30 September 2018), or the Group's accounting records or internal management reporting systems.*

*Some tables in this section also present APMs (neither defined under IFRS nor under the Commercial Code). These APMs are key figures used by the Group's management to monitor the performance of the Group. APMs not included in the Audited Consolidated Financial Statements are labelled as "unaudited" in the relevant tables, while APMs included in the Audited Consolidated Financial Statements are labelled "audited" in the relevant tables. Unless indicated otherwise, all financial data in the text and tables in this section of this Prospectus is presented in thousands of euros, and, if applicable, rounded to one decimal point or whole numbers. Unless expressly noted otherwise, percentage amounts in the text and tables have also been rounded to one decimal point. Because of this rounding, the figures shown in the tables may sometimes not add up exactly to the respective totals given.*

*The Company's historical results are not necessarily indicative of the results that should be expected in the future, and its interim results are not necessarily indicative of the results that should be expected for the financial year ending 31 December 2019 or any other future period.*

### 9.1.1 Consolidated Statements of Profit or Loss and Comprehensive Income

The following table shows selected consolidated income statement data of the Group for the nine-month periods ended 30 September 2019 and 2018 and the financial years ended 31 December 2018 and 2017 and financial information derived from the Consolidated Financial Statements:

	Financial year ended 31 December		Nine months ended 30 September	
	2018	2017	2019	2018
	(audited)		(unaudited)	
	(EUR in thousands)			
Sales .....	7,918	7,458	5,951	4,616
Cost of sales .....	-523	-484	-303	-325
Staff costs .....	-4,346	-4,769	-5,655	-2,840
Depreciation, amortisation and impairment losses .....	-112	-479	-745	-78
Other operating income/expenses .....	-5,247	-3,347	-6,872	-3,226
Share of profit of associates .....	528	2,133	368	460
<b>Net profit from operating activities .....</b>	<b>-1,782</b>	<b>512</b>	<b>-7,256</b>	<b>-1,393</b>
Finance income .....	1,101	1,428	5,923	513
Finance expenses .....	-305	-738	-353	-191
<b>Earnings before taxes .....</b>	<b>-986</b>	<b>1,202</b>	<b>-1,686</b>	<b>-1,071</b>
Income taxes .....	-548	158	-156	-273
<b>Consolidated net profit .....</b>	<b>-1,534</b>	<b>1,360</b>	<b>-1,842</b>	<b>-1,344</b>
<b>Earnings per share (diluted/basic) in the reporting period (EUR per share) .....</b>	<b>-0.16</b>	<b>0.15</b>	<b>-0.18</b>	<b>-0.14</b>
Consolidated net profit .....	-1,534	1,360	-1,842	-1,344
Other comprehensive income recognised directly in equity .....	-	-	-	-
Financial assets recognised at fair value through profit of loss .....	-	-493	-	-
Deferred income taxes on these .....	-	7	-	-
<b>Other comprehensive income .....</b>	<b>-</b>	<b>-486</b>	<b>-</b>	<b>-</b>
<b>Consolidated comprehensive income .....</b>	<b>-1,534</b>	<b>874</b>	<b>-1,842</b>	<b>-1,344</b>

### 9.1.2 Consolidated Statements of Financial Position

The following table shows selected consolidated statements of financial position of the Group as of 30 September 2019 and 31 December 2018 and 2017 and financial information derived from the Consolidated Financial Statements:

	As of 30 September	As of 31 December	
	2019	2018	2017
	(unaudited)	(audited)	
	(EUR in thousands)		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment .....	11,776	665	271
Intangible assets .....	2,078	503	14
Financial assets .....	-	20	20
Financial assets accounted for in accordance with the equity method .....	2,751	1,594	1,194
Financial assets recognised in income and at fair value .....	2,123	1,898	1,761
Other receivables .....	-	-	1,550
Deferred income tax assets .....	196	419	324
<b>Total non-current assets .....</b>	<b>18,924</b>	<b>5,099</b>	<b>5,134</b>
<b>Current assets</b>			
Trade receivables and other receivables .....	5,943	6,570	3,695
Receivables from related parties .....	66	115	86
Financial assets recognised in income at fair value .....	9,081	3,188	2,746
Current income tax assets .....	648	622	818
Cash and cash equivalents .....	7,983	13,910	10,083
Non-current assets held for disposal .....	-	-	3,900
Disposal group of non-current assets .....	-	-	-
<b>Total current assets .....</b>	<b>23,721</b>	<b>24,405</b>	<b>21,328</b>



	As of 30 September 2019	As of 31 December	
	2019	2018	2017
	(unaudited)	(audited)	
	(EUR in thousands)		
<b>Total assets</b> .....	<b>42,645</b>	<b>29,504</b>	<b>26,462</b>
<b>Equity</b>			
Share capital.....	10,072	10,072	9,157
Capital reserve.....	3,521	2,896	-
Retained earnings.....	5,976	7,818	9,397
<b>Total equity</b> .....	<b>19,569</b>	<b>20,786</b>	<b>18,554</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Net asset value attributable to other limited partners.....	484	804	595
Trade payables and other liabilities.....	68	-	-
Financial liabilities.....	14,113	-	-
Other provisions.....	261	11	19
Deferred income tax liabilities.....	728	793	406
<b>Total non-current liabilities</b> .....	<b>15,654</b>	<b>1,608</b>	<b>1,020</b>
<b>Current liabilities</b>			
Trade payables and other liabilities.....	4,589	4,727	2,447
Liabilities to related parties.....	490	328	926
Financial liabilities.....	1,994	1,616	3,159
Other provisions.....	122	211	355
Current income tax liabilities.....	227	228	1
<b>Total current liabilities</b> .....	<b>7,422</b>	<b>7,110</b>	<b>6,888</b>
<b>Total equity and liabilities</b> .....	<b>42,645</b>	<b>29,504</b>	<b>26,462</b>

### 9.1.3 Consolidated Cash Flows Statement

The following table shows selected consolidated cash flow statements of the Group for the nine-month periods ended 30 September 2019 and 2018 and the financial years ended 31 December 2018 and 2017 and financial information derived from the Consolidated Financial Statements:

	Financial year ended 31 December		Nine months ended 30 September	
	2018	2017	2019	2018
	(audited)		(unaudited)	
	(EUR in thousands)			
<b>Cash flow from operating activities</b>				
Consolidated net profit/loss for the year before share of profit of associates, interest and taxes.....	-2,263	-2,257	-7,582	-1,834
Depreciation/amortisation and impairment of non-current assets.....	112	479	745	78
Earnings from the disposal of non-current assets.....	-	-	1	-
Other non-cash transactions.....	927	1,058	233	356
Changes in trade and other receivables.....	-2,196	552	425	-326
Change in receivables from related parties.....	-29	10	49	18
Changes in trade payables and other liabilities.....	2,367	-984	179	1,280
Changes in amounts due to related parties.....	-597	103	161	-794
Changes in other provisions.....	-148	132	160	-97
Interest received.....	34	55	95	31
Interest paid.....	-38	-60	-8	-38
Dividends and profit distributions received.....	722	2,883	5,367	104
Income tax refunds received.....	283	227	1	283
Income tax paid.....	-118	-130	-26	-109
Changes in disposal group recognised in accordance with IFRS 5.....	-300	-576	-	3,900
<b>Net cash generated from operating activities</b> .....	<b>-1,244</b>	<b>1,492</b>	<b>-200</b>	<b>2,852</b>
<b>Cash flows from investing activities</b>				
Payments made for investments in:				
Property, plant and equipment and intangible assets.....	-999	-169	-3,702	-170
Financial assets recognised in accordance with the equity method.....	-398	-	-7,510	-
Proceeds from disposals of:				
Property, plant and equipment and intangible assets and financial assets.....	5	-	22	5
Financial assets recognised in income and at fair value (previously: available-for-sale financial assets) and financial assets recognised in	26	179	45	22

	Financial year ended 31 December		Nine months ended 30 September	
	2018	2017	2019	2018
accordance with the equity method .....				
Payments made for non-current assets recognised in accordance with IFRS5 ....	4,200	-3,193	-	-
<b>Net cash generated from/used in investing activities.....</b>	<b>2,834</b>	<b>-3,183</b>	<b>-11,145</b>	<b>-143</b>
<b>Cash flows from financing activities</b>				
Change of the net asset value attributable to other limited partners	-	-	-385	-
Payments from the issue of new shares .....	3,846	-	-	3,846
Transaction costs from the issue of new shares .....	-34	-	-	-33
Payments from the issue of the convertible bond (equity component) .....	-	-	582	-
Payments from the issue of the convertible bond (debt component) .....	-	-	5,518	-
Transaction costs from the issue of the convertible bond .....	-	-	-105	-
Payments from the assumption of financial liabilities .....	-	1,605	-	-
Dividends paid to parent's equity holders	-	-1,465	-	-
Repayment of financial liabilities .....	-1,575	-30	-190	-1,575
Payments received for financial liabilities recognised in accordance with IFRS 5 .....	-	-	-	-
Repayment received for financial liabilities recognised in accordance with IFRS 5 .....	-	-	-	-
<b>Net cash generated from/used in financing activities .....</b>	<b>2,237</b>	<b>110</b>	<b>5,420</b>	<b>2,238</b>
<b>Net decrease/increase in cash and cash equivalents .....</b>	<b>3,827</b>	<b>-1,581</b>	<b>-5,925</b>	<b>4,947</b>
Cash and cash equivalents on January 1 .....	10,061	11,642	13,887	10,062
<b>Cash and cash equivalents on December 31.....</b>	<b>13,888</b>	<b>10,061</b>	<b>7,962</b>	<b>15,009</b>

#### 9.1.4 Selected Other Key Performance Indicators

The following table sets out an overview of the Group's performance indicators for the periods indicated:

	As of and for the financial year ended 31 December		As of and for the nine months ended 30 September	
	2018	2017	2019	2018
	(unaudited, unless otherwise indicated)			
	(EUR in thousands, except where otherwise indicated)			
Sales.....	7,918	7,458	5,951	4,616
Net profit from operating activities .....	-1,782	512	-7,256	-1,393
Consolidated net profit .....	-1,534	1,360	-1,842	-1,344

## 9.2 Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of the Group should be read in conjunction with, "5 Risk Factors", "9.1 Selected Consolidated Financial and Other Information" and "4.2 Business Overview", the Audited Consolidated Financial Statements of the Group as of and for the financial years ended 31 December 2018 and 2017, as well as the Unaudited Interim Condensed Consolidated Financial Statements of the Group as of and for the nine-month period ended 30 September 2019 (including comparative figures for the nine-month period ended 30 September 2018) and the respective related notes included therein, which are contained in this Prospectus. See also "2.4 Presentation of Financial Information" and "1.3.2 Currency Presentation and Presentation of Figures" for further information on the Consolidated Financial Statements.*

### 9.2.1 Overview

The Company was established in 1995 and has been active for more than 20 years as an asset and investment manager for closed-end investment products in various asset classes, including shipping, real estate, aircraft, British life insurance, energy and private equity. The Group was engaged in the development, arrangement, initiation and administration, including trustee activities, of closed-end investment products through third party distributors in Germany.

As of 30 September 2019, the Group has TEUR 1,779,000 assets under management in relation to TEUR 1,779,000 closed-end funds. The Group generated sales of TEUR 5,951 during the nine-month period ending on 30 September 2019 (TEUR 7,918 for the twelve-month period ending on 31 December 2018) and had a respective financial result of TEUR -1,842 as of 30 September 2019 (TEUR -1,534 as of 31 December 2018). The Group’s asset and fund management team for closed-end products comprises of 10 employees.

### **9.2.2 Strategy 2019+**

In March 2018, Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG informed the Company pursuant to Section 20 paragraph 1 and Section 21 paragraph 1 German Stock Corporation Act (*Aktiengesetz*) that it directly owns more than one quarter of the shares in the Company.

Following the change of the Company’s shareholders and the corresponding changes at the level of the Company’s supervisory board in 2018, the Company initiated a process of reshaping its business and strategic focus and commenced implementing its newly defined, and fully revised, business model. The Group’s focus is on repositioning itself as an independent, and unaffiliated with any banking organisation, “investment manager” and “active asset manager” dedicated to implementing its Strategy 2019+.

As part of Strategy 2019+, the Group decided to no longer offer closed-end products. While it continues to manage the closed-end funds until their end of life-cycle, the Group is no longer actively marketing and offering closed-end products, as the Group believes that closed-end funds in relation to such asset classes, in particular as regards shipping, are no longer viable.

### **9.2.3 Segmentation**

The table below shows the segmentation of the Group in accordance with IFRS 8 as of 30 September 2019:

Real estate	<ul style="list-style-type: none"> <li>• Purchase and sale of assets for third parties in the real estate segment</li> <li>• Structuring of investment products</li> <li>• Debt and equity financing of assets</li> <li>• Asset management and related other services</li> <li>• Provision of management services for associates</li> <li>• Monitoring and coordination of the Group’s material real estate investments</li> <li>• Fund management and investor reporting</li> <li>• Organisation and implementation of annual general meetings</li> </ul>
Shipping	<ul style="list-style-type: none"> <li>• Purchase and sale of assets in the shipping and secondary-market ship fund segments</li> <li>• Preparation of business continuity plans and performance of pool management</li> <li>• Other activities similar to those in the “Real Estate” segment</li> </ul>
Other assets	<ul style="list-style-type: none"> <li>• Purchase and sale of special assets (e.g. aircraft, private equity, traded UK</li> </ul>

	endowment policies) <ul style="list-style-type: none"> <li>• Other activities similar to those in the “Real Estate” segment</li> </ul>
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### ***Real Estate***

Lloyd has so far implemented twelve real estate funds with an original investment volume of around EUR 420 million. The fund properties are located in Germany and the Netherlands. Besides office properties, Lloyd focused, in particular, on hotel investments, with four hotel funds structured and placed for investors to date. When structuring the hotel funds, Lloyd attached particular importance to sound operators with innovative use concepts, central locations and, above all, long-term leases of at least 20 years. The hotel operators were and/or are the Motel One Group, TUI AG and Lindner AG.

As of 31 December 2018, the real estate team managed eight funds with an investment focus on Germany and the Netherlands. The portfolio comprises around 114,000 square meters of lettable space let to 34 tenants. By type of use, the portfolio invests in office, hotel and retail space, accounting for 58%, 41% and 1%, respectively, of total lettable space. For the year 2018, distributions amounting to more than EUR 4.8 million were made to investors.

In December 2018, Lloyd sold an office property in Eindhoven from the ‘Holland Eindhoven’ real estate fund and two hotel properties in Hamburg and on Sylt from the ‘Businesshotel Hamburg/Ferienhotel Sylt’ fund, all of which were sold to institutional investors. Lloyd had launched the ‘Holland Eindhoven real estate fund in 2009. The fund owned an office property in a central location in Eindhoven (Netherlands) that was leased to a health insurance company on a long-term basis. The Businesshotel Hamburg/Ferienhotel Sylt’ real estate fund, launched in 2007, invested in a four star hotel operated by the Lindner Hotel Group in Hamburg downtown and in ‘Dorfhotel Sylt’, a four star apartment hotel complex, operated by TUI AG.

Through the sale of the office properties in Eindhoven, Lloyd achieved for investors an annual asset increase of around 9.6% over the term of the investment of almost nine years. Through the sale of the two hotels of the ‘Businesshotel Hamburg/Ferienhotel Sylt’ real estate fund, Lloyd achieved for investors an annual asset increase of more than 11% over the term of the investment of almost eleven years.

### ***Shipping Industry***

As per 31 December 2018, the managed fleet of Lloyd comprised a total of 20 ships, including 12 container ships with a slot capacity of up to 8,500 twenty-foot equivalent unit as well as eight product and crude oil tankers. In addition, three secondary market funds for ship investments are under management. As per 31 December 2018, the portfolio of these secondary market funds consisted of 42 container ships, 24 tankers and one bulk carrier.

In the first half of 2018, Lloyd implemented a continuation concept for eight Panamax container ships together with shipping company NSC and the financing bank. The continuation concept is based on the agreement of a flexible debt service, which will enable the shipping companies up until at least mid-2020 to pay interest and repay principal depending on the revenue circumstances of the ships. All eight ships operate in a revenue pool established by Lloyd at the end of 2016. The pool manager is Lloyd Shipping GmbH, a wholly owned subsidiary of Lloyd. The continuation concept was implemented without additional financial participation of the investors. The revenue circumstances of the shipping companies have improved due to increased time charter rates in the Panamax segment in the first half of 2018, which also support the positive continuation forecast.

Furthermore, four ships were refinanced in 2018, including two container ships and two tankers. Particularly the refinancing of the two container ships was significantly influenced by the fund management of Lloyd. For one of the container ships with 1,100 twenty-foot equivalent unit, the financing bank had refused the deferral of repayment requested by the management. Following an unsuccessful search for new lenders, Lloyd succeeded in acquiring shareholder loans from the participating investors amounting to more than EUR 1.5 million. These funds were used to repay the loan from the previous bank and to make the company independent of third-party financing requirements.

In the case of another container ship with 8,500 twenty-foot equivalent units, the previous financing bank had promised a significant waiver of repayment of part of its loan if refinancing could be implemented. Lloyd brokered a new Norwegian bank as well as another investor and played a key role in negotiations with the new lenders. The redemption and the associated partial waiver by the previous bank of more than USD 4.1 million meant that positive earnings could also be achieved in the interest of investors.

### ***Other Assets***

As of 31 December 2018, Lloyd managed four aircraft funds with an original investment volume of around EUR 350 million. One of those fund companies is currently in liquidation. The current fleet consists of a total of four aircraft: two long-range aircraft (Airbus A380/A340-600) and two medium-range aircraft (Airbus A319). As of 31 December 2018, the portfolio was fully leased to Singapore Airlines, Virgin Atlantic and Germania.

As per 31 December 2018, Lloyd also managed eight British endowment life insurance funds with an original total investment volume of around EUR 270 million. As of 31 December 2018, around 660 policies were managed by insurers in the British endowment insurance fund.

In the private equity sector, as of 31 December 2018, Lloyd managed a fund of US investment company Neuberger Berman, which carries out broadly diversified investments primarily in buyout participations in the US.

In the field of renewable energies, Lloyd manages two funds. In addition, Lloyd also manages two other portfolio funds launched by it.

### ***9.2.4 Key Factors Affecting Results of Operations***

The Company believes that the factors discussed below have significantly affected its results of operations, financial position and cash flow in the past periods for which financial information is presented in the Prospectus, and that these factors will continue to have a material influence on its results of operations, financial position and cash flow in the future.

#### ***Sales of assets***

A key factor in the Lloyd's results of operations is income generated in connection with asset sales, typically in the form of arrangement fees. For example, in December 2018, Lloyd sold an office property in Eindhoven from the 'Holland Eindhoven' real estate fund and two hotel properties in Hamburg and on Sylt from the 'Businesshotel Hamburg/Ferienhotel Sylt' fund, each to institutional investors, for which sale Lloyd earned arrangement fees. In addition, since Lloyd holds minority interests in its real estate funds, an appreciation of the value of the fund's assets through a good purchase price at the time of sale also has a positive impact on Lloyd's results of operations.

### ***Tax loss carry-forwards and refunds***

As tax losses occur on account of Lloyd's business activities in connection with its funds, Lloyd has been able to use significant tax loss carry-forwards from tax losses accrued in prior years. Such tax loss carry-forwards, when utilised, can have a significant effect on Lloyd's results of operations. Moreover, significant tax refunds accrued by associates in prior years also had a material effect on the results of operations, as Lloyd receives a share of the profit from associates.

### ***Costs related to Strategy 2019+***

The various costs associated with the implementation of Strategy 2019+ also had, and are expected to continue to have, a material impact on Lloyd's results of operations. Increased costs arose in connection with the installation of new technologies, hardware and IT systems, improvements in outward perception through, among other things, an updated website and rebranding initiatives and implementation of new sales capabilities, along with expanded sales support. Lloyd even opened new offices in Munich, Germany, and hired a significant number of additional employees. It is expected that continued expansion pursuant to Strategy 2019+ will result in additional costs in the future.

## ***9.2.5 Key Components of Results of Operations***

### ***Sales***

The Company's sales are comprised of income from fund and asset management, income from arrangement and structuring services and other income.

### ***Cost of sales***

The Company's costs of sales are comprised of commission, costs of services purchased and other cost of sales.

### ***Staff costs***

The Company's staff costs are comprised of wages and salaries, social security, share option programs and retirement benefit expenses.

A focus of the human resources department was on recruiting new employees to implement the new business model of the Company. The employees of the Group are remunerated with fixed and variable salary components.

### ***Depreciation, amortisation and impairment losses***

The Company's depreciation, amortisation and impairment losses are comprised of depreciation/amortisation on property, plant and equipment depreciation as well as intangible and impairment losses on financial assets at fair value through profit or loss.

### ***Other operating income/expenses***

The Company's other operating income is comprised of income from reversal of impairments on receivables, rentals, remuneration in kind, income from the derecognition of liabilities, income from the reversal of provisions and other income.

The Company's other operating expenses is comprised of financial statement, legal and consulting costs, impairment losses on receivables and unrecoverable receivables, rentals, ancillary rental costs, costs of premises and maintenance, retailing support and subscriber relations, office

supplies, IT costs and communications, other staff costs, motor vehicle and travel costs, insurance and subscriptions and other expenses.

#### ***Share of profit from associates***

The Company's has a share of profit from associates.

The share of profit of associates comprises mainly investment income earned and the results of accounting for associates (GmbH shares) using the equity method. For the financial year ended 31 December 2018, the share of profit of associates was particularly influenced by high tax refunds for earlier years at the level of two associates, generating income of TEUR 1,454.

#### ***Net profit income/expenses***

The Company's finance income is comprised of gains from foreign currency translation, investment income, interest income on bank balances, interest of tax refund, interest income from other limited partners, other interest income and other finance income (**IFRS9**).

The Company's finance expense is comprised of losses from foreign currency translation, interest expense on bank borrowings, interest expense due to limited partners and other interest expenses.

#### ***Income taxes***

Income tax expenses comprise income taxes paid or owed as well as deferred income taxes. Current taxes comprise corporation tax plus the solidarity surcharge and trade tax.

#### ***Results of operations – discussion of consolidated income statement***

The following table shows selected consolidated income statement data of the Company for the nine-month periods ended 30 September 2019 and 2018 and the financial years ended 31 December 2018 and 2017 and financial information derived from the Consolidated Financial Statements:

	Financial year ended 31 December		Nine months ended 30 September	
	2018	2017	2019	2018
	(audited)	(EUR in thousands)	unaudited)	
Sales .....	7,918	7,458	5,951	4,616
Cost of sales.....	-523	-484	-303	-325
Staff costs .....	-4,346	-4,769	-5,655	-2,840
Depreciation, amortisation and impairment losses .....	-112	-479	-745	-78
Other operating results.....	-5,247	-3,347	-6,872	-3,226
Income from associated companies .....	528	2,133	368	460
<b>Net profit from operating activities.....</b>	<b>-1,782</b>	<b>512</b>	<b>-7,256</b>	<b>-1,393</b>
Finance income.....	1,101	1,428	5,923	513
Finance costs .....	-305	-738	-353	-191
<b>Earnings before taxation.....</b>	<b>-986</b>	<b>1,202</b>	<b>-1,686</b>	<b>-1,071</b>
Tax (expense)/income.....	-548	158	-156	-273
<b>Consolidated net profit.....</b>	<b>-1,534</b>	<b>1,360</b>	<b>-1,842</b>	<b>-1,344</b>

## Sales

### *Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Sales increased from TEUR 4,616 in the nine-month period ended 30 September 2018, by TEUR 1,335, or 28.9%, to TEUR 5,951 in the nine-month period ended 30 September 2019. This was primarily due to income from arrangement and structuring services increasing by TEUR 1,702, primarily on account of essentially one-off processing fees earned from the sale of the real estate assets in Hamburg, on Sylt, in Eindhoven and in Cologne. As regards the sale of the properties in Hamburg, Sylt and Eindhoven, while the purchase agreements were concluded in 2018; the transfer of benefits and burdens did not take place until 2019. As regards the property in Cologne, the contract for the sale of the property was concluded and the benefits and liabilities were transferred in 2019.

### *Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Sales increased from TEUR 7,458 in the financial year ended 31 December 2017, by TEUR 460, or 6.2%, to TEUR 7,918 in the financial year ended 31 December 2018. This was primarily due to income from arrangement and structuring services increasing by TEUR 1,377, primarily on account of arrangement fees earned from the sale of the real estate asset in Hamburg-Tonndorf, two hotel real estate assets in Hamburg and on Sylt and an office real estate asset in Eindhoven to institutional investors, resulting in asset sales in the reporting year of TEUR 1,896, up from TEUR 425 in the previous year.

This increase was partially mitigated by a decrease in income from fund and asset management of TEUR 875, with the income from management of trusteeship contracts included therein decreasing by TEUR 1,027, from TEUR 5,295 in 2017 to TEUR 4,268 in 2018 due to asset sales and contract expiries, though the income from management also included therein rose slightly by TEUR 152, from TEUR 1,145 in 2017 to TEUR 1,297 in 2018.

## Cost of sales

### *Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Cost of sales decreased from TEUR 325 in the nine-month period ended 30 September 2018, by TEUR 22, or 6.8%, to TEUR 303 in the nine-month period ended 30 September 2019. This was primarily due to the lower cost for agency agreements as a result of the overall reduction in assets under management.



*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Cost of sales increased from TEUR 484 in the financial year ended 31 December 2017, by TEUR 39, or 8.1%, to TEUR 523 in the financial year ended 31 December 2018. This increase was primarily due to the first-time commissioning in 2018 of an external service for the settlement of payments to investors.

***Staff costs***

*Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Staff costs increased from TEUR 2,840 in the nine-month period ended 30 September 2018, by TEUR 2,815, or 99.1%, to TEUR 5,655 in the nine-month period ended 30 September 2019. This was primarily due to the 67.7% higher average headcount from 31 to 52 compared to the equivalent period of the prior year. The increase in the average headcount was due to the new alignment of the Group pursuant to Strategy 2019+.

*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Staff costs decreased from TEUR 4,769 in the financial year ended 31 December 2017, by TEUR 423, or 8.9%, to TEUR 4,346 in the financial year ended 31 December 2018. This was primarily due to the reduction in the average number of staff from 41 in the previous year to 32 in 2018. In addition, the termination benefits paid to departing staff decreased by TEUR 370 to TEUR 308, primarily due to a termination benefit paid to a Management Board member in the previous year.

***Depreciation, amortisation and impairment losses***

*Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Depreciation and amortisation increased from TEUR 78 in the nine-month period ended 30 September 2018, by TEUR 667, to TEUR 745 in the nine-month period ended 30 September 2019. This was primarily due to depreciation and amortisation of the rights of use in the amount of TEUR 353 from the initial application of IFRS 16 as of 1 January 2019 and due to depreciation and amortisation of the acquisitions and capitalisations in the nine-month period ended 30 September 2019.

*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Depreciation and amortisation decreased from TEUR 479 in the financial year ended 31 December 2017, by TEUR 367, or 76.6%, to TEUR 112 in the financial year ended 31 December 2018. In the 2017 financial year, this line item included expenses of TEUR 390 for write-downs on investments. Due to the application of IFRS 9 as of 1 January 2018, the changes in financial assets measured at fair value that were previously classified as available-for-sale financial assets were recognised in other financial income (expense) in the 2018 financial year. On the other hand, depreciation of tangible and intangible assets increased slightly by TEUR 23 in the 2018 financial year as compared to the previous financial year.

***Other operating results***

*Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Other operating results decreased from TEUR -3,226 in the nine-month period ended 30 September 2018, by TEUR 3,646, or 113.0%, to TEUR -6,872 in the nine-month period ended

30 September 2019. This was largely due to lower income from reversing impairments of receivables and higher legal and consulting expenses and also higher expenses for office supplies, IT and communications. Compared with the nine-month period ended 30 September 2018, income from reversing impairments of receivables fell from TEUR 1,063 by TEUR 808 to TEUR 255 in the nine-month period ended 30 September 2019. The income from reversing impairments in the nine-month period ended 30 September 2018 resulted essentially from quotas in insolvency proceedings of TEUR 941.

The decrease in other operating results was also largely due to increased expenses relating to the new alignment of the Group, most notably higher legal and consulting expenses and also higher expenses for office supplies, IT and communications. The legal and consulting expenses increased by TEUR 1,576, from TEUR 1,619 in the nine-month period ended 30 September 2018 to TEUR 3,195 in the nine-month period ended 30 September 2019, and the expenses for office supplies, IT and communications increased by TEUR 1,096, from TEUR 328 in the nine-month period ended 30 September 2018 to TEUR 1,424 in the nine-month period ended 30 September 2019.

*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Other operating results decreased from TEUR -3,347 in the financial year ended 31 December 2017, by TEUR 1,900, or 56.8%, to TEUR -5,247 in the financial year ended 31 December 2018. This was primarily due to the fact that impairment losses on receivables and unrecoverable receivables increased by TEUR 1,061 over the previous year to TEUR 2,371. This increase was due in particular to developments in the KALP GmbH insolvency proceedings. Due to the revaluation required as a result of such proceedings, the residual amount of the loan of TEUR 1,550 was written off in full. In addition, the impairment losses on receivables and unrecoverable receivables increased by TEUR 76 due to the new measurement model under IFRS 9.

Due to the increased requirement for consultancy services, particularly legal and regulatory advice, with respect to the capital increase, the exit of staff, restructuring of contracts for the members of the Management Board, for reviewing possible acquisitions and the disposal of the portfolio business as well as for the new alignment of the Group, legal and consulting costs increased by TEUR 1,439, from TEUR 1,047 in the 2017 financial year to TEUR 2,486 in the 2018 financial year. Likewise, retailing support costs increased significantly by TEUR 503 primarily due to the contemplated establishment of a new fund, which was ultimately not launched.

By contrast, rental expenses decreased, in particular due to the adjustment of TEUR 270 in provisions for impending losses made in the previous year. Also, income from the reversal of impairments on receivables increased by TEUR 1,310 to TEUR 1,720 in the 2018 financial year (previous year: TEUR 410). The increase was chiefly due to changed or first-time insolvency quotas (TEUR 1,435).

***Income from associated companies***

*Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Income from associated companies decreased from TEUR 460 in the nine-month period ended 30 September 2018, by TEUR 92, or 20.0%, to TEUR 368 in the nine-month period ended 30 September 2019. This was primarily due to a decrease in appropriated investment income.

*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Income from associated companies decreased from TEUR 2,133 in the financial year ended 31 December 2017, by TEUR 1,605, or 75.2%, to TEUR 528 in the financial year ended 31 December 2018. This was primarily due to the results of accounting for associates (GmbH shares) using the equity method as well as the fact that the share of profit of associates comprised mainly investment income earned and, in the previous year, the share of profit of associates was disproportionately influenced by high tax refunds for earlier years at two associates, generating an unusually high income of TEUR 1,454.

***Net profit from operating activities***

*Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Net profit from operating activities decreased from TEUR -1,393 in the nine-month period ended 30 September 2018, by TEUR 5,863, to TEUR -7,256 in the nine-month period ended 30 September 2019. This result is derived from developments in the preceding income statement line items.

*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Net profit from operating activities decreased from TEUR 512 in the financial year ended 31 December 2017, by TEUR 2,294 to TEUR -1,782 in the financial year ended 31 December 2018. This result is derived from developments in the preceding income statement line items.

***Finance income/expenses***

*Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Finance income increased from TEUR 322 in the nine-month period ended 30 September 2018, by TEUR 5,248 to TEUR 5,570 in the nine-month period ended 30 September 2019. This was primarily due to the investment income of TEUR 4,951 from the sale of the real estate assets in Hamburg, on Sylt, in Eindhoven and in Cologne. As regards the sale of the properties in Hamburg, Sylt and Eindhoven, while the purchase agreements were concluded in 2018; the transfer of benefits and burdens did not take place until 2019. As regards the property in Cologne, the contract for the sale of the property was concluded and the benefits and liabilities were transferred in 2019.

In addition, the financial result for the nine-month period ended 30 September 2019 comprised a negative interest result of TEUR 322 (nine-month period ended 30 September 2018: negative interest result of TEUR 26), a foreign currency gain of TEUR 43 (nine-month period ended 30 September 2018: foreign currency gain of TEUR 19) and other financial result of TEUR 898 (nine-month period ended 30 September 2018: TEUR 329). The negative interest result of TEUR 322 resulted, inter alia, from the interest expenses for the convertible bond of TEUR 144, the compounding of the lease obligations in conjunction with IFRS 16 of TEUR 91 and also from an adjustment of the interest expense of TEUR 66 in connection with the net asset value attributable to the other limited partners from the participation in the target fund "Premium Portfolio Austria" due to revised disbursement forecasts. The other financial result comprised in essence the valuation of the financial assets to be valued at fair value pursuant to IFRS 9 of TEUR 786 and was influenced in particular by write-ups for real estate.

*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Net finance income increased from TEUR 690 in the financial year ended 31 December 2017, by TEUR 106 or 15.4%, to TEUR 796 in the financial year ended 31 December 2018. This was primarily due to the application of IFRS 9 with effect from 1 January 2018, pursuant to which both the changes to financial assets measured at fair value (previously: available-for-sale financial assets) and the changes to the amortised cost of the non-consolidated affiliated companies were recognised through profit or loss under other finance income/expenses.

The financial result of TEUR 796 for the 2018 financial year (previous year: TEUR 690) comprised a negative interest result of TEUR 97 (previous year: positive interest result of TEUR 167), a foreign currency gain of TEUR 47 (previous year: foreign currency loss of TEUR 636), investment income of TEUR 218 (previous year: TEUR 1,159) and other financial result of TEUR 628 (previous year: TEUR 0). The negative interest result of TEUR 97 mainly resulted from an adjustment of the interest expense of TEUR 209 in connection with the net asset value attributable to the other limited partners from the participation in the target fund "Premium Portfolio Austria" due to revised disbursement forecasts. The foreign currency gain of TEUR 47 primarily resulted from exchange gains in connection with the measurement of trade receivables and the measurement of foreign currency accounts as well from a reduction in foreign exchange losses due to significantly lower US dollar holdings. Investment income of TEUR 218 mainly consisted of final distributions of TEUR 215 from real estate funds whose properties had already been sold in previous years, while in the 2017 financial year it included dividends from individual subsidiaries as well as advance profits from the sale of two ships.

Due to the application of IFRS 9 as of 1 January 2018, both changes in financial assets measured at fair value (previously: available-for-sale financial assets) and changes in the amortised cost of non-consolidated affiliated companies were reported under other financial income/expenses in the 2018 financial year. Other financial result for the 2018 financial year was characterised by an increase, in comparison to the 2017 financial year, in the value of investments in the real estate sector, in particular for the sale of the real estate assets in Hamburg, on Sylt, and in Eindhoven in the 2018 financial year, as well as by valuation adjustments totalling TEUR 885 due to the improved condition of the real estate fund. On the other hand, there were lower valuations in the 2018 financial year of shipping and other assets, resulting in a decrease of TEUR -365 in comparison to the 2017 financial year.

***Earnings before taxation***

*Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Earnings before taxation decreased from TEUR -1,071 in the nine-month period ended 30 September 2018, by TEUR 615, or 57.4%, to TEUR -1,686 in the nine-month period ended 30 September 2019. This was primarily due to substantial investments required to implement Strategy 2019+, including increased legal, consulting and sales expenses, as well as increased staff costs on account of the 67.7% higher average headcount, which increased from 31 to 52 as compared to the equivalent period of the prior year.

*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Earnings before taxation decreased from TEUR 1,202 in the financial year ended 31 December 2017, by TEUR 2,188 to TEUR -986 in the financial year ended 31 December 2018. This was primarily due to the substantial investments required to implement Strategy 2019+, including increased legal,

consulting and sales expenses, as well as the expenses from the complete write-down of the loan to KALP GmbH.

**Tax (expense)/income**

*Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Tax expenses decreased from TEUR -273 in the nine-month period ended 30 September 2018, by TEUR 117, or 42.9%, to TEUR -156 in the nine-month period ended 30 September 2019. This was primarily due to tax expenses for the nine-month period ended 30 September 2018 being unusually substantial due to deferred taxes from prior years.

*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

The tax result decreased from TEUR 158 in the financial year ended 31 December 2017, by TEUR 706 to tax expenses of TEUR -548 in the financial year ended 31 December 2018. This was primarily due to tax expenses from adjustment of income tax liabilities and the minimum taxation at the level of a subsidiary.

(in EUR thousand)

	<b>As of 31 December</b>	
	<b>2018</b>	<b>2017</b>
		(audited)
Income taxes .....	-256	288
Deferred taxes .....	-292	-130
<b>Total .....</b>	<b>-548</b>	<b>158</b>

In the 2017 financial year, income taxes mainly consisted of tax refunds and back tax payments for previous years amounting to a refund of TEUR 288 for companies not included in the income tax consolidation group. In the 2018 financial year, there were no tax refunds and back tax payments. The tax expense in 2018 of TEUR 256 consisted of the minimum taxation of TradeOn GmbH in the amount of TEUR 131 and included in addition back tax payments for previous years and the adjustment of income tax liabilities totaling TEUR 125. Also, deferred tax assets of TEUR 95 were recognised, which related to the expected future utilisation of existing loss carryforwards within the two-year planning horizon. In addition, deferred tax liabilities of TEUR 387 were recognised primarily on the carrying amounts of financial assets at fair value through profit or loss, but also on different carrying amounts due to differences in capitalisation under IFRS compared with the tax base. This resulted in deferred tax expenses in the 2018 financial year of TEUR 292.

The table below provides a breakdown of the developments in the various tax positions in the financial year ended 31 December 2018.

	<b>Financial year ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
		(EUR in thousands)
Group earnings before tax.....	-1,534	1,360
Tax rate (Lloyd Fonds AG) in % .....	32.3%	32.3%
Constructive tax expenses.....	495	-439
Tax-free income.....	70	646
Non-deductible operating expenses .....	75	-140
Decrease/increase in deferred income tax assets.....	95	-130
Decrease/increase in deferred income tax liabilities .....	-387	-
Non-capitalised deferred income taxes on unused tax losses.....	-760	-
Non-taxable share of profits of associates .....	-170	-486
Tax back payments/refunds for previous years .....	-125	290
Trade tax reductions .....	451	547

<b>Income taxes</b> .....	<b>-256</b>	<b>288</b>
Actual tax rate.....	-16.7%	-21.2%

As an incorporated entity, the Company is subject to corporation tax of 15% plus the solidarity surcharge of 5.5% of the corporation tax owed plus trade tax of 16.5% at an assessment rate of 32.3%. Tax-free income comprised, in particular, tax-free gains from the sale of assets, income from investments and income from the reversal of impairments. The non-deductible operating expenses and balance sheet corrections in the 2018 financial year related principally to the recognition of impairments on receivables and shares in associates.

### ***Consolidated net profit***

*Nine months ended 30 September 2019 compared to the nine months ended 30 September 2018*

Consolidated net loss increased from TEUR -1,344 in the nine-month period ended 30 September 2018, by TEUR 498, or 37.1%, to TEUR -1,842 in the nine-month period ended 30 September 2019. This was primarily due to the substantial investments required to implement Strategy 2019+, including increased legal, consulting and sales expenses, as well as increased staff costs on account of the 67.7% higher average headcount, which increased from 31 to 52 as compared to the equivalent period of the prior year

*Financial year ended 31 December 2018 compared to the financial year ended 31 December 2017*

Consolidated net result decreased from TEUR 1,360 in the financial year ended 31 December 2017, by TEUR 2,894, to TEUR -1,534 in the financial year ended 31 December 2018. The consolidated negative result for 2018 was primarily due to the expenses from the complete write-down of the loan to KALP GmbH and the new alignment of the Group.

### ***9.2.6 Discussion of Consolidated Statement of Financial Position***

In the following section, the Group describes its financial position and the changes in its financial position. The table below presents assets, equity and liabilities as of 30 September 2019 and as of 31 December 2018 and 2017.

	<b>As of 30 September 2019</b>	<b>As of 31 December</b>	
		<b>2018</b>	<b>2017</b>
	(unaudited)	(EUR in thousands)	
		(audited)	
Total non-current assets .....	18,924	5,099	5,134
Total current assets.....	23,721	24,405	21,328
<b>Total assets</b> .....	<b>42,645</b>	<b>29,504</b>	<b>26,462</b>
<b>Total equity</b> .....	<b>19,569</b>	<b>20,786</b>	<b>18,554</b>
Total non-current liabilities .....	15,654	1,608	1,020
Total current liabilities .....	7,422	7,110	6,888
<b>Total equity and liabilities</b> .....	<b>42,645</b>	<b>29,504</b>	<b>26,462</b>

### ***Total non-current assets***

The Company's non-current assets consist of property, plant and equipment, intangible assets, non-current financial assets, non-current financial assets accounted for using the equity method, non-current financial assets recognised in income and at fair value, other receivables and deferred tax assets.

*As of 30 September 2019 compared to 31 December 2018*

Non-current assets increased from TEUR 5,099 as of 31 December 2018 by TEUR 13,825 to TEUR 18,924 as of 30 September 2019. This was primarily due to the initial recognition of rights of use assets through the initial application of IFRS 16, the increase in other property, plant and equipment and additions to intangible assets.

The rights of use assets value were TEUR 9,392 as of 30 September 2019. For all leases with a balance-sheet extending effect, a right of use asset for the underlying asset was capitalised and a leasing liability was posted. The leasing liability was discounted as of the initial valuation pursuant to IFRS 16.27 using the present value of the future lease payments with the lessee's incremental borrowing rate as of 1 January 2019 and recognised under financial debts. The weighted average incremental borrowing rate of Lloyd Fonds AG is 4.79%. As a simplification, rights of use are recognised with the amount of the pertinent leasing liability, adjusted for advance or deferred lease payments. The right of use is written down on a straight-line basis over the lease period. The rights of use assets contained primarily three leased properties as of 30 September 2019. The term of the contracts of two of the leased properties commenced in March and August 2019, respectively. In addition, there were right of use assets recognised for company vehicle leases and the lease of operating and business equipment related to office equipment.

Other property, plant and equipment increased from TEUR 665 as of 31 December 2019 by TEUR 1,719 to TEUR 2,384 as of 30 September 2019. This increase was largely attributable to asset acquisitions of TEUR 1,914 completed in the 2019 financial year. In addition to the advance payments made for the new office building in Hamburg of TEUR 1,021 in the 2019 financial year, the Company also acquired office equipment in the amount of TEUR 563.

In addition, intangible assets increased by TEUR 1,575 from TEUR 503 as of 31 December 2018 to TEUR 2,078 as of 30 September 2019. This was largely attributable to the required migration of the IT environment to a modern infrastructure.

*As of 31 December 2018 compared to 31 December 2017*

Non-current assets decreased from TEUR 5,134 as of 31 December 2017 by TEUR 35, or 0.7%, to TEUR 5,099 as of 31 December 2018. This was primarily due to the Company's reorientation as a stock market listed investment manager, pursuant to which acquisitions of TEUR 498 were made in property, plant and equipment, particularly for the modernisation of the office equipment and for the new office in Munich. Furthermore, acquisitions of intangible assets in an amount of TEUR 501 were made as regards the homepage, the Data Ware House and the IT environment.

***Total current assets***

The Company's total current assets consist of trade receivables and other receivables, receivables from related parties, financial assets recognised in income at fair value, current income tax assets, cash and cash equivalents, non-current assets held for disposal and disposal group of non-current assets.

*As of 30 September 2019 compared to 31 December 2018*

Total current assets decreased from TEUR 24,405 as of 31 December 2018 by TEUR 684, or 2.8%, to TEUR 23,721 as of 30 September 2019. This was primarily due to the decrease in free cash and cash equivalents and the increase in financial assets measured at fair value through profit or loss.

Cash and cash equivalents decreased by TEUR 5,927 from TEUR 13,910 as of 31 December 2018 to TEUR 7,983 as of 30 September 2019, as described in “9.2.7 Liquidity and Capital Resources”. In addition, non-current financial assets measured at fair value through profit or loss increased from TEUR 3,188 as of 31 December 2018 by TEUR 5,893 to TEUR 9,081 as of 30 September 2019 primarily as a result of the implementation of the two pillars of the new business model, LF Line and LF System, in the nine-month period ended 30 September 2019.

LF-Line offers a clearly structured range of open-ended investment funds for a broad public. In April 2019, four open-ended funds were floated. This involved two share funds (Lloyd Fonds - European Hidden Champions, Lloyd Fonds - European Quality & Growth), a fixed-income fund (Lloyd Fonds - Special Yield Opportunities) and a mixed fund (Lloyd Fonds - Best of Two Worlds). The shares held by Lloyd Fonds AG in the floated funds of LF-Line are measured at fair value through the income statement and as of 30 September 2019 amounted to TEUR 6,052 (31 December 2018: TEUR 0).

The LF-System offering includes a digital product for building and optimising assets. The securities accounts of LF-System are also measured at fair value through the income statement. As of 30 September 2019, the security accounts had a market value of TEUR 277 (31 December 2018: TEUR 0).

#### *As of 31 December 2018 compared to 31 December 2017*

Total current assets increased from TEUR 21,328 as of 31 December 2017 by TEUR 3,077, or 14.4%, to TEUR 24,405 as of 31 December 2018. This was primarily due to the increase in trade receivables related to proceeds from fund and asset management. In addition, trade receivables also included arrangement fees from the sale of two hotel real estate assets in Hamburg and on Sylt and an office real estate asset in Eindhoven to institutional investors.

Also, cash and cash equivalents increased by TEUR 3,827; or 38.0%, from TEUR 10,083 as of 31 December 2017 to TEUR 13,910 as of 31 December 2018, due to the capital increase of TEUR 3,846, less transaction costs.

In addition, non-current assets held for disposal decreased from TEUR 3,900 as of 31 December 2017 by TEUR 3,900 or 100.0% to TEUR 0 as of 31 December 2018 primarily as a result of land and buildings being measured as of 31 December 2017 in accordance with IFRS 5 in conjunction with IAS 40 using the fair value method of accounting. Contrary to the intention to sell the shares on the subsidiary Lloyd WohnWertTonndorferHauptstraße 59 GmbH & Co. KG as of December 2017, only the real estate asset in Hamburg-Tonndorf was sold, with the corresponding economic effect as of 1 July 2018. This made reclassification in accordance with IFRS 5 necessary, resulting in a retrospective change in the balance sheet entry.

On the other hand, trade receivables were reduced by TEUR 45 due to the retrospective application of the impairment loss model under IFRS 9 as of 1 January 2018. Furthermore, advance profits of TEUR 433 on the part of two entities from the previous year which were paid in the 2018 financial year reduced other receivables and other assets. Also, receivables from restructuring services still outstanding at 31 December 2018 were TEUR 235 lower than in the previous year.

#### ***Total equity***

The major items of total equity are share capital, capital reserves, and retained earnings.



*As of 30 September 2019 compared to 31 December 2018*

Total equity decreased from TEUR 20,786 as of 31 December 2018 by TEUR 1,217, or 5.9%, to TEUR 19,569 as of 30 September 2019. This was primarily due to the recognised consolidated result of TEUR -1,842, which was recognised in retained earnings. Furthermore, the equity component of the convertible bond of TEUR 572 increased the capital reserve (31 December 2018: TEUR 0), which also included TEUR 10 transaction costs deducted from the equity component. As of 3 June 2019, Lloyd Fonds AG issued a convertible bond with a total nominal amount of TEUR 6,100 with exclusion of the shareholders' subscription right under conditional capital for 2018. As of 30 September 2019, all the bonds had been subscribed for. The bonds provide not only a repayment claim, but also include an annual interest component of 3.75% and a conversion right into Lloyd Fonds AG shares at a current conversion price of EUR 6.10 per share.

In addition, the stock option program for selected employees in the amount of TEUR 53 was classified as an equity-settled plan and led to a corresponding increase in capital reserves as of 30 September 2019 (31 December 2018: TEUR 0).

*As of 31 December 2018 compared to 31 December 2017*

Total equity increased from TEUR 18,554 as of 31 December 2017 by TEUR 2,232, or 12.0%, to TEUR 20,786 as of 31 December 2018. This was primarily the result of the following measures.

*Share capital*

On 4 June 2018, the Management Board, with the Supervisory Board's approval, decided to increase the Company's share capital on a cash basis, with partial utilisation of the 2017 authorised capital and excluding subscription rights. As of 14 June 2018, a total of 915,664 new shares were placed with private investors at a price of EUR 4.20 per share by way of a private placement. As registered in the Commercial Register on 28 June 2018, the share capital of Lloyd Fonds AG increased due to the capital increase from EUR 9,156,642.00 to EUR 10,072,306.00. As of 20 November 2019, the Company's share capital increased from EUR 10,072,306 to EUR 10,265,914. As at 20 November 2019, the fully paid-up share capital consisted of 10,265,914 ordinary bearer shares with no par value, each with a nominal value of EUR 1.00.

*Authorised capital*

The Management Board was authorised, with the Supervisory Board's approval, to increase the Company's share capital on or before 15 August 2023 by a total of up to EUR 5,036,153 by issuing new no-par-value bearer shares on a cash or non-cash basis once or repeatedly.

*Conditional capital 2018 I*

The Management Board was authorised, with the Supervisory Board's approval, to issue bearer or registered bonds with warrants and/or convertible bonds in a total amount of EUR 6,500,000 on or before 15 August 2023, once or repeatedly, with or without a limited term. For this purpose, a pro rata amount of the share capital of up to EUR 1,000,000 may be granted, divided into up to 1,000,000 no-par-value bearer shares.

*Conditional capital 2018 II*

In addition, the Management Board was authorised, with the Supervisory Board's approval, to issue options to members of the Management Board and to employees on up to EUR 900,000.00 no-par value bearer shares in the Company on or before 15 August 2023. To this end, the share capital was conditionally increased by the corresponding amount.

### *Capital reserves*

As of 14 June 2018, a total of 915,664 new shares with a nominal amount of EUR 1.00 per unit share were placed with investors at an issue price of EUR 4.20 by way of a private placement, resulting in a premium of TEUR 2,930. The transaction expenses of TEUR 35 were recognised as reducing equity.

### ***Total non-current liabilities***

The Company's non-current liabilities consist of net asset value attributable to other limited partners, other provisions and deferred income tax liabilities.

#### *As of 30 September 2019 compared to 31 December 2018*

Non-current liabilities increased from TEUR 1,608 as of 31 December 2018 by TEUR 14,046 to TEUR 15,654 as of 30 September 2019. This was, on the one hand, due to the debt capital component of the convertible bond issued in the 2019 financial year in the amount of TEUR 5,491, with the related transaction costs of TEUR 95 deducted from the debt capital component. On the other hand, the lease obligations pursuant to IFRS 16 were recognised in an amount of TEUR 8,622 (31 December 2018: TEUR 0). For all leases with a balance-sheet extending effect, a right to use the underlying asset is instead capitalised and a leasing liability posted. The leasing liability is discounted as of the initial valuation pursuant to IFRS 16.27 using the present value of the future lease payments with the lessee's incremental borrowing rate as of 1 January 2019 and recognised under financial debts. The weighted average incremental borrowing rate of Lloyd Fonds AG as of 1 January 2019 was 4.79%. The lease liabilities contained primarily three leased properties as of 30 September 2019. The term of the contracts of two of the leased properties commenced in March and August 2019, respectively.

#### *As of 31 December 2018 compared to 31 December 2017*

Total non-current liabilities increased from TEUR 1,020 as of 31 December 2017 by TEUR 588, or 57.6%, to TEUR 1,608 as of 31 December 2018.

This increase mainly resulted from the inclusion of the "Premium Portfolio Austria" fund in the Group's consolidated financial statements. The fund comprises the shares of those limited partners which are not part of the Group. As these are puttable financial instruments, they are reported under non-current financial liabilities.

The applicable net asset value was assessed on the basis of a fixed effective interest rate. This was calculated as an internal interest rate on the disbursements originally forecast for the respective fund companies and ranged from 5.9% to 6.1% per annum, depending on the fund in question. Thereupon, the present values of payments to the limited partners were discounted at the effective interest rate. Remeasurement of net asset values using the effective interest rate method and adjustments to the payout forecasts resulted in net interest income of TEUR -209 in the 2018 financial year (previous year: TEUR 47) and thus in balance sheet recognition of TEUR 804 (previous year: TEUR 595).

### ***Total current liabilities***

The Company's total current liabilities consist of trade payables and other liabilities, liabilities to related parties, financial liabilities, other provisions, current income tax liabilities and disposal group of non-current liabilities.

*As of 30 September 2019 compared to 31 December 2018*

Total current liabilities increased from TEUR 7,110 as of 31 December 2018 by TEUR 312, or 4.4%, to TEUR 7,422 as of 30 September 2019. This was primarily due to the development in the Company's short-term financial debts, which increased by TEUR 378 from TEUR 1,616 as of 31 December 2018 to TEUR 1,994 as of 30 September 2019, in particular as regards short-term lease obligations pursuant to IFRS 16 in an amount of TEUR 373 (31 December 2018: TEUR 0).

By contrast, current other provisions decreased by TEUR 89 to TEUR 122 as of 30 September 2019 due to lower provisions for impending losses of TEUR 2 (31 December 2018: TEUR 116).

*As of 31 December 2018 compared to 31 December 2017*

Total current liabilities increased from TEUR 6,888 as of 31 December 2017 by TEUR 222, or 3.2%, to TEUR 7,110 as of 31 December 2018. This was primarily due to the increase in trade payables and other liabilities in the amount of TEUR 2,280 as a result of higher expenses associated with the new alignment of the Group.

By contrast, current financial liabilities declined from TEUR 3,159 (adjusted value) by TEUR 1,543 to TEUR 1,616. The loan for the real estate asset in Hamburg-Tonndorf recognised under financial liabilities was repaid in full in the reporting year due to the sale of the real estate. Furthermore, current liabilities to related parties decreased from TEUR 926 in the 2017 financial year by TEUR 598 to TEUR 328 in the 2018 financial year. This was primarily due to lower liabilities to shareholders, members of the Management Board and the Supervisory Board, largely on account of the termination agreement entered in 2017 with a departing Management Board member. The resulting liability as of 31 December 2017 was settled in full in 2018.

### ***9.2.7 Liquidity and Capital Resources***

The Company's primary sources of liquidity are net profit from operating activities, share of profits of associates and gains from foreign currency translations.

#### ***Cash flows***

Cash flow from operating activities derived from the consolidated annual result before earnings from investments, interest and taxes amounted to TEUR -1,244 in the 2018 financial year (previous year: TEUR 1,492). Cash flow from operating activities was reduced by the negative consolidated annual result before earnings from investments, interest and taxes in the amount of TEUR 2,263. In addition, cash flow from operating activities calculated using the indirect method was reduced by a decrease in working capital of TEUR 603. The main reason for the lower working capital was that receivables increased more than liabilities.

By contrast, the negative cumulated non-cash result of TEUR 739 increased the cash flow from operating activities. Non-cash expenses recognised in 2018 included in particular, impairment losses on receivables and bad debt losses (TEUR 2,371) and write-downs on non-current assets (TEUR 112). Non-cash income from the derecognition of liabilities (TEUR -38) and income from the reversal of impairment losses on receivables (TEUR -1,431) had the opposite effect. In the 2017 financial year, the non-cash expenses and income included, in particular, the impairment losses on receivables and irretrievable receivables (TEUR 1,310) and on non-current assets (TEUR 479) recognised in the 2018 financial year. The opposite effect resulted, in particular, from the fair-value remeasurement gains on the real estate in Hamburg-Tonndorf (TEUR -576), the proceeds from the derecognition of liabilities (TEUR -295) and income from the reversal of impairments of receivables (TEUR -201).

Cash flow from investing activities of TEUR 2,834 in the 2018 financial year was the result, in particular, of a cash inflow of TEUR 4,200 from the sale of the property in Hamburg-Tonndorf valued in accordance with IFRS 5. This was partially mitigated by cash outflows for property, plant and equipment in the amount of TEUR 501 and intangible assets including advance payments made in the amount of TEUR 498, as well as incidental acquisition costs of TEUR 398, such as, in particular, expenses for due diligence and notary fees in connection with investment in the Lange Assets&Consulting GmbH, Hamburg. In the 2017 financial year, by contrast, cash flow from investing activities was mainly related to payments made for the acquisition of the property in Hamburg-Tonndorf, which resulted in a cash outflow from investing activities of TEUR 3,183.

The cash flow from financing activities of TEUR 2,237 in the 2018 financial year was, in particular, due to the capital increase of TEUR 3,846, less transaction costs. This result was partially mitigated by the repayment of the loan for the property in Hamburg-Tonndorf in the amount of TEUR 1,575. In the 2017 financial year, cash flow from financing activities (TEUR 110) was affected on the one hand by the dividend for 2016 of TEUR 1,465 paid in 2017, which was financed entirely from net cash provided by operating activities, and on the other hand by an inflow of TEUR 1,605 from the loan taken out for the property in Hamburg-Tonndorf, less the repayment of TEUR 30.

As a result, free cash and cash equivalents increased by TEUR 3,827 from TEUR 10,061 in the 2017 financial year to TEUR 13,888 in the 2018 financial year.

#### ***Capital Expenditures and Investments in Progress***

For a discussion of the recent acquisitions of the Group, see “4.3 Recent Acquisitions” and 4.7 Investments.

#### ***Financial Liabilities***

There are no non-current financial liabilities as of 31 December 2018. Current financial liabilities decreased in the 2018 financial year by TEUR 3,159 (adjusted value) to TEUR 1,616. Current financial liabilities related solely to liabilities arising from the financing of the investments in the target funds taken over from the “Premium Portfolio Austria” fund, which amounted to TEUR 1,616 (previous year: TEUR 1,584), increasing slightly in the 2018 financial year over the previous year due to deferred interest. As in the 2017 financial year, the carrying amounts of the loans matched their fair value. The loan for the real estate asset in Hamburg-Tonndorf recognised under financial liabilities was repaid in full in the 2018 financial year due to the sale of the real estate asset.

#### ***Commitments and Contingencies***

The reported contingencies comprise guarantees for increased liable amounts and potential distribution repayment obligations. Including the settlement claims under joint and several obligations towards third parties, contingencies totalled TEUR 3,298 as of 31 December 2018 (31 December 2017: TEUR 3,298).

As part of the trusteeship business in the 2018 financial year, shares of TEUR 1,686,244 (previous year: TEUR 1,667,198) were managed on the Company’s own behalf, but for the account of the subscribers.

Lloyd Treuhand GmbH has in some cases been entered in the Commercial Register as the limited partner in trust for subscribers (trustors) of legacy investment funds with the corresponding liable amount attributable to such subscribers. The trusteeship assets held in connection therewith totalled TEUR 836,947 as of 31 December 2018 (31 December 2017: TEUR 842,886). Distributions received under these trusteeship arrangements are forwarded to the trustors. Under Sections 171, 172 IV of the

German Commercial Code, Lloyd Treuhand GmbH is fundamentally liable for any liquidity surpluses which have been distributed but are not backed by profits in connection with such distributions. Where applicable, the shortfall in the liable capital caused by the distribution must be repaid by Lloyd Treuhand GmbH. These distributions totalled TEUR 21,459 in the 2018 financial year (31 December 2017: TEUR 21,728). Under the trusteeship agreements, Lloyd Treuhand GmbH can recover the same amount from the applicable trustor in the event that any claims are asserted against it. These entail distributions made by the investment entities in the form of loans that were forwarded to the trustors via Lloyd Treuhand GmbH and then terminated and claimed back by the investment entities. In some cases, Lloyd Treuhand GmbH has assigned its recovery claims against the trustors to the investment entities. Of the maximum repayment obligations of TEUR 21,459 as of 31 December 2018 (31 December 2017: TEUR 21,728), which are equivalent to the risk-equivalent weighting, distributions of TEUR 696 (31 December 2017: TEUR 1,064) related to investment entities that were then in insolvency proceedings or in a difficult economic condition as well as investment entities that had liabilities primarily to banks. The possibility of a liquidity outflow affecting cash flow is considered to be unlikely due to the recovery claims held against the trustors.

### *Contingent Tax Liabilities*

The deferred income tax liabilities to be settled within 12 months comprise mainly deferred income tax liabilities on the investment in Lloyd Fonds Immobilienportfolio Hamburg/Sylt GmbH & Co. KG which is recognised for financial assets at fair value through profit or loss.

Changes in deferred income tax liabilities in the specified year, including netting of open items due to the same tax authority, were as follows:

Deferred income tax liabilities	Amount on January 1	Through profit and loss	Through equity	Amount on December 31
		(in EUR thousands)		
<b>2017</b>				
Available-for-sale financial assets .....	-413	-	7	-406
	<b>-413</b>	-	<b>7</b>	<b>-406</b>
<b>2018</b>				
Prepayments for intangible assets .....	-	-53	-	-53
Prepayments recognised using the equity method of accounting .....	-	-41	-	-41
Financial assets at fair value through profit and loss .....	-406	-293	-	-699
	<b>-406</b>	<b>-387</b>	-	<b>-793</b>

The deferred income tax liabilities for financial assets at fair value through profit and loss in the 2018 financial year arose due to the remeasurement pursuant to IFRS 9. The other deferred income tax liabilities related to different carrying amounts of balance sheet items.

As of 31 December 2018, there were unused corporation tax losses of around EUR 21.9 million and unused trade tax losses of around EUR 35.5 million for which deferred income tax assets were recognised in some cases.

Due to a 49.9% share acquisition in 2011, unused tax losses were reduced due to the legal position at that time. Therefore, unused tax losses of around TEUR 11,000 were not included in the amounts mentioned above. Due to a necessary retrospective change in the law, the tax authority is required to change its tax assessments for 2011. The assessments are open to change by virtue of appeal proceedings.

### **9.2.8 Obligations and Commitments**

In May 2019 the Company issued convertible bonds in an aggregate amount of EUR 6,100,000.00 for further details see “10.5.4 Convertible Bonds”.

### **9.2.9 Quantitative and Qualitative Disclosures about Financial Risk Management**

The Group’s activities expose it to a variety of risks from financial instruments. These entail liquidity, market and credit risks. Market risk involves interest, currency and price risks.

#### **Liquidity risk**

Liquidity risk is managed by the finance department on the basis of procedures and measures complying with the risk management policy issued by the Management Board. Short-term liquidity is managed by means of rolling liquidity planning covering a forward-looking range of up to one year. It is supplemented by medium-term forecasts for the following two years. This is an integrated planning model comprising a forecast income statement. Both the short and medium-term forecasts are derived from the Group’s business planning and are mutually aligned with each other.

#### **Market risk**

Interest risk, which is one aspect of market risk, arises from possible fluctuations in the fair value of a financial instrument and the cash flows which it is expected to yield on account of changes in market interest rates. These interest rate fluctuations affect the Group’s future interest income and expense and may also influence the fair value of its financial instruments.

Normally, loans granted or utilised are subject to a fixed interest rate reflecting standard market conditions. They are subsequently measured at amortised cost using the effective interest method in accordance with IFRS 9. Accordingly, no material adjustments to fair value are likely.

In these consolidated financial statements, foreign-currency risks primarily relate to the translation of US-\$-denominated assets and liabilities into euro. To minimise these effects, Lloyd regularly analyses the Group’s foreign-currency assets and liabilities and forecasts future trends. The focus here is on risks affecting the Group’s liquidity. If any significant risks to the Group’s financial condition arise from foreign-currency exposure, appropriate hedges are transacted.

The finance department is responsible for managing interest and foreign-currency risks in consultation with other Group departments. In response to negative trends in exchange rates, foreign-currency holdings currently not required are converted to euros with minimum delay.

The price risk particularly relates to the measurement of financial assets at fair value through profit or loss (formerly: available-for-sale financial assets). The shares held by the Group in its own funds are included within this category and chiefly comprise shares which Lloyd has retained as the original founder of these entities.

As a matter of principle, fluctuations in fair value were reported in accordance with IAS 39 within other comprehensive income with no effect on income. This did not apply to impairments, which were recorded through profit and loss.

The Group measures the fair value of all investments in material associates at the end of each half-year period. This is performed by the Group’s fund management in close consultation with Group Accounting to ensure that any changes are correctly reflected in the balance sheet. Under IFRS 9, all adjustments to fair value are recognised in other finance income.

### ***Credit risk***

The credit risk refers to the threatened non-recoverability of outstanding receivables. In the wake of the economic and financial crisis, there was a general increase in this risk. This particularly concerned receivables from distressed investment funds. As part of efforts to restructure these entities, the Group granted respites on these receivables and, in some cases, agreed to waivers in return for debtor warrants. The resultant credit risks are provided for by means of individual impairments. As receivables are viewed individually, it is assumed that their fair value in accordance with IFRS 9 equals their nominal value less adjustments. IFRS 9 includes arrangements whereby the credit risk is increased due to financial assets being overdue. Due to the nature of Lloyd's business, this mostly does not apply, and receivables continue to be considered on a case-by-case basis. The maximum credit risk amounts to TEUR 6,685.

In addition to ongoing impairment testing of receivables, Lloyd is responding to the heightened credit risk by means of steady and sustained improvements to its receivables management. This focuses, in particular, on the swift collection of outstanding amounts in an effort to reduce the volume of receivables due for immediate settlement.

### ***9.2.10 Significant Accounting Policies***

#### ***General information***

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the reporting periods presented, unless otherwise stated.

The consolidated financial statements have been prepared in thousands of euros (abbreviated to EUR thousand) as this does not result in any loss of information. This may result in rounding differences between the individual parts of the financial statements. To improve the clarity of presentation, individual items of the income statement and balance sheet have been combined. These items are explained herein. The income statement has been prepared using the nature-of-expense method.

#### ***Basis of preparation***

The Audited Consolidated Financial Statements of the Group as of and for the financial years ended 31 December 2018 and 2017 were voluntarily prepared in accordance with IFRS. The following standards endorsed by the EU Commission were not early adopted in 2018:

- IFRS 16 Leases (from 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (from 1 January 2019)

Balance sheet accounting by the lessor pursuant to IAS 17 has been adopted almost identically as in IFRS 16. IFRS 16 must be applied for business years beginning on or after 1 January 2019; early adoption is allowed if IFRS 15 is already being applied. Lloyd will first apply IFRS 16 for the business year beginning on 1 January 2019 and, in accordance with the transitional regulations, will thus dispense with adjustment of the previous year's figures.

For lessees, IFRS 16 abolishes the previous classification of leases as operating leases or finance leases. Instead, introduces a uniform accounting model for the lessee in which all right-of-use assets and liabilities from lease agreements for outstanding rental payments are recognised in the balance sheet. This means that in future all leases will, as a matter of principle, be recognised in the consolidated balance sheet in a manner largely comparable to finance leases at present.

However, IFRS 16 grants the option of waiving the recognition of right-of-use and leasing liabilities for leases with a term of up to twelve months (short-term leases) and for leases of low-value assets, which Lloyd now does.

As of the date of first application of the new standard per 1 January 2019, Lloyd will, in accordance with the modified retrospective method, report leasing liabilities from operating leases with a remaining term of more than twelve months at the present value of the remaining lease payments, taking into account the incremental borrowing rate as currently applicable from time to time. The capitalised right-of-use will thus be recognised in the same amount as the leasing liability.

The leasing payments associated with these leases are as a matter of principle reported on a straight-line basis over the term of the relevant lease. The rights-of-use are stated at cost of acquisition less accumulated depreciations and any necessary impairment. The cost of acquisition of the right-of-use is calculated as the present value of all future lease payments plus the lease payments made as special payments at or before the beginning of the term of the lease, and less all leasing incentives received. In connection therewith, Lloyd takes advantage of the option of taking payments for non-lease components into account as a matter of principle as lease payments. Otherwise, the right-of-use is depreciated over the term of the lease.

The first statement of the leasing liabilities allocated to financing liabilities is determined as the present value of leasing payments due less any advance payments made. The carrying amount of the leasing liability, with interest added, will then subsequently, with no impact on income, be reduced by leasing payments made.

Depreciation of the right-of-use is allocated to impairments in accordance with IFRS 16. The interest added to leasing liability is included in interest expenses. The leasing expenses for leases classified as operating leases have previously been recognised under IAS 17 as motor vehicle expenses or rental expenses.

During the transition to the new standard, Lloyd will apply the following leniency rules granted by IFRS 16 for the lessee:

- For leases previously classified under IAS 17 as operating leases, leasing liability will be recognised at the present value of the outstanding leasing payments, discounted at the incremental borrowing rate of interest as of 1 January 2019. The associated right-of-use will be recognised as a matter of principle in the amount of leasing liability.
- Leases ending no later than 31 December 2019 are recognised as short-term leases, regardless of their original term.
- Current knowledge will be taken into account in determining the term of contracts with extension or termination options.

New software recording the relevant leases is being introduced for the data management and valuation of leases. Preparations for implementing the first application of IFRS 16 have shown that when the shift is made as of 1 January 2019, it is anticipated that rights-of-use and leasing liabilities of around TEUR 1,600 will be stated for the first time in the consolidated balance sheet. With the application of IFRS 16, expenses on a straight-line basis for operating leases will be replaced by depreciation expenses for rights-of-use and interest expenses for leasing liabilities. This will result in deterioration in cash flow from financing activities and an improvement in cash flow from operating activities. There will also be a reduction in the equity ratio.



IFRIC 23 supplements the arrangements under IAS 12 with respect to taking into account uncertainties over income tax treatment of facts and transactions with regard both to actual taxes and to deferred taxes. The first application of IFRIC 23 will not entail any significant impact, as the previous accounting practice has, as a matter of principle, been consistent with the arrangements under IFRIC 23.

The consolidated financial statements have been prepared in accordance with the going-concern assumption

***New standards and interpretations applied for the first time***

New standards and interpretations which were applied for the first time in 2018 were:

- IFRS 9 Financial Instruments (from 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (from 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (from 1 January 2018)

There have been the following changes in connection with the financial assets as a result of the first-time application of IFRS 9 from 1 January 2018. They are now divided into the following categories:

- Financial assets measured at amortised cost (**AC**) of acquisition
- Financial assets recognised at fair value through profit or loss (**FVTPL**)

	Carrying amount per IAS 39 as of Dec. 31 2017	Remeasurement due to application of impairment model	Carrying amount per IFRS 9 as of Jan. 1 2018	Measurement category IFRS 9
	(in EUR thousand)			
<b>Non-current assets</b>				
Other receivables.....	1,550	-	1,550	AC
Financial assets available for sale (now: financial assets recognised at fair value through profit or loss) .....	1,761	-	1,761	FVTPL
	<b>3,311</b>	<b>-</b>	<b>3,311</b>	
<b>Current assets</b>				
Trade receivables and other receivables .....	3,678	-45	3,633	AC
Receivables from related parties.....	86	-	86	AC
Financial assets available for sale (now: financial assets recognised at fair value through profit or loss) .....	2,746	-	2,746	FVTPL
Cash and cash equivalents .....	10,005	-	10,005	AC
	<b>16,515</b>	<b>-45</b>	<b>16,470</b>	
<b>Assets .....</b>	<b>19,826</b>	<b>-45</b>	<b>19,781</b>	
<b>Non-current liabilities</b>				
Net asset value attributable to other limited partners.....	595	-	595	AC
	<b>595</b>	<b>-</b>	<b>595</b>	
<b>Current liabilities</b>				
Trade payables and other payables .....	2,428	-	2,428	AC
Liabilities to related parties .....	926	-	926	AC
Financial liabilities .....	1,584	-	1,584	AC
	<b>4,938</b>	<b>-</b>	<b>4,938</b>	
<b>Liabilities .....</b>	<b>5,533</b>		<b>5,533</b>	

Financial assets are reclassified and remeasured. Financial assets are debt instruments which do not meet the Solely Payment of Principal and Interest (*SPPI*) criterion and for this reason are recognised at fair value through profit or loss. For financial assets which are equity instruments, the possible other comprehensive income (*OCI*) option is not used, so these, too, are recognised at fair value through profit or loss.

The associates which have previously been classified as available for sale financial assets were recognised as available for sale at fair value in OCI. In accordance with the first-time application of IFRS 9, they are now recognised in the category “at fair value through profit or loss”.

The carrying amounts for non-consolidated associates, the equity of which was previously recognised as amortised cost of acquisition, are equal to the fair value. The remeasurement was also reflected in other consolidated income up to 31 December 2017. Due to the first-time application of IFRS, they are now recognised as of 1 January 2018 at fair value through profit or loss.

In the transition to recognition in accordance with IFRS 9 subsequent to its introduction as of 1 January 2018, recognition as available for sale at fair value, previously recognised in OCI at EUR 1,035,000.00, is reclassified as retained earnings. The change in the year under review if EUR 628,000.00 is recognised in profit or loss in other finance income.

Under IFRS 9, unlike IAS 39, impairments of financial assets which are not recognised at fair value through profit or loss are also recognised in respect of expected credit losses and not just when there is objective evidence of impairment. The impairment is determined by the credit risk of a financial asset and by the change in its credit risk. If the credit risk of the financial asset increases significantly after it has first been recognised in the balance sheet, expected credit losses over the entire term of an asset are recognised as a matter of principle. Only the credit losses expected within the next twelve months are recognised as impairment if the credit risk has not significantly increased in the period mentioned. For the sake of simplicity, the expected credit losses are recognised as impairment of trade receivables and other receivables over the entire relevant term.

Arising from the first-time application of IFRS 9 as of 1 January 2018 an amount of EUR 45,000.00 is recognised against retained earnings in equity. In 2018, an impact on profits of EUR -76,000.00 arises due to the first-time application of the impairment model under IFRS 9.

IFRS 15 Revenue from Contracts with Customers is applied for the first time as of 1 January 2018. Under IFRS 15 sales are measured in respect of the amount and with regard to whether revenues are recognised in relation to a point in time or over a period of time, in accordance with the five step model:

- Step 1: Identification of contracts with customers
- Step 2: Identification of separate performance obligations in the contract
- Step 3: Determination of the transaction price
- Step 4: Allocation of the transaction price
- Step 5: Recognition of revenue when a performance obligation is satisfied

Significant revenue from management services and revenue from trusteeship activities are performances over a period of time within the meaning of IFRS 15. These performances were also classified as performances over time under IAS 18. No changes in recognition of revenues arose due to the arrangements under IFRS 15. By contrast, the income from arrangement and structuring services are essentially performances related to a point in time. This means that there has been no significant impact

on the Group arising from the modified retrospective first time application of IFRS 15, and there were no adjustment amounts recognised in equity.

The arrangements under IFRIC 22 have clarified the time at which the exchange rate is determined for the conversion of foreign currency transactions. There has been no significant impact on the Group arising from the first-time application of IFRIC 22.

### ***Consolidation***

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanied by a shareholding of more than 50% of the voting rights. Under IFRS 10 Consolidated Financial Statements, the companies consolidated are determined on the basis of the exercise of control as well as the variable returns. In addition, it must be possible for the variable returns to be influenced by the exercise of control.

Subsidiaries are included in the consolidated financial statements (full consolidation) as of the date on which control is transferred to the Group. They are deconsolidated as of the date on which control is extinguished.

Companies in which Lloyd holds a stake of more than 50% are not classified as subsidiaries in cases in which the Group does not have any scope for exerting influence on their business and financial policies on account of the specific provisions of their articles of association despite having a voting majority. Accordingly, the criterion of control is not satisfied. Even so, Lloyd exerts a material influence on these companies, meaning that they are accounted for as associates using the equity method of accounting. Not included in the consolidated financial statements are 26 (previous year: 26) subsidiaries which are of immaterial importance in their entirety for the Group's net assets, financial condition and results of operations.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. If the acquisition costs exceed the Group's share in the net assets measured at fair value, this difference is recognised as goodwill. If the acquisition costs are less than the fair value of the net assets of the acquired subsidiary, the difference is recorded directly in profit and loss.

The hidden reserves and charges disclosed when the assets and liabilities are recognised at fair value during initial consolidation are amortised, depreciated or released in subsequent periods in line with the development of the assets and liabilities. Inter-company transactions and balances between group companies are eliminated. Eliminations of inter-company gains and losses were not necessary within the Group due to the absence of any relevant transactions.

## **9.3 Significant Change in the Company's Financial Position**

Since 30 September 2019 to the date of this Prospectus, no significant change in the financial and trading position of the Company has occurred.

## **9.4 Dividend Policy, Results and Dividends per Share, Use of Profits**

### ***9.4.1 General Provisions Relating to Profit Allocation and Dividend Payments***

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a stock corporation (*Aktiengesellschaft*) under German law,

the distribution of dividends for a given fiscal year and the amount and payment date thereof, are resolved by the shareholders' meeting (*Hauptversammlung*) of the subsequent fiscal year. The shareholders' meeting must be held within the first eight months of each fiscal year. Proposals for the distribution of dividends will be issued by the Management Board and the Supervisory Board jointly or by the Management Board and the Supervisory Board separately, with the shareholders' meeting however not bound by those proposals.

Dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit is calculated based on the Company's annual financial statements prepared in accordance with the requirements of the German Commercial Code (*Handelsgesetzbuch*). Accounting regulations under the German Commercial Code (*Handelsgesetzbuch*) differ from the IFRS in material aspects.

When determining the distributable profit, net income or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profit/loss carry-forwards (*Gewinn-/Verlustvorträge*) from the prior fiscal year and releases of or allocations to reserves. Certain reserves are required to be set up by law and amounts mandatorily allocated to these reserves in the given fiscal year must be deducted when calculating the distributable profit. The Management Board must prepare annual financial statements (balance sheet, income statement and notes to the annual financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the auditors and the Supervisory Board immediately after preparation. At the same time, the Management Board must present to the Supervisory Board a proposal for the allocation of the Company's distributable profits pursuant to Section 170 paragraph 2 of the German Stock Corporation Act (*Aktiengesetz*). According to Section 171 of the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board must review the annual financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit and report to the shareholders' meeting in writing on the results. The Supervisory Board must submit its report to the Management Board within one month after the documents were received. If the Supervisory Board approves the financial statements after its review, these are deemed adopted unless the Management Board and the Supervisory Board resolve to assign adoption of the financial statements to the shareholders' meeting. If the Management Board and the Supervisory Board choose to allow the shareholders' meeting to adopt the financial statements, or if the Supervisory Board does not approve the financial statements, the Management Board must convene a shareholders' meeting without delay.

The shareholders' meeting's resolution on the allocation of the distributable profits requires a simple majority of the votes cast. If the Management Board and the Supervisory Board adopt the financial statements, they can allocate an amount of up to half of the Company's net income for the year to other surplus reserves. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net income for the year to be allocated to other surplus reserves. Dividends resolved by the shareholders' meeting are due and payable immediately after the relevant shareholders' meeting, unless provided otherwise in the dividend resolution, in compliance with the rules of the respective clearing system. DZ Bank AG will transfer the dividends to the shareholders' custodian banks for crediting to their accounts and German custodian banks are under an obligation to distribute the funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) immediately after the shareholders' meeting. To the extent dividends can be distributed by the Company in accordance with the German Commercial Code (*Handelsgesetzbuch*) and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends. Any dividends not claimed within the past three years become time-barred. If dividend payment claims expire, the Company becomes the beneficiary of the dividends. Generally, withholding tax

(*Kapitalertragsteuer*) is withheld from dividends paid. For more information on the taxation of dividends, see “6.5 Taxation”.

#### **9.4.2 Dividend Policy and Dividend per Share**

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

Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Company’s results of operations, financial condition, contractual restrictions and capital requirements. The Company’s future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities.

No distributions of profits or reserves were made to shareholders of the Company in any of the fiscal years ended 31 December 2018 and 31 December 2017 (up to the date of this Prospectus).

### **9.5 Pro Forma Financial Information**

Pro forma financial information of Lloyd Fonds AG for the twelve-month period from 1 January 2018 to 31 December 2018 and for the nine-month period from 1 January 2019 to 30 September 2019

#### **9.5.1 Introduction**

*On 25 April 2019, Lloyd Fonds AG, Hamburg, (the “Company”) entered into a contribution agreement with the sole shareholders of SPSW Capital GmbH’s (“SPSW”) to acquire 90% of the outstanding SPSW shares. The contribution of 90% of the shares in SPSW will take the form of a combined cash/non-cash capital contribution in return for the issue of 1,500,000 new shares in the Company at a price of EUR 6.00 per share, an additional cash payment and a profit compensation for 2019 (the “Transaction”). The cash component of the purchase price will be paid over a period of seven years. A part of the cash payments will be financed through the offering of new shares against cash contribution described below. Assuming that all conditions will be met, the transaction is expected to be closed in the fourth quarter of 2019 at the earliest upon the contribution of 90% of the shares of SPSW. The Federal Financial Supervisory Authority’s (“BaFin”) control process (Inhaberkontrollverfahren) is closed, therefore closing of the transaction is expected to occur as planned.*

*In addition, mutual put option rights are being granted for the remaining 10% of SPSW’s outstanding company shares, which may be exercised between 30 June 2024 and 31 December 2024. In case SPSW misses to exercise the option, the Company receives mutual option rights to purchase remaining shares at market value from 1 March 2027 until 31 December 2027. The total of all purchase price components in the sense of IFRS 3 is expected to amount to EUR 39.37 million.*

*On 12 June 2019, the annual general meeting approved the issuance of 1,500,000 new shares against cash contribution. The approval required at least 75% of the share capital represented at the annual general meeting. The offering of new shares will be set at a minimum of the stock market price and limited to a maximum of EUR 6.00, which corresponds to the issue price of the shares issued on a non-cash basis in return for the contribution of SPSW to the Company (the “Offering”).*

*In December 2018, the Company decided to acquire a majority share of Lange Assets & Consulting GmbH (“Lange”). The transaction closed on 20 November 2019. In future, Lange will be recognised as an associate, since notwithstanding a 90% shareholding the criteria for a consolidation under IFRS are not met. Since the Lange transaction neither incorporates significant financial*

*obligations nor inherits a complex financial history, it is not reflected in the Pro Forma Financial Information.*

*The following pro forma balance sheet as of 30 September 2019 gives effect to the SPSW Transaction, as if it occurred as of 30 September 2019. The following pro forma income statements for the nine-month period ended 30 September 2019 and the fiscal year ended 31 December 2018 similarly give effect to the SPSW Transaction, as if it occurred at the beginning of the period on 1 January 2018.*

*The pro forma financial information has been prepared for illustrative purposes only. It addresses a hypothetical situation and, therefore, does not represent the Company's actual results of operations, actual net assets and financial position. It is not necessarily indicative of the results of operations that would have occurred during the periods presented, had the pro forma adjustments actually taken place as of the dates specified, nor is it necessarily indicative of future results of operations, financial positions or cash flows.*

*The pro forma financial information is presented in euro (EUR). Amounts are stated in thousands of euro (TEUR) except if otherwise indicated. With respect to financial information set out in of this document, a dash (“—”) signifies that the relevant figure is not available, while a zero (“0”) signifies that the relevant figure is available but has been rounded to zero. For arithmetical reasons, rounding differences with respect to the mathematically accurate results (monetary units, percentages etc.) may occur in the tables and notes in the pro forma financial information.*

## **9.5.2 Historical Financial Information Included in the Pro Forma Financial Information**

### ***Historical financial information used***

The pro forma financial information is based upon the respective historical financial statements of the Company and SPSW and should be read in conjunction with:

- The audited and published consolidated financial statements of the Company for the financial year ended 31 December 2018, prepared on the basis of IFRS.
- The unaudited interim consolidated financial statements of the Company for the nine-month period from 1 January 2019 to 30 September 2019, which were prepared in accordance with IFRS, as endorsed by the European Union applicable for interim financial reporting (*IAS 34*).
- The audited and unpublished financial statements of SPSW for the financial year ended 31 December 2018, which were prepared in accordance with German GAAP (*HGB*) and the German “Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute (*RechKredV*).
- The unaudited and unpublished interim financial information of SPSW for the nine-month period from 1 January 2019 to 30 September 2019, consisting of a balance sheet and an income statement, both prepared in accordance with HGB and RechKredV.

### ***Reconciliation of historical financial information used***

SPSW prepares financial statements based on HGB applying the structure defaulted in RechKredV, applicable to German firms incorporating a BaFin license for financial trading.

Pro forma financial information has been prepared for information purposes only, therefore, SPSW's accounts have been adjusted to the relevant International Financial Reporting Standards (*IFRS*) and reclassified to conform to the presentation of the Company.

Accordingly, SPSW's historical financial information is represented, revalued and reclassified on the basis of IFRS in order to establish a consistent underlying accounting policy of historical financial information to the Company. With regard to the accounting policies applied consistently to the underlying historical financial information of the pro forma financial information, reference is made to the financial statements of the Company for the financial year ended 31 December 2018 and to the unaudited interim financial statements of the Company for the nine-month period from 1 January 2019 to 30 September 2019.

*Alignment of presentation*

The following presentation adjustments were made to the SPSW's historical financial statement positions.

Income statement for the financial year ended 31 December 2018:

<b>Presentation in SPSW's HGB Income Statement</b>	<b>Presentation in Pro Forma Income Statement</b>	<b>Amount for the year ended 31 December 2018 (in TEUR)</b>
Commission revenues	Sales	8,134
Commission expenses	Cost of Sales	-126
Personnel expenses	Staff costs	-3,500
Depreciation/amortisation long-term assets	Depreciation/amortisation and impairment losses	-49
Impairment on commercial papers	Depreciation/amortisation and impairment losses	-118
Other administrative expenses	Other operating income/expenses	-1,073
Other operating expenses	Other operating income/expenses	-1
Other operating income	Other operating income/expenses	141
Current income from shares and other variable-yield securities and investments	Finance income	28
Interest expenses	Finance expenses	-6
Taxes on income and profit	Income taxes	-1,076
		<b>2,353</b>

Income statement for the nine-month period from 1 January 2019 to 30 September 2019:

<b>Presentation in SPSW's HGB Income Statement</b>	<b>Presentation in Pro Forma Income Statement</b>	<b>Amount for the nine-month period from January to 30 September 2019 (in TEUR)</b>
Commission revenues	Sales	5,229
Commission expenses	Cost of Sales	-53
Personnel expenses	Staff costs	-2,710
Depreciation/amortisation long-term assets	Depreciation/amortisation and impairment losses	-38
Other administrative expenses	Other operating income/expenses	-776
Other operating expenses	Other operating income/expenses	-198
Other operating income	Other operating income/expenses	784
Current income from shares and other variable-yield securities and investments	Finance income	12
Interest expenses	Finance expenses	-4
Taxes on income and profit	Income taxes	-527
		<b>1,719</b>

Balance sheet as of 30 September 2019:

<b>Presentation in SPSW's HGB Balance Sheet</b>	<b>Presentation in Pro Forma Balance Sheet</b>	<b>Amount as of 30 September 2019 (in TEUR)</b>
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<b>Presentation in SPSW's HGB Balance Sheet</b>	<b>Presentation in Pro Forma Balance Sheet</b>	<b>Amount as of 30 September 2019 (in TEUR)</b>
Other assets	Trade receivables and other receivables	204
Net profit	Retained earnings	2,013
Other liabilities	Trade payables and other liabilities	620
Provisions	Trade payables and other liabilities	1,092

*HGB to IFRS Adjustments for the Pro Forma income statement for the year ended 31 December 2018 and for the nine-month period from 1 January 2019 to 31 December 2019*

In addition to the alignment of presentation of SPSW's financial statements, adjustments for revaluation as well as reclassification reconciliation are required. The following revaluation adjustments were made to SPSW's historical financial income statements.

*Pro forma income statement for the year ended 31 December 2018*

<b>Presentation in unaudited Pro Forma Income Statement as of 31 December 2018</b>	<b>IFRS Adjustment Description</b>	<b>Amount for the year ended 31 December 2018 (in TEUR)</b>
Finance income	(1)	72
Finance expense	(2)	-446

(1) Represents the additional impairment gain related to the fair value of recognised financial instruments consisting of funds shares and shares in other companies. Applying IFRS financial income increase by TEUR 72 for the year ended 31 December 2018.

(2) Represents the additional impairment charges related to the fair values of recognised financial instruments consisting of funds shares and shares in other companies. Applying IFRS financial expenses increase by TEUR 446 for the year ended 31 December 2018.

*Pro forma income statement for the nine-month period from 1 January 2019 to 30 September 2019*

<b>Presentation in unaudited Pro Forma Income Statement as of 30 September 2019</b>	<b>IFRS Adjustment Description</b>	<b>Amount for the nine-month period from 1 January to 30 September 2019 (in TEUR)</b>
Depreciation/amortisation and impairment losses	(1)	-76
Finance expense	(2)	-11
Other operating expenses/income	(3)	81
Finance income	(4)	542

(1) This adjustment reflects the additional depreciation expense for the nine-month period from 1 January 2019 to 30 September 2019 resulting from the recognition of lease contracts under IFRS 16. Depreciation of right-of-use assets over the respective lease term amounts to TEUR 76.

(2) This adjustment comprises the increase in financial expense of TEUR 11 resulting from discounting of lease liabilities over the nine-month period ended 30 September 2019.

(3) Reversal of lease expense amounting to a reduction of TEUR 81 issued for monthly rent payments during the nine-month period from 1 January 2019 to 30 September 2019.

(4) Represents the reversal of impairment charges related to the profits of sold financial instruments consisting of funds shares and shares in other companies. The sale generated inflows of



TEUR 6,710, consequently profits amounting to TEUR 679 were recognised. Compared to the financial assets' fair value at the balance sheet closing date (TEUR 5,489), recognised profits need to be reversed by the exceeding profit of TEUR 542, depicting an increase in financial income.

*HGB to IFRS Adjustments for the Pro Forma balance sheet as of 30 September 2019*

In addition to the alignment of presentation of SPSW's financial balance sheet information, adjustments for revaluation as well as reclassification reconciliation are required. The following revaluation adjustments were made to the SPSW's historical financial statement balance sheet positions.

<b>Presentation in unaudited Pro Forma Balance Sheet as of 30 September 2019</b>	<b>IFRS Adjustment Description</b>	<b>IFRS Adjustment as of 30 September 2019 (in TEUR)</b>
Property, plant & Equipment	(1)	345
Other liabilities (non-current)	(2)	-230
Trade payables and other liabilities (current)	(3)	-115

(1) In addition, respective right-of-use assets resulting from SPSW's lease contracts are recognised within the Property, Plant & Equipment, with the equivalent amount of TEUR 345.

(2) and (3) This adjustment reflects the recognition of lease contracts comprising office buildings as well as specified parking spaces. Under HGB such contracts have not been recognised on SPSW's balance sheet. According to IFRS 16, lease contracts are recognised in form of a lease liability amounting to the sum of accumulated lease instalments over the lease term discounted by the incremental interest rate of the Company as well as a right of use asset in the same amount. Consequently, short-term lease liabilities resulting from SPSW's lease contracts result in an IFRS adjustment of non-current (TEUR 230) and current (TEUR 115) other liabilities.

### **9.5.3 Basis of Preparation**

*Preparation principles*

The pro forma financial information was prepared on the basis of the IDW Accounting Practice Statement: Preparation of Pro Forma Financial Information (IDW AcPS AAB 1.004) (*IDW Rechnungslegungshinweis: Erstellung von Pro-Forma-Finanzinformationen (IDW RH HFA 1.004)*), as promulgated by the Institute of Public Auditors in Germany (*IDW, Institut der Wirtschaftsprüfer in Deutschland e.V.*). The acquisition of SPSW qualifies as a relevant business transaction in line with IDW RH HFA 1.004 No. 4, as significant structural changes are expected to result from the access of SPSW as a new subsidiary. Based on the latest published annual report 2018, thresholds for significance testing criteria, including balance sheet total, revenues, and year-end result, are exceeded (IDW RH HFA 1.004 para. 5).

The pro forma adjustments made for purposes of the pro forma financial information are based on information available at this time and certain pro forma assumptions and estimates of the Company as described in these pro forma notes. The pro forma financial information neither contains any potential synergies or cost savings nor any normalisation of any restructuring or any additional future expenses that could result from the acquisition of SPSW. The pro forma financial information is presented to illustrate the estimated effects of the transaction and certain other adjustments noted below through the business combination of the Company and SPSW. The historical financial information has been adjusted to give effect to the effects that are (i) directly attributable to the transaction, (ii) factually supportable, and (iii) in the case of the pro forma income statement, expected to have a continuing impact on the combined entity's results. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the pro forma financial information.

### *SPSW Transaction*

The pro forma statement of profit or loss for the financial year ended 31 December 2018 and for the nine-month period from 1 January 2019 to 30 September 2019 were prepared based on the assumptions that the following acquisition took place on 1 January 2018. Additional information is described in “9.5.1 Introduction”.

The signing of the SPSW transaction on 25 April 2019 represented a strategic investment to strengthen the three divisions defined in the Company’s business strategy plan. SPSW is an owner-managed, non-bank affiliated investment company that manages two investment funds and one hedge fund. The Transaction is in line with the Company’s Strategy 2019+, which is aimed at becoming a leading non-bank affiliated asset manager with the three pillars of (i) investment funds with active asset management, (ii) asset management based on a digital portfolio algorithm, and (iii) individual and direct asset management for private wealthy and institutional clients, and family offices.

In the course of the acquisition, the Company acquired 90% of the shares in SPSW, a company incorporating management of two retail funds, the mixed funds SPSW – WHC Global Discovery (launched in October 2010) and SPSW – Global Multi Asset Selection (launched October 2013), as well as a special fund for asset management, SPSW – Active Valuation Selection (launched February 2011), with total assets under management amounting to approximately EUR 650 million.

The acquisition of the remaining 10% of shares is subject to a put option, which can be exercised by the sellers between 30 June 2024 and 31 December 2024 at a price pro rata to the price for 90% of the shares. If the option is not exercised by SPSW, the Company has the right to purchase the remaining shares at its market value starting 1 March 2027 until 31 December 2027. Since it currently appears highly unlikely that the put will be exercised (far out of the money put), it was not reflected on the balance sheet.

The factual purchase price is not fixed and primarily depending on the future economic development of SPSW and its three managed funds WHC Global Discovery, Global Multi Asset Selection and Active Value Selection (variable purchase price).

The minimum purchase price (nominal amount) for 90% of the shares in SPSW is TEUR 40,500 including the TEUR 9,000 value of the new shares in the Company and a settlement amount reflecting the profit participation rights of the new shares. The maximum purchase price (nominal amount) for 90% of the shares in SPSW amounts to TEUR 81,000 (without taking into account the profit compensation) including the cash consideration and the TEUR 9,000 value of the new shares but without consideration of the settlement amount reflecting the profit participation rights of the new shares.

IFRS 3 “Business Combinations” requires the consideration transferred to be measured at its fair value at the acquisition date. The fair value of the variable portions of the purchase price was therefore calculated on the basis of the expected future results of SPSW and discounted with a rate reflecting the Company’s cost of capital. The calculated purchase price according to IFRS 3 for 90% of the shares amounted to EUR 39.37 million (present value), with future expected payments discounted to the acquisition date (the nominal amount EUR 48.5 million). The various purchase price components were discounted with a cost of capital, estimated at approximately 10.2%. The purchase price components for 90% of the shares consist of the following:

- Cash payments of TEUR 38,100 (thereof TEUR 10,000 down payment), payable in eight instalments starting in 2020 until 2027. Instalments differ in calculation methods and concern 90% of the respective assessment basis corresponding to the percentage of shares to be acquired.

- Instalment in year 2020: 30% of 5.5 times the historic synthetic earnings after tax (**EaT**) on the basis of prior years (the down payment of TEUR 10,000, to be paid at the end of 2019, will be taken into account when determining the amount owed in 2020).
- Instalments in years 2021-2024: 17.5% of 5.5 times the synthetic EaT of the respective preceding year (in total 70% of 5.5 times the average synthetic EaT of the years 2020-2023).
- Instalments in years 2025-2027: 28% of the synthetic Is-net basic fee of the respective preceding year.
- Profit compensation for the year 2019 of EUR 1.4 million, comprising the difference between equity and the required capital as defined in Sections 10 et seq. of the German Banking Act (*Kreditwesengesetz*) as at 31 December 2019. Profit compensation payments are due payable in 2020. The purchase price for the individual components can be summarised as follows:

<b>Purchase Price</b> (in € million)	<b>Nominal amount</b>	<b>Present value as of 30.09.2019</b>
<b>Company's own shares</b> .....	<b>9.00</b>	<b>8.89</b>
<b>Total first instalment</b>	<b>11.78</b>	<b>11.53</b>
Down payment due in 2019.....	10.00	9.88
Remaining payment due in 2020	1.78	1.65
<b>Total instalments for years 2020-2023, due 2021-2024</b> .....	<b>20.30</b>	<b>14.54</b>
<b>Total instalments for years 2024-2026, due 2025-2027</b>	<b>6.02</b>	<b>3.11</b>
Profit compensation for year 2019, due in 2020.....	1.40	1.30
Average purchase price for 90% of the shares .....	48.50	39.37

### ***Pro forma assumptions and presentation***

#### *Assumption: Date of acquisition*

The acquisition of SPSW qualifies as a business combination in accordance with IFRS 3. According to IFRS 3 the actual initial consolidation of a business combination takes place at the time of acquisition, i.e. the time at which the acquiring company takes control of the acquired company or acquired business operation. The pro forma statement of profit or loss for the financial year ended 31 December 2018 and for the nine-month period ended 30 September 2019 were prepared based on the assumptions that the completion of the acquisition took place on 1 January 2018 (IDW RH HFA 1.004 para. 11). As the transaction was not closed at 30 September 2019, the pro forma balance sheet information as of 30 September 2019 is presented on the assumption that the acquisition took place on 30 September 2019 (IDW RH HFA 1.004 para. 11).

#### *Assumption: Profit and loss transfer agreement*

The contribution agreement between the Company and the shareholders of SPSW foresees the conclusion of a profit and loss transfer agreement between both entities. For purpose of the pro forma financial information it is assumed that a profit and loss transfer agreement was established as of 1 January 2018. Consequently, the agreement results in a fiscal tax unity as a result of which existing tax loss carryforwards are expected to be utilisable in the future.

#### *Assumption: Contingent consideration*

For purposes of the pro forma financial information it is assumed that there was no change in fair value of any contingent consideration associated with the acquisition.

*Assumption: Non-controlling interests*

For purposes of the pro forma financial information it is assumed that the new shareholder structure after the completion of the acquisition existed during the periods reported in the pro forma statement of profit or loss for the financial year ended 31 December 2018 and in the pro-forma statement of profit or loss for the nine-month period 1 January 2019 and 30 September 2019.

*Assumption: Transaction costs*

The Company incurred transaction costs in its income statements for the financial year ended 31 December 2019 as well as the nine-month period ended 30 September 2019. In line with the assumption regarding the date of the acquisition, it is assumed that the SPSW Transaction costs would have been incurred before 1 January 2018.

*Assumption: Offering*

For purpose of the pro forma balance sheet it is assumed that the offering took place as of 30 September 2019. It is assumed that aggregate gross proceeds from the Offering would amount to TEUR 9,000. The Company intends to use the proceeds of the Offering to partly pay the down payment due in 2019 as part of the purchase consideration for the SPSW Transaction.

*Assumption: Contribution in-kind*

For purpose of the pro forma balance sheet it is assumed that the capital increase against contribution in kind took place as of 30 September 2019. Corresponding to the offering it is assumed that the value per share amounts to EUR 6.00.

**9.5.4 Pro forma income statement for the financial year ended 31 December 2018 and for the nine-month period ended 30 September 2019**

*Presentation of the pro forma income statement for the financial year ended 31 December 2018*

		Basic information					
		Historic financial information		Sum			(=sum)
		The Company	SPSW P&L		Pro Forma Adjustments	Pro Forma Adjustments	Pro Forma P&L
		P&L 01.01.-31.12.2018	01.01.-31.12.201	01.01.-31.12.2018	Description		01.01.-31.12.2018
		TEUR	TEUR	TEUR		TEUR	TEUR
		1	2	3 (1+2)	4	5	6 (3+5)
<b>1</b>	<b>Sales .....</b>	<b>7,918</b>	<b>8,134</b>	<b>16,052</b>			<b>16,052</b>
2	Cost of sales .....	-523	-126	-649			-649
3	Staff costs .....	-4,346	-3,500	-7,846			-7,846
4	Depreciation/amortisation and impairment losses .....	-112	-168	-280	(3)	-1,819	-2,099
5	Other operating income/expenses .....	-5,247	-933	-6,180	(2)	210	-5,970
6	Share of profit of associates .....	528	-	528			528
<b>7</b>	<b>Net profit from operating activities .....</b>	<b>-1,782</b>	<b>3,407</b>	<b>1,625</b>		<b>-1,609</b>	<b>16</b>
8	Finance income .....	1,101	99	1,200			1,200
9	Finance expenses .....	-305	-451	-756			-756
<b>10</b>	<b>Earnings before taxes .....</b>	<b>-986</b>	<b>3,055</b>	<b>2,069</b>		<b>-1,609</b>	<b>460</b>
11	Income taxes .....	-548	-1,076	-1,624	(4)(6)	1,588	-36
<b>12</b>	<b>Consolidated net profit .....</b>	<b>-1,534</b>	<b>1,979</b>	<b>445</b>		<b>-21</b>	<b>424</b>
<b>Of the consolidated net income for the year the following is attributable to:</b>							
	Shareholders of the Company	-1,534	1,781	247	(5)	103	<b>350</b>
	Non-controlling interests	-	198	198	(5)	-124	<b>74</b>
	Earnings per share (diluted/basic) in	-0.16			(1)	0.19	<b>0.03</b>

the reporting period (EUR per share).....

***Explanation of the pro forma adjustments to the pro forma income statement for the financial year ended 31 December 2018***

*Pro forma adjustments with a one-off effect*

(1) Earnings/ (loss) per share (**EPS**) for the Company has been calculated as the loss after tax of TEUR -1,534 for the year ended 31 December 2018, divided by the pro forma weighted average number of shares outstanding during the year ended 31 December 2018 (9,625,763 shares). Assuming the acquisition occurred on 1 January 2018, the number of weighted average number of shares increases by 3,000,000 additional shares compared to the audited income statement. In addition, the pro forma result after tax yields a profit of TEUR 350 attributable to the Company. Consequently, EPS has an adjusted outcome of EUR 0.03 per share as of 31 December 2018.

(2) Represents the elimination of transaction expenses of TEUR 210 incurred in accordance with the SPSW acquisition and recorded as expenses in the Company's historical consolidated statement of comprehensive profit/(loss) for the year ended 31 December 2018.

*Pro forma adjustments with a continuing effect*

(3) Represents additional incremental amortisation expense related to the fair value of previously unrecognised intangible assets of TEUR 40,620 at SPSW, mainly asset management relationships, assuming that the acquisition has occurred on 1 January 2018. Applying the underlying residual life of the respective asset management relationship, amortisation expense for the twelve-month period comprises TEUR 1,819.

(4) This adjustment reflects the decrease in income taxes from the offsetting of taxable profits from SPSW with accumulated negative results from the Company under the assumption that the profit and loss transfer agreement has been concluded as of 1 January 2018 in SPSW's historical income statement for the year ended 31 December 2018. Pro forma income tax expenses are reduced by TEUR 1,076 based on Lloyd's historical loss carried forwards.

(5) Represents adjustments to the share of consolidated net income attributable to non-controlling interests with respect to the new shareholder structure after completion of the acquisition of SPSW. 10% of SPSW's net profit (TEUR 198), 10% of amortisation expense from the intangible step-up (TEUR 182) as well as 10% of income tax adjustments for intangible depreciation (TEUR 58) is attributable to non-controlling interests.

(6) Reflects adjustments in income tax benefit as the result from adjustments stated above assuming the Company's statutory tax rate of 31.8% (in TEUR):

<b>Description</b>	<b>Adjustment and income tax expense / benefit</b>
Elimination of transaction-related expenses (Note 2)	210
Income tax expense	-67
Adjustment of amortisation expense (Note 3)	-1,819
Income tax benefit	578
<b>Total income tax benefit</b>	<b>512</b>

***9.5.5 Presentation of the Interim Pro Forma Statement of Profit or Loss for the Nine-Month Period from 1 January 2019 to 30 September 2019***

<b>Basic information</b>		<b>Pro Forma</b>	<b>Pro Forma</b>	<b>(=sum)</b>
<b>Historic financial information</b>	<b>Sum</b>	<b>Adjustments</b>	<b>Adjustments</b>	<b>Pro Forma</b>

	The Company P&L 01.01.- 30.09.2019	SPSW P&L 01.01.- 30.09.2019	01.01.- 30.09.20 19	Description		P&L 01.01.- 30.09.2019
	TEUR	TEUR	TEUR		TEUR	TEUR
	1	2	3 (1+2)	4	5	6 (3+5)
<b>1</b>	<b>Sales .....</b>	<b>5,951</b>	<b>5,229</b>	<b>11,180</b>		<b>11,180</b>
2	Cost of sales .....	-303	-53	-356		-356
3	Staff costs .....	-5,655	-2,710	-8,365		-8,365
4	Depreciation/amortisation and impairment losses .....	-745	-114	-859	(3)	-1,364
5	Other operating income/expenses .....	-6,872	-109	-6,981	(2)	818
6	Share of profit of associates .....	368	-	368		368
<b>7</b>	<b>Net profit from operating activities .....</b>	<b>-7,256</b>	<b>2,243</b>	<b>-5,013</b>		<b>-5,559</b>
8	Finance income .....	5,923	554	6,477		6,477
9	Finance expenses .....	-353	-15	-368		-368
<b>10</b>	<b>Earnings before taxes .....</b>	<b>-1,686</b>	<b>2,782</b>	<b>1,096</b>		<b>550</b>
11	Income taxes .....	-156	-527	-683	(4)(6)	701
<b>12</b>	<b>Consolidated net profit .....</b>	<b>-1,842</b>	<b>2,255</b>	<b>413</b>		<b>568</b>
	<b>Of the consolidated net income for the year the following is attributable to:</b>					
	Shareholders of the Company .....	-1,842	2,030	188	(5)	248
	Non-controlling interests .....	-	226	226	(5)	-93
	Earnings per share (diluted/basic) in the reporting period (EUR per share) .....	-0.18			(1)	0.21
						<b>0.03</b>

***Explanation of the interim pro forma adjustments to the pro forma income statement for the nine-month period from 1 January 2019 to 30 September 2019***

*Pro forma adjustments with a one-off effect*

(1) EPS for the Company has been calculated as loss after tax of TEUR -1,842 for the nine-month periods, divided by the pro forma weighted average number of shares outstanding during the nine-month period ended 30 September 2019 (10,072,306 shares). Assuming the acquisition occurred on 1 January 2019, the number of weighted average number of shares increases by 3,000,000 additional shares compared to the audited income statement. In addition, the pro forma result after tax yields a profit of TEUR 436 attributable to the Company. Consequently, EPS has an adjusted outcome of EUR 0.03 per share for the nine-month period from 1 January 2019 to 30 September 2019.

(2) Represents the elimination of transaction expenses of TEUR 818 incurred in accordance with the SPSW acquisition and recorded as expenses in the Company's historical consolidated statement of comprehensive profit/(loss) for the nine-month period ended 30 September 2019.

*Pro forma adjustments with a continuing effect*

(3) Represents additional incremental amortisation expense related to the fair value of previously unrecognised intangible assets of TEUR 40,620 at SPSW, mainly asset management relationships, assuming that the acquisition has occurred on 1 January 2019. Applying the underlying residual life of the respective asset management relationship, amortisation expense for the nine-month period comprises TEUR 1,364.

(4) This adjustment reflects the decrease in income taxes from the offsetting of taxable profits from SPSW with accumulated negative results from the Company under the assumption that the profit and loss transfer agreement has been concluded as of 1 January 2019 in SPSW's historical income statement for the nine-month period from 1 January 2019 to 30 September 2019. Pro forma income tax expenses are reduced by TEUR 527 based on Lloyd's historical loss carried forwards.

(5) Represents adjustments to the share of consolidated net income attributable to non-controlling interests with respect to the new shareholder structure after completion of the acquisition of SPSW. 10% of SPSW's net profit (TEUR 226), 10% of amortisation expense from the intangible step-up (TEUR 136) as well as 10% of income tax adjustments for intangible depreciation (TEUR 43) is attributable to non-controlling interest.

(6) Reflects adjustments in income tax benefit as the result from adjustments stated above assuming the Company's statutory tax rate of 31.8% (in TEUR):

Description	Adjustment and income tax expense / benefit
Elimination of transaction-related expenses (Note 2)	818
Income tax expense	-260
Adjustment of amortisation expense (Note 3)	-1,364
Income tax benefit	434
<b>Total income tax benefit</b>	<b>174</b>

### 9.5.6 Pro Forma Balance Sheet as of 30 September 2019

As the SPSW transaction occurred after the balance sheet date of the most recent financial statements of the Company, the pro forma balance sheet shall be prepared assuming the transaction has been reflected in the balance sheet of the most recent financial statement, i.e. as of 30 September 2019 (IDW RH HFA 1.004 para. 9).

#### Presentation of the pro forma balance sheet information as of 30 September 2019

	Basic information			Pro Forma Adjustments description	Pro Forma Adjustments	Pro Forma Balance Sheet 01.01.-30.09.2019
	Historic financial information		Sum			
	The Company Balance Sheet 01.01.-30.09.2019	SPSW Balance Sheet 01.01.-30.09.2019	01.01.-30.09.2019			
	TEUR	TEUR	TEUR			
	1	2	3 (1+2)	4	5	6 (3+5)
<b>A Non-current assets .....</b>	<b>18,924</b>	<b>755</b>	<b>19,679</b>		<b>57,436</b>	<b>77,115</b>
Property, plant and equipment .....	11,776	491	12,267			12,267
Intangible assets .....	2,078	28	2,106	(2)	40,620	42,726
Goodwill .....	-	-	-	(3)	12,319	12,319
Financial assets .....	-	-	-			-
Trade receivables and other receivables .....	-	236	236			236
Receivables from related parties .....						
Financial assets accounted for in accordance with the equity method .....	2,751	-	2,751			2,751
Financial assets recognised in income and fair value .....	2,123	-	2,123			2,123
Deferred income tax assets .....	196	-	196	(6)	4,497	4,693
<b>B Current assets .....</b>	<b>23,721</b>	<b>3,648</b>	<b>27,369</b>			<b>27,369</b>
Trade receivables and other receivables .....	5,943	-	5,943			5,943
Receivables from related parties .....	66	-	66			66
Financial assets recognised in income and fair value .....	9,081	-	9,081			9,081
Current income tax assets .....	648	-	648			648
Cash and cash equivalents .....	7,983	3,648	11,631			11,631
Non-current assets held for disposal .....	-	-	-			-
<b>Assets .....</b>	<b>42,645</b>	<b>4,404</b>	<b>47,049</b>		<b>57,436</b>	<b>104,485</b>

Basic information							
		Historic financial information		Sum			
		The Company	SPSW			(=sum)	
		Balance Sheet	Balance Sheet	01.01.-	Pro Forma Adjustments description	Pro Forma Adjustments	Pro Forma Balance Sheet 01.01.-
		30.09.2019	30.09.2019	30.09.2019			30.09.2019
		TEUR	TEUR	TEUR		TEUR	TEUR
		1	2	3 (1+2)	4	5	6 (3+5)
<b>A</b>	<b>Equity</b> .....	<b>19,569</b>	<b>2,346</b>	<b>21,915</b>		<b>22,934</b>	<b>44,849</b>
	Share capital.....	10,072	333	10,405	(1) (4)	2,667	13,072
	Capital reserve .....	3,521	-	3,521	(1) (4)	14,782	18,303
	Retained earnings.....	5,976	2,013	7,989	(4) (6)	2,485	10,474
	Non-controlling interests.....	-	-	-	(4)	3,000	3,000
<b>B</b>	<b>Non-current liabilities</b> .....	<b>15,654</b>	<b>230</b>	<b>15,884</b>		<b>34,502</b>	<b>50,386</b>
	Net asset value attributable to other limited partners .....	484	-	484			484
	Trade payables .....	68	-	68			68
	Financial liabilities .....	14,113	-	14,113			14,113
	Other provisions.....	261	-	261	(1)	21,583	21,844
	Other liabilities (non-current)	-	230	230			230
	Deferred income tax liabilities .....	728	-	728	(5)	12,919	13,647
<b>C</b>	<b>Current liabilities</b> .....	<b>7,422</b>	<b>1,828</b>	<b>9,250</b>		<b>-</b>	<b>9,250</b>
	Trade payables and other liabilities....	4,589	1,828	6,417			6,417
	Liabilities to related parties.....	490	-	490			490
	Financial liabilities	1,994	-	1,994			1,994
	Other provisions	122	-	122			122
	Current income tax liabilities .....	227	-	227			227
	Disposal group of non-current liabilities .....	-	-	-			-
	<b>Equity and liabilities</b> .....	<b>42,645</b>	<b>4,404</b>	<b>47,049</b>		<b>57,436</b>	<b>104,485</b>

***Explanation of the pro forma adjustments to the pro forma balance sheet statement as of 30 September 2019***

*Pro forma adjustments with a continuing effect*

(1) An adjustment for the consideration at the amount of EUR 39.37 million as of 30 September 2019 reflecting the contribution in kind, the part of the down payment that is financed through the offering (both discounted) as well as the provisions of TEUR 21,583 for future instalment payments. The effects from the contribution in kind and the offering are depicted in adjustment (4).

(2) Reflects identifiable intangible assets at fair value expected to be recognised in connection with the business combination consisting of the following (in TEUR):

Description	Amount TEUR
Asset mgt. relationships AVS	12,17
Asset mgt. relationships GMAS	6,53
Asset mgt. relationships WHC	21,92
<b>Total pro forma adjustment to intangible assets</b>	<b>40,62</b>

(3) An increase in goodwill of EUR 12,319 representing the excess of the purchase price over the fair value of SPSW's net assets. The deviation of goodwill is measured as outlined below (in TEUR):

Total consideration for 90% shares in SPSW	39,37
+ Non-controlling interest	3,00



Total consideration for 90% shares in SPSW	39,37
<b>Total consideration for 100% shares in SPSW</b>	<b>42,37</b>
Total book value of equity	2,35
+ Total fair value adjustments (FVA)	40,62
/ Deferred tax liabilities	-12,92
<b>Total remeasured equity</b>	<b>30,05</b>
<b>Estimated Goodwill</b>	<b>12,32</b>

(4) A net increase in total equity of TEUR 22,934 essentially consisting of:

- (a) a net increase of TEUR 1,500 in share capital and of TEUR 7,391 in capital reserves related to the issuance of new shares due the offering.
- (b) a net increase of TEUR 1,500 in share capital and of TEUR 7,391 in capital reserves due to the capital increase in relation with the contribution in kind.
- (c) a net decrease of TEUR 333 in share capital related to eliminate the historical equity accounts of SPSW.
- (d) a net decrease of TEUR 2,013 in retained earnings to eliminate the historical retained earnings of SPSW.
- (e) a net increase of TEUR 3,000 in non-controlling interests.
- (f) increase in retained earnings of TEUR 4,497 due to adjustment 6.

(5) An increase in deferred tax liabilities of TEUR 12,919 resulting from pro forma fair value adjustments for the assets acquired and liabilities assumed.

This estimate of deferred taxes was determined based on the changes in the book basis of the net assets to be acquired compared to the historical basis reflected in SPSW's financial statements using a blended statutory tax rate of 31.8%. These estimates are preliminary and subject to change based on, among other things, management's final determination of the fair values of the tangible and identifiable intangible assets acquired and liabilities assumed by jurisdiction and management's assessment of the combined company's ability to utilise the future benefits from acquired and legacy deferred tax assets.

(6) This adjustment reflects the changed assumption of future benefits resulting from the transaction. Deferred tax assets have not been recognised on the Company's balance sheet so far due to the absence of future taxable income. However, acquisition of SPSW positively affects the tax planning of the combined companies, resulting in the obligation to recognise deferred tax assets on loss carried forwards amounting to TEUR 4,497 as of 30 September 2019.

### ***9.5.7 Auditor's report to the pro forma financial information***

To Lloyd Fonds AG:

We have examined whether the pro forma financial information for the nine-month period ended 30 September 2019 of Lloyd Fonds AG (the "Company"), Hamburg, has been properly compiled on the basis stated in the pro forma notes and whether this basis is consistent with the accounting policies of the Company. The pro forma financial information comprises a pro forma income statement for the period from 1 January 2019 to 30 September 2019, a pro forma income statement for the period from 1 January

2018 to 31 December 2018, a pro forma statement of financial position as of 30 September 2019 and pro forma notes.

The purpose of the pro forma financial information is to present the material effects the transactions described in the pro forma notes would have had on the historical financial statements if the target group had existed in the structure created by the transactions throughout the entire reporting period of the pro forma income statement or at the date of the pro forma statement of financial position. As pro forma financial information reflects a hypothetical situation, it is not entirely consistent with the presentation that would have resulted had the relevant events actually occurred at the beginning of the reporting period of the pro forma income statement and the pro forma statement of financial position. Therefore, we do not issue an opinion on the actual effects of the transactions described in the pro forma notes.

The compilation of pro forma financial information in accordance with the principles of the IDW Accounting Practice Statement: Preparation of Pro Forma Financial Information (IDW RH HFA 1.004) promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) is the responsibility of the management of the Company.

Our responsibility is to express an opinion, based on our examination, whether the pro forma financial information has been properly compiled on the basis stated in the pro forma notes and whether this basis is consistent with the accounting policies of the Company. This includes the evaluation of the overall presentation of the pro forma financial information.

The subject matter of this engagement does neither include an audit or review of the basic figures including their adjustment to the accounting policies of the Company, nor of the pro forma assumptions stated in the pro forma notes.

We have planned and performed our examination in accordance with the IDW Auditing Practice Statement: Examination of Pro Forma Financial Information (IDW PH 9.960.1) promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) in such a way that material errors in the compilation of the pro forma financial information on the basis stated in the pro forma notes and in the compilation of this basis consistent with the accounting policies of the Company are detected with reasonable assurance.

In our opinion, the pro forma financial information has been properly compiled on the basis stated in the pro forma notes. This basis is consistent with the accounting policies of the Company.

Hamburg, 19 November 2019

signed Oliver Pegelow

signed Stefanie Hartmann

German Certified Auditor

German Certified Auditor

## 10. SHAREHOLDER INFORMATION

*This section shall provide information on the issuer's major shareholders, legal and arbitration proceedings, the existence of potential conflicts of interest between senior management and the issuer, information on related party transactions, the issuer's share capital as well as, material contracts.*

### 10.1 Major Shareholder

As of the date of this Prospectus, the Company's share capital amounts to EUR 10,265,914.00 divided into 10,265,914 bearer shares (*Inhaberaktien*) of the Company with no-par value (*Stückaktien*).

As of the date of this Prospectus, on the basis of the notifications received by shareholders, the following shareholders directly or indirectly hold more than 25% of the Company's ordinary shares. The percentage values shown in the table below are based on the amount of voting rights last notified by the respective shareholder to the Company in relation to the Company's share capital as of the date of this Prospectus. It should be noted that the number of voting rights last notified could have changed since such notifications were submitted to the Company without requiring the relevant shareholder to submit a corresponding voting rights notification if no notifiable thresholds have been reached or crossed:

Shareholder	Actual (direct or indirect) ownership Lloyds Fonds AG as of 30 September 2019
	Share of voting rights (in %)
DEWB Effecten GmbH <sup>(1)</sup> .....	25.47
Other shareholders <sup>(2)</sup> .....	74.53
<b>Total</b> .....	<b>100.00</b>

(1) As notified to the Company by the shareholder DEWB Effecten GmbH on 2 October 2018.

(2) "Other shareholders" refers to the shareholdings with less than 3% of voting rights in the Company.

All of the Company's shares confer the same voting rights.

No shareholder, directly or indirectly through subsidiaries or third parties, owns more than 30% of the voting rights in the Company and is, therefore, considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

### 10.2 Legal Proceedings

In the course of its business activities, the Company is subject to a number of legal proceedings.

As of 31 December 2018, a total of 312 passive legal disputes (i.e. disputes where the Company or Lloyd Treuhand GmbH are defendants or parties to be admitted to the proceedings as further defendants) with a nominal capital of approx. EUR 17.2 million and USD 0.4 million are pending for alleged claims for damages arising from prospectus liability. Of the total of 195 actions in which the Company or Lloyd Treuhand GmbH were parties and which they conducted between 2013 and the end of 2018 and ended by the reporting date, they won 153. 29 disputes ended with settlements which were covered in full by our insurance. Since 2013, only three funds (12 actions) have been affected by judgments against the Company and/or Lloyd Treuhand GmbH. Of these, the judgments sustained against one fund involved a prospectus error. The other judgments involved a further two funds and involved not prospectus error but alleged incorrect advice, which was attributed to the Company and/or Lloyd Treuhand GmbH under Section 278 of the German Civil Code (*Bürgerliches Gesetzbuch*). In each

case, the insurance assumed the costs incurred. The insurance excess payable by Lloyd Fonds AG and/or Lloyd Treuhand GmbH amounted to a total of TEUR 30, TEUR 10 per fund. Another sustained judgment was against a bank in a dispute in which Lloyd Fonds AG was involved merely as an intervener.

In addition, 218 court proceedings in which a bank requested that the Company be admitted to the proceedings as a further defendant. These proceedings relate to subscriptions with a total nominal value of around EUR 0.9 million and a nominal value of around USD 6.1 million (previous year: around USD 7.8 million. These proceedings are mainly ended by settlement between the plaintiff and the bank (the Company is merely the bank's intervener). Any judgments against the bank commencing the action involve exclusively alleged incorrect advice by the bank.

### **10.3 Management and Supervisory Boards' Conflicts of Interests**

On the date of this Prospectus, other as disclosed in the Sections "8.4 *Certain Information Regarding the Members of the Management Board and Supervisory Board*" and "10.4 *Related-Party Transactions*" of this Prospectus, there are no material conflicts of interest of the Management Board and the Supervisory Board.

### **10.4 Related-Party Transactions**

In accordance with IAS 24, transactions with persons or companies which are, inter alia, members of the same group as the Company or which are in control of or controlled by the Company must be disclosed, unless they are already included as consolidated companies in the Company's audited financial statements. Control exists if a shareholder owns more than one half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of voting rights.

In the financial year ended 31 December 2018, sales of TEUR 99 (previous year: TEUR 86) comprised management fees earned from associates. By contrast, the outstanding liabilities to associates during the 2018 financial year of TEUR 62 (previous year: TEUR 62) primarily resulted from outstanding limited-partnership capital contributions. During such financial years, no interim profit or loss requiring elimination arose from transactions with associates.

There were no outstanding receivables from affiliated companies in the 2018 financial year.

The Management Board comprised the following persons in 2018:

- Klaus M. Pinter, Management Board, sole member of the Management Board until 30 June 2018. From 1 July 2018, he has been responsible for the finance department, shipping and other assets, trusteeship business and corporate communications.
- Jochen Sturtzkopf, who, from 1 July 2018, has been responsible for sales and the Group's real estate assets.

The total compensation paid to the members of the Management Board for the 2018 financial year amounted to TEUR 721 (previous year: TEUR 1,271). The previous year's variable remuneration

includes termination benefits for Management Board member Dr. Torsten Teichert of TEUR 700, which was paid in January 2018.

The total compensation paid to members of the Supervisory Board for the 2018 financial year came to TEUR 96 (previous year: TEUR 78), consisting almost entirely of fixed remuneration, with a small amount of variable remuneration having been paid out in the 2017 financial year and none in the 2018 financial year. As in the previous year, compensation payable to the members of the Supervisory Board was recognised in 2018 as liabilities to shareholders, members of the Management Board and members of the Supervisory Board.

Furthermore, significant business transactions conducted by the Company with members of the Supervisory Board, persons related to them or entities controlled or influenced by them, comprised the following:

- TradeOn GmbH, a subsidiary of the Company, arranged a real estate transaction in the 2018 financial year for Plate & Partner GmbH & Co. KG Bauabschnitt V on the basis of a sole marketing commission issued on 27 June 2018. This service resulted in a contribution of EUR 187,000 to the income of TradeOn GmbH. 50% of the limited partner shares in Plate & Partner GmbH & Co. KG Bauabschnitt V are held by the wife of Achim Plate, the chairman of the Supervisory Board.
- In addition, in October 2018, Lloyd Fonds AG commissioned Sensory-Minds GmbH to implement a workshop on user interface and usability requirements. In November 2018, the Company also commissioned Sensory-Minds GmbH to draw up a detailed design for the homepage. Together, these two contracts amounted to a volume of TEUR 95. The managing directors of Sensory-Minds GmbH include Prof. Wolfgang Henseler, who is also a member of the Supervisory Board.

While no significant business transactions were conducted by the Company with SPSW in the first half of the 2019 financial year, on 25 April 2019, the Management Board and Supervisory Board of Lloyd agreed to the acquisition of a majority stake in SPSW. Achim Plate and Henning Soltau, who indirectly hold an interest in SPSW and serve as its managing directors, are also members of the Supervisory Board of the Company.

## **10.5 Share Capital**

### ***10.5.1 Current and Future Share Capital***

As of the date of this Prospectus, the share capital of the Company amounts to EUR 10,265,914.00 and is divided into 10,265,914 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*). The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany. All of the Company's shares confer the same voting rights.

### ***10.5.2 Authorised Capital***

As of the date of this Prospectus, the Company has an authorised capital pursuant to Section 4 of the Articles of Association in conjunction with Section 202 et seqq. of the German Stock Corporation Act (*Aktiengesetz*). Thereunder, the Management Board of the Company is authorised until 15 August 2023, subject to the consent of the Supervisory Board, to increase the share capital of the Company on one or more occasions, by up to a total of EUR 5,036,153.00 through the issuance of up to 5,036,153 new bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) in return for contributions in cash or in kind (the *Authorised Capital 2018*). The Management Board is furthermore authorised, in each case

subject to the Supervisory Board's consent, to exclude the subscription right of shareholders one or more times in the following cases:

- (i) where the new shares are issued against contributions in cash and the issue price of the new shares is not significantly lower than the stock market price of the Company's listed shares at the time of the final determination of the issue price. This authorisation to exclude the subscription right only applies to the extent that the pro rata amount of the share capital mathematically attributable to the shares issued with the exclusion of subscription rights pursuant to Section 203 paragraph 1 and 2 and Section 186 paragraph 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*) does not exceed 10% of the share capital – based on either the amount of share capital existing at the time when this authorisation takes effect or the amount of share capital when the authorisation is exercised. The amount of 10% of the share capital shall be reduced by the amount attributable to shares issued or sold on the basis of another corresponding authorisation excluding subscription rights in direct or corresponding application of Section 186 paragraph 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*), insofar as such a reduction is required by law. For the purposes of this authorisation, the amount to be paid by the third party(s) shall be deemed to be the amount to be paid when the new shares are taken over by an issuing agent with the simultaneous obligation of the issuing agent to offer the new shares for acquisition to one or more third parties owned by the Company;
- (ii) where the new shares are issued against contributions in kind, in particular for the acquisition of companies, parts of companies and interests in companies, industrial property rights, such as patents, trademarks or licenses related thereto, or other product rights or other contributions in kind; or
- (iii) to the extent necessary in order to even out fractional amounts.

The Management Board is further authorised, subject to the consent of the Supervisory Board, to determine the further details regarding the capital increase and the conditions for the issuance of shares. In particular, the Management Board is authorised to determine that the new shares are to be taken over with the obligation to offer them to the shareholders for subscription by a credit institution according to Section 186 paragraph 5 German Stock Corporation Act (*Aktiengesetz*) or a company operating pursuant to Section 853 paragraph 1 sentence 1 or Section 53 paragraph 1 sentence 1 or paragraph 7 German Banking Act (*Kreditwesengesetz*).

### **10.5.3 Conditional Capital**

As of the date of this Prospectus, the Company has a conditional capital pursuant to Section 4a of the Articles of Association in conjunction with Section 192 et seqq. of the German Stock Corporation Act (*Aktiengesetz*), a conditional capital pursuant to Section 4b of the Articles of Association in conjunction with Section 192 et seqq. of the German Stock Corporation Act (*Aktiengesetz*), and a conditional capital pursuant to Section 4c of the Articles of Association in conjunction with Section 192 et seqq. of the German Stock Corporation Act (*Aktiengesetz*).

Pursuant to Art 4a of the Articles of Association, the share capital of the Company is conditionally increased by up to EUR 1,000,000.00, by issuing up to 1,000,000 new, no-par value bearer shares (*Stückaktien*) (the **Conditional Capital 2018 I**). The Conditional Capital 2018 I will only be issued to the extent that the holders or creditors of option or conversion rights or the persons obligated to convert from option or convertible bonds issued against cash contributions which have been issued by the Company or by subordinated Group companies on the basis of the authorisation of the Management Board by resolution of the Company's shareholders' meeting from 16 August 2018 until 15 August 2023 are entitled to exercise their conversion rights. The Management Board of the Company may exercise its

option or conversion rights or, if they are obliged to convert, fulfil their obligation to convert, or, if the Company exercises an option, grant shares in the Company in whole or in part instead of payment of the amount of money due, provided that no cash settlement is granted or own shares or shares of another listed company are used for servicing. The new shares shall be issued at the option or conversion price to be determined in accordance with the aforementioned authorisation resolution.

Pursuant to Art 4b of the Articles of Association, the share capital of the Company is conditionally increased by up to EUR 1,007,000.00, by issuing up to 1,007,000 new, no-par value bearer shares (*Stückaktien*) (the **Conditional Capital 2018 II**). The sole purpose of the Conditional Capital 2018 II is to grant new shares to the holders of option rights issued by the Company in accordance with the authorisation resolution of the Company's shareholders' meeting on 16 August 2018 as amended on 12 June 2019. The shares shall be issued at the exercise price to be determined in accordance with the aforementioned resolution in the version applicable at the time of issue. The conditional capital increase will only be carried out to the extent that the holders of the option rights make use of them. The new shares of the Company that are issued as a result of the exercise of subscription rights are entitled to dividends for the first time for the financial year for which, at the time of their issue, no resolution has yet been passed by the Annual General Meeting on the appropriation of retained earnings.

Pursuant to Art 4c of the Articles of Association, the share capital of the Company is conditionally increased by up to EUR 1,000,000.00, by issuing up to 1,000,000 new, no-par value bearer shares (*Stückaktien*) (the **Conditional Capital 2019**). The Conditional Capital 2019 will be issued to the extent that the holders or creditors of option or conversion rights or the persons obligated to convert from bonds with warrants or convertible bonds issued against cash contributions which are issued by the Company or a subordinate Group company on the basis of the authorisation of the Management Board by resolution of the Company's shareholders' meeting from 12 June 2019 until 11 June 2024 are entitled to exercise their conversion rights. If they are obliged to convert, or if they fulfill their obligation to convert, or if the Company exercises an option to grant shares in the Company in whole or in part instead of paying the amount of money due, unless a cash settlement is granted in each case or own shares or shares of another listed company are used as a condition. The new shares shall be issued at the option or conversion price to be determined in accordance with the aforementioned authorisation resolution. The new shares shall participate in profits from the beginning of the fiscal year in which they are created; to the extent legally permissible, the Management Board may, with the consent of the Supervisory Board, determine the profit participation of new shares hereof and also in deviation from Section 60 paragraph 2 German Stock Corporation Act (*Aktiengesetz*), also for a fiscal year that has already expired. The Management Board is authorised, with the consent of the Supervisory Board, to determine the further details of the implementation of the capital increase.

#### **10.5.4 Convertible Bonds**

On 3 June 2019, the Company issued convertible bonds in an aggregate amount of EUR 6,100,000. The bond was issued under the exclusion of subscription rights and was offered to investors in Germany and Luxembourg. The convertible bonds have a maturity of three years (3 June 2022) and bear a fixed coupon of 3.75% per annum, payable every six months. One year after the issue date, the investors have the option to convert the convertible bonds into shares of the Company. The initial conversion price has been set at EUR 6.10, which may be adjusted from time to time in accordance with the terms and conditions of the convertible bonds.

As of the date of this Prospectus, the convertible bonds are still outstanding in the aggregate amount of EUR 6,100,000 and no convertible bond has yet been converted. The earliest possible conversion date is 3 August 2020. Assuming that all convertible bonds are converted at the initial

conversion price of EUR 6.10, the convertible bonds could be converted into 1,000,000 shares in the Company.

## **10.6 Articles of Association**

The Articles of Association do not contain any provisions having an effect of delaying, deferring or preventing a change in control of the Company.

### ***10.6.1 Corporate Purpose***

Pursuant to Section 2 of its Articles of Association, the object of the Company is the procurement, management and sale, conception, consulting, support and distribution of investments and projects, including the assumption and provision of management and other services. These investments include shipping, real estate, aircraft, renewable energies and secondary endowment policies. The object of the Company further includes the undertaking of the aforementioned activities for third parties. The Company is entitled to arrange equity and debt capital for the investments.

## **10.7 Material Agreements**

The following is a summary of any material agreements to which the Company is currently a party or was a party during the two years prior to the publication of this Prospectus:

### ***10.7.1 Acquisition of Lange Assets & Consulting GmbH***

#### *Overview and parties*

On 4 December 2018, and amended on 3 June 2019, the Company entered into a contribution agreement with Lange Assets and the sole shareholders of Lange Assets – Axel Sven Springer, Oliver Heine, John Jahr and Thomas Lange – as contributors (*Einbringende*) regarding the contribution of 90% of the shares (*Geschäftsanteile*) in Lange Assets & Consulting GmbH to the Company. It was agreed that the shareholders of Lange Assets contribute 90% of the shares in Lange Assets by way of a mixed contribution in kind (*gemischte Sacheinlage*) in exchange for the issuance of new shares in the Company and the payment of a cash remuneration as well as the granting of an option right.

#### *Key terms of the agreement*

Pursuant to the agreement, the Company increased the existing share capital from EUR 10,072,306.00 by EUR 193,608.00 to EUR 10,265,914.00 using authorised capital and issued a total of 193,608 new shares (with a value of EUR 5.1651 per share) to the contributors. Only the contributors were admitted to subscribe for the new shares. The capital increase was registered with the Commercial Register on 20 November 2019.

The cash remuneration is to be paid to the contributors (in addition to the 193,608 new shares in the Company) in eight annual instalments in the years 2019 until 2026. These instalments are determined primarily on the basis of the future economic development of Lange Assets and its two managed funds ASSETS Defensive Opportunities UI and ASSETS Special Opportunities UI. The eight instalments can be divided into three periods with different calculation methods. Broadly speaking, the calculations are based on historical earnings figures for the last four years (2014 to 2017) on the one hand (which are relevant only for the first instalment due for payment upon registration of the implementation of the capital increase) and certain future earnings figures for the years 2018 to 2025 on the other hand. In each of the three periods, the calculations are the result of different formulas using different parameters, such as fund volumes, fund yields and performance fees. As these parameters primarily reflect future economic developments, the overall cash remuneration cannot be finally determined before the year



2026 (which is why the parties have agreed on a minimum and a maximum purchase price as set out below).

#### *Purchase price*

The minimum purchase price for 100% of the shares in Lange Assets under the contribution agreement is EUR 4,500,000.00. Therefore, the contributors are entitled to a minimum amount of EUR 4,050,000.00 (including the value of the new shares in the Company issued to the contributors in the amount of EUR 1,000,000.00) for 90% of the shares in Lange Assets.

Furthermore, under the contribution agreement the contributors are granted the right to sell the remaining 10% of the shares in Lange Assets to the Company in the year 2023 against a pure cash payment. The minimum purchase price for the remaining 10% of the shares is EUR 450,000.00.

#### *Closing*

Under the contribution agreement, the contributors transferred 90% of their shares in Lange Assets with economic effect from 1 January 2019 to the Company – subject to the condition precedent that the capital increase be registered with the Commercial Register of the Company by 2 December 2019 at the latest.

On 11 September 2019, BaFin issued a non-objection letter in relation to the ownership control procedure. The contribution was registered with the Commercial register on 20 November 2019.

### **10.7.2 Acquisition of SPSW Capital GmbH**

#### *Overview and parties*

On 25 April 2019, the Company entered into a contribution agreement, subject to various conditions, with the sole shareholders of SPSW (being KKK Kontor für Konsultation GmbH, Plate & Cie. GmbH, Silvretta Asset Management GmbH and Wedel Hanseatic Capital GmbH as contributors (*Einbringende*)), and, in relation to anti-compete undertakings contained in the contribution agreement only, Henning Soltau, Achim Plate, Robert Suckel and Markus Wedel as managing directors of SPSW, regarding the contribution of 90% of the shares (*Geschäftsanteile*) in SPSW to the Company by way of a mixed contribution in kind (*gemischte Sacheinlage*).

#### *Key terms of the agreement*

In exchange for contributing 90% of the shares in SPSW, the contributors shall receive new shares in the Company, a cash remuneration and a so-called profit compensation (*Gewinnausgleich*) for the fiscal year 2019. Furthermore, the contributors and the Company granted each other option rights to sell and purchase, respectively, the remaining 10% of the shares in SPSW against a pure cash payment.

The annual general meeting of the Company resolved on 12 June 2019 to increase the existing share capital of the Company by EUR 1,500,000.00 issuing 1,500,000 new shares (with a value of EUR 6.00 per share) in the Company and admitting solely the contributors to subscribe for the new shares in the in-kind capital increase – plus granting the payment of the additional cash remuneration and the so-called profit compensation – against contribution of 90% of the shares in SPSW.

In addition, the annual general meeting resolved on 12 June 2019 to increase the share capital of the Company by up to EUR 1,500,000.00 issuing up to 1,500,000 new shares (at the issue price of up to EUR 6.00 per share) against contribution in cash. The cash capital increase, which will take place before the in-kind capital increase, also serves the purpose of enabling other shareholders of the Company to

prevent a dilution of their shareholdings through the in-kind capital increase by subscribing for new shares in the Company. The Company is entitled to refrain from the implementation of both the cash capital increase and in-kind capital increase if the subscription volume in the cash capital increase falls short of EUR 6,000,000. The Supervisory Board members Achim Plate and Henning Soltau will resign from office with effect from the registration of the in-kind capital increase with the Commercial Register or by 1 February 2020 at the latest. Subsequently, Achim Plate is expected to become chief executive officers of the Management Board by 1 January 2020 at the earliest and 1 February 2020 at the latest, depending on the date of registration of the in-kind capital increase with the Commercial Register.

#### *Purchase price*

The cash remuneration is to be paid to the contributors in eight annual instalments in the years 2020 until 2027. These instalments are determined primarily on the basis of the future economic development of SPSW and its three managed funds SPSW – WHC Global Discovery, SPSW – Global Multi Asset Selection and SPSW – Active Value Selection. The eight instalments can be divided into three periods with different calculation methods. Broadly speaking, the calculations are based on historical earnings figures for the years 2015 to 2019 on the one hand (which are relevant only for the first instalment due for payment in 2020), certain future earnings figures for the years 2020 to 2023 and a participation in the future net basic fees for the years 2024 to 2026. In each of the three periods, the calculations are the result of different formulas using different parameters, such as fund volumes, fund yields and performance fees. As these parameters primarily reflect future economic developments, the overall cash remuneration cannot be finally determined before the year 2027 (which is why the parties have agreed on a minimum and a maximum purchase price as set out below).

The first instalment will be payable in the first quarter 2020 in an amount to be calculated following completion of the Group's financial statements for the 2019 financial year.

In addition, the shareholders shall be entitled to a profit compensation in the amount of 90% of the difference between the balance sheet equity capital of SPSW and the mandatory share capital as defined in Sections 10 et seq. of the German Banking Act (*Kreditwesengesetz*) as at 31 December 2019.

The minimum purchase price for 100% of the shares in SPSW is EUR 45,000,000.00 (without taking into account the profit compensation). Therefore, as compensation for 90% of the shares in SPSW, the Company owes the contributors a minimum amount of EUR 40,500,000.00 including the EUR 9,000,000.00 value of the new shares in the Company and a settlement amount reflecting the profit participation rights of the new shares. The maximum purchase price for 100% of the shares in SPSW amounts to EUR 90,000,000.00 (without taking into account the profit compensation). Thus, the contributors are entitled to a maximum amount of EUR 81,000,000.00 (without taking into account the profit compensation) for 90% of the shares in SPSW including the cash consideration and the EUR 9,000,000.00 value of the new shares but without consideration of the settlement amount reflecting the profit participation rights of the new shares.

The contributors are entitled to (individually) exercise their option rights to sell the remaining 10% of the shares in SPSW to the Company against cash consideration in the period from 30 June 2024 to 31 December 2024. The minimum purchase price for the remaining 10% of the shares is EUR 4,500,000.00. In addition, the contributors would be entitled to a profit compensation for the year 2019 with respect to the remaining 10% of the shares in SPSW. If the contributors do not exercise their options rights during such period, the Company will be entitled to exercise its option to purchase the remaining shares in SPSW against cash consideration in the period from 1 March 2027 until 31 December 2027. In that case the minimum purchase price for the remaining 10% of the shares will amount to EUR 9,000,000.00.

### *Closing*

In the contribution agreement, the contributors transferred 90% of their shares in SPSW with economic effect from 1 January 2019 to the Company – subject to the conditions subsequent that

- (i) the shareholders' resolutions on the in-kind capital increase and the cash capital increase are entered in the Commercial Register by the end of 30 April 2020 at the latest;
- (ii) the implementation of the cash capital increase in connection with this Offering is entered in the Commercial Register by the end of 15 June 2020 at the latest,
- (iii) the ownership control procedure to be conducted by the Company with respect to the acquisition of the shares of 90% of the contributors' shares in SPSW does not result in a prohibition by BaFin and is completed by 15 April 2020 and
- (iv) the in-kind capital increase is registered with the Commercial Register by 30 June 2020 at the latest and the contributors have not declared the conversion of the contribution agreement into a share purchase agreement within twenty bank working days from that date.

The shareholders' resolution on the in-kind capital increase and the cash capital increase was entered into the Commercial Register on 13 November 2019.

The implementation of the cash capital increase in connection with this Offering, is expected to be entered into the Commercial Register on or about 17 December 2019.

On 26 September 2019, BaFin issued a non-objection letter in relation to the ownership control procedure.

According to an amendment of the contribution agreement relating to SPSW dated 5 November 2019, the contributors are obliged to convert the contribution agreement into a share purchase agreement if the in-kind capital increase is not registered with the Commercial Register before or on 30 June 2020. Consequently, in such a situation, the consideration under the SPSW Transaction payable in shares would instead become payable in cash at the last instalment. See "5.4 Risks related to our Financial Position".

Therefore, the SPSW Transaction is only subject to the registration of the implementation of the capital increase in connection with this Offering in the Commercial Register.

## 11. DOCUMENTS AVAILABLE

For the period during which this prospectus is valid, the following documents will be available for inspection during regular business hours at the Company's offices at An der Alster 42, 20099 Hamburg, Germany (tel. +49(0)40325678-0) and on the Company's website <[www.lloydfonds.de/investor-relations](http://www.lloydfonds.de/investor-relations)>:

- the Articles of Association;
- the Audited Consolidated Financial Statements;
- the Unaudited Interim Consolidated Financial Statements.

The Company's future consolidated annual and interim financial statements will be available from the Company on its website <[www.lloydfonds.de/investor-relations](http://www.lloydfonds.de/investor-relations)> and from the German company register (*Unternehmensregister*) (<[www.undernehmensregister.de](http://www.undernehmensregister.de)>). The Company's future consolidated annual and interim financial statements and unconsolidated annual financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

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