ANNUAL REPORT **2013**

YOUNIQ
AKTIENGESELLSCHAFT

YOUNIQ AKTIENGESELLSCHAFT

KEY PERFORMANCE PARAMETERS

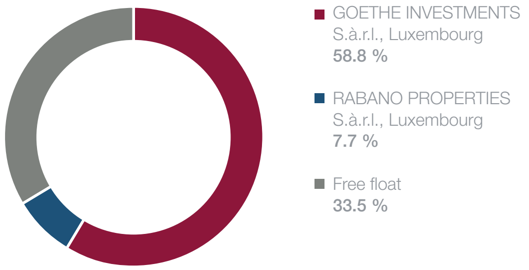
in kEUR	2013	2012
Earnings figures (segments to be continued)		
EBITDA	(27,738)	730
EBIT	(29,592)	539
Consolidated net profit / (loss)	(40,755)	54

	31 / 12 / 2013	31 / 12 / 2012
Balance sheet figures (Group)		
Balance sheet total	125,453	157,574
Real estate assets	107,876	131,758
Equity	27,198	81,160
Equity ratio in %	21.68	51.51
Net financial liabilities *	79,453	57,483
Net debt equity ratio in %**	73.65	43.63
Net asset value per share in EUR	2.60	7.78
Employees	42	36

* Financial liabilities less liquid funds
** Financial liabilities less liquid funds / real estate assets

THE YOUNIQ SHARE

Shareholder structure as of 31st December 2013



Master data

German Securities Identification No. (WKN)	A0B7EZ
ISIN	DE000A0B7EZ7
Exchange abbreviation	YOU
Trading segment	Prime Standard
Nominal capital on 31st December 2013	EUR 10,400,000.00
Nominal capital on 31st December 2012	EUR 10,400,000.00
First listing	08/12/2006
Initial sales price	EUR 17.00
Share price on 2nd January 2013 (XETRA)	EUR 4.85
Share price on 30th December 2013 (XETRA)	EUR 2.40
Maximum price during the year	EUR 5.65
Minimum price during the year	EUR 1.50

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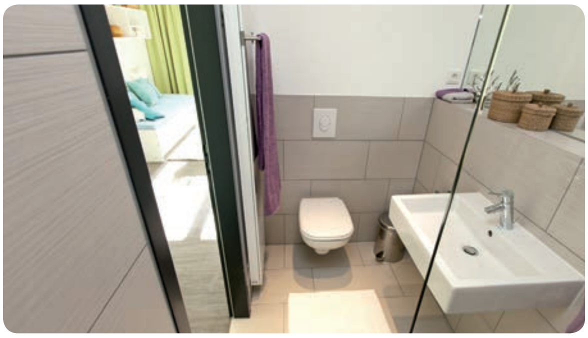
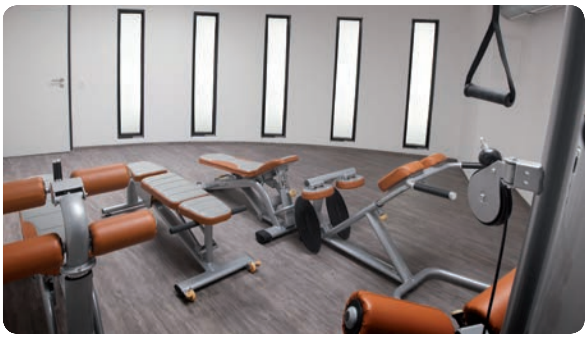




Frankfurt Riedberg I

Units	232
Rental area (sqm)	5,160
Completion	Q4/2012
Rental income (EUR million with full letting p. a.)	1.1

LETTER OF THE MANAGEMENT BOARD

Dear Shareholders,

In the past financial year, YOUNIQ Group faced major operational challenges. For example, retroactive reviews and adjustments of construction costs within the “YOUNIQ – Student Housing” segment led to significant additional costs. Moreover, in the “Renting and Trading Real Estate” segment, further expenses were incurred in the context of the sale of the remaining properties. This backgrounds resulted in a consolidated net loss of EUR -54.1 million (as against EUR -7.1 million in the financial year 2012).

However, this consolidated net loss is likely to be the last major set-back in the context of our realignment and restructuring programme. There are some indications which make us cautiously optimistic in this respect: For example, we were able to sell the large majority of the existing portfolio of real estate properties in the “Renting and Trading Real Estate” segment by the beginning of 2014. At present, the residual accounting value of the portfolio in the balance sheet regarding the properties which have not yet been sold amounts to EUR 3.4 million. We are confident that these properties will be sold in the foreseeable future and that, as a result, we will be able to finally close the “chapter” entitled “Renting and Trading Real Estate” in the near future.

Moreover, we were able to complete all projects still under construction in the “YOUNIQ – Student Housing” segment and to commence the letting process by the beginning of 2014. As a result, we now hold the properties in Frankfurt-Riedberg I, Potsdam, Mainz and Bayreuth within our own portfolio and generate income from the on-going letting of these facilities. We sold the property in Berzeliussstraße in Munich in the third quarter of 2013 and we also concluded an option contract regarding the Frankfurt-Riedberg II property in the fourth quarter of 2013. We expect a positive development in this segment in the 2014 financial year.

Furthermore, we are continuously working to further reduce our costs. So far, we have been able to reduce these expenses by more than EUR 2.0 million per annum by a range of cost-cutting measures. However, the financial effects of this will only be felt in the course of this year. In spite of these positive factors, we again expect a consolidated net loss for the 2014 financial year. This is due, in particular, to the increasing letting rate of our completed real estate properties within the “YOUNIQ – Student Housing” segment (which are currently being marketed) which is only taking effect in the course of year, the interest for our Potsdam bond and the scheduled depreciation on the furnishings of our student apartments. In this respect, possible measures for capital and liquidity procurement are being discussed in close cooperation with the Supervisory Board in order to boost our growth strategy. Moreover, we will work intensively to identify and realise further savings potential in the current financial year. Our aim is to achieve the break-even threshold on our operations through the further reduction of the “overhead expenses” at the level of the holding company in 2015, once the full letting of the properties held within our own portfolio is achieved towards the end of the second half of 2014.

We would like to use this opportunity to thank our staff for their commitment and you, our esteemed shareholders, for the confidence placed in us in the past financial year.

Frankfurt/Main, in March 2014

Marcus Schmitz, Management Board

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the financial year 2013, the Supervisory Board carefully executed the tasks with which it is entrusted according to the applicable laws, the articles of association and the rules of procedure. It regularly supported the work of the Management Board through consultations and monitored the management of YOUNIQ AG. The Supervisory Board was involved in all decisions of fundamental significance to the Company in due time. The Management Board informed the Supervisory Board regularly, as well as promptly, in the form of detailed written and verbal communications regarding all relevant questions of planning, the development of current operations and risk management as well as the development of profitability of the Company. Deviations of the course of business from the plans and targets were explained to the Supervisory Board in depth; the Supervisory Board then examined these deviations based on the documents submitted. The Management Board coordinated the strategic alignment of the Company with the Supervisory Board. In the framework of its meetings, the Supervisory Board was informed by the Management Board with regard to all topics material to the Company. After thorough examination and deliberation, the Supervisory Board passed resolutions on the reports and draft resolutions submitted by the Management Board in so far as this was required according to the applicable laws, the articles of association and the rules of procedure. In addition to the intensive work done in the context of regular meetings, the chairman and other members of the Supervisory Board were also in regular contact with the Management Board outside the meetings. In this way, they were able to thoroughly acquaint themselves with the current development of business and the essential business transactions, as well as being able to advise the Management Board accordingly. Furthermore, the respective Chairman of the Supervisory Board discussed the perspectives and the future alignment of the individual fields of business in separate meetings with the Management Board.

In the course of the financial year 2013, the Supervisory Board discussed, in particular, the business situation and the operative, as well as strategic, development of the Company and its business fields, in a total of five physical meetings and nine additional resolutions. The Management Board also informed the Supervisory Board of special business transactions of fundamental importance for the assessment of the Company's situation and development as well as for the management of the Company comprehensively and promptly – even in periods between meetings of the Supervisory Board. The Management Board submitted matters requiring approval to the Supervisory Board in due time or obtained the required approval of the Supervisory Board forthwith. Conflicts of interest on the part of members of the Management and Supervisory Board, which must be disclosed to the Supervisory Board forthwith and of which the general meeting must be informed, did not occur during the year under review.

Focus of the deliberations

In the financial year 2013, the Supervisory Board dealt, in particular, with the development of the business of YOUNIQ AG, the important individual transactions, the sale of the „Renting and Trading Real Estate" portfolio, the further development of the "YOUNIQ - Student Housing" segment, in particular with regard to current and new projects, the approval of the sale of the properties at Altenhöferallee 70 in Frankfurt-Riedberg, Berzeliusstraße in Munich and at Iranische Str. 6 in Berlin as well as the approval of liquidity procurement in the framework of mezzanine financing. Moreover, the Supervisory Board focussed intensively on reviewing the construction cost overruns incurred for various development properties under construction in the financial year 2013 by calling in experts and advisers.

As part of the aforementioned meetings and passing of resolutions during the 2013 fiscal year, the Supervisory Board concerned itself in particular detail and depth with the planning and securing of the company's liquidity, regularly discussing these topics in close coordination with the Management Board. The Supervisory Board carefully examined the reports that the Management Board submitted concerning the planning, procurement and securing of liquidity, discussing them in detail with the Management Board where required. In this connection, the Supervisory Board reviewed various packages of measures to secure the company's medium- to long-term liquidity position, approved them in coordination with the Management Board, and had itself be informed continuously about the status of the procurement and securing of the company's liquidity.

These measures essentially achieved a stabilisation in the company's liquidity by the end of the 2013 fiscal year. These precautions particularly included approval of the procuring of liquidity as part of the aforementioned mezzanine financing facility, and approval of the disposal of the Frankfurt-Riedberg II property to a consortium of investors. The Supervisory Board also informed itself about financing facilities for the Frankfurt Riedberg I, Frankfurt Riedberg II and Mainz properties, which were extended early, and concerned itself intensively with an increase in borrowing lines the aim of increasing the liquidity of YOUNIQ AG. The disposal of various properties to release liquidity was also consulted upon and accompanied in detail. The Supervisory Board also had itself be informed regularly by the Management Board about the current status of discussions with financing banks, and submitted constructive proposals to the Management Board concerning further procedure.

Furthermore, the Supervisory Board dealt, in particular, with the development of the Company in the fields of turnover, profits and employment, the adoption of the annual and consolidated financial statement for the financial year 2012, the interim financial report and the individual quarterly reports for the financial year 2013 and the preparation of the annual general meeting. In performing these tasks, the Supervisory Board convened a total of five physical meetings (in which the Management Board also participated) – as mentioned above. In urgent cases, resolutions were adopted using a written procedure or in the framework of telephone conferences in consultation with the chairman of the Supervisory Board.

Work in the committees of the Supervisory Board

In order to carry out its work efficiently the Supervisory Board established in total three committees in 2013. They prepare the resolutions to be adopted by the Supervisory Board as well as the subjects to be dealt with by the board. In addition, decision-making competences of the Supervisory Board have been transferred to committees in as far as this is legally permissible. The chairmen of the committees report to the Supervisory Board on the work of the committees at the respective next meeting. However, on account of the reduction of the size of the Supervisory Board adopted at the 2013 annual general meeting, the continuation of committees no longer appeared sensible. The composition of the individual committees and the number of meetings and resolutions until 31st July 2013 can be summarised as follows:

Previously, Dr. Manfred Püschel, Ralph Winter, Daniel Schoch and Dr. Carsten Strohdeicher were members of the presiding committee. In accordance with the rules of procedure, the chairman of the Supervisory Board, Dr. Manfred Püschel, also held the office of the chairman of the presiding committee. During the year under review, the presiding committee did not hold any meetings. Dr. Manfred Püschel, Ralph Winter, Daniel Schoch and Dr. Carsten Strohdeicher were members of the auditing committee, with Daniel Schoch assuming the function of the chairman of the committee. The auditing committee met once on 15th March 2013. It discussed the adoption of the 2012 annual financial statement of the Company, the adoption of the 2012 consolidated financial statement and the management report of the Company and of the Group in the presence of the auditors. Moreover, it discussed the audit reports with the auditors of the annual financial statement in detail and prepared the resolution by the Supervisory Board.

Dr. Manfred Püschel, Ralph Winter, Daniel Schoch and Dr. Carsten Strohdeicher were members of the nomination committee. In accordance with the rules of procedure for the Supervisory Board, the chairman of the Supervisory Board, Dr. Manfred Püschel assumes the position of the chairman of this nomination committee. In 2013, the nomination committee did not convene.

Annual and consolidated financial statement

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart audited the annual financial statement, the consolidated financial statement and the report on the situation of the Company and of the Group for the financial year 2013, which were prepared by the Management Board, and issued an unqualified audit certificate for each of these. At its meeting on 25th March 2014, following preparation by the auditing committee, and after inspection of the annual financial statement, the consolidated financial statement and the report on the situation of the Company and the group for the financial year 2013, the Supervisory Board approved the result of the audit by the auditor of the annual accounts and adopted the annual financial statement and the consolidated financial statement. The annual financial statement is henceforth taken as adopted. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft participated in the supervisory board meeting on 25th March 2014 and reported to the Supervisory Board regarding the essential results of the audit.

Report by the Management Board on Relations with Affiliated Companies according to section 312 AktG (German Stock Corporation Act)

The Management Board of YOUNIQ AG has forwarded the report on the relations with affiliated companies pursuant to section 312 AktG, as well as the audit report prepared with regard to this by the auditor of the annual accounts, to the Supervisory Board in due time. According to the conclusion of the audit, the auditor of the annual accounts has not raised any objections regarding the report and has issued the following certificate:

"Following the audit and assessment in accordance with our duty we hereby confirm that:

1) The factual statements contained in the report are correct,
2) The performance of the Company with regard to the legal transactions listed in the report was not disproportionately high,
3) With regard to the measures listed in the report there are no indications for a materially different assessment than the one by the Management Board."

The report on the relations with affiliated companies was inspected by the Supervisory Board. Based on its own inspection of the report, the Supervisory Board agrees to the assessment by the auditor of the annual accounts and does not raise any objections as to the statement by the Management Board regarding the relations with affiliated companies.

Changes to the Management Board and the Supervisory Board

The former chairman of the Management Board, Rainer Nonnengässer, was appointed a member of the Management Board for a term of 36 months with effect as 1st July 2010. Rainer Nonnengässer and the Supervisory Board agreed that Rainer Nonnengässer's term of office was not to be extended beyond the contractually agreed date (30th June 2013). In connection with the termination of his work on the Management Board in accordance with the contract, a cancellation agreement was concluded between the Company and Rainer Nonnengässer and he was released from his duties on 15th April 2013. The Company was given the possibility to revoke Rainer Nonnengässer's appointment before 30th June 2013 in the event that Rainer Nonnengässer takes up a new position before the end of his employment. Rainer Nonnengässer then took up a new employment in the period between his release and the termination of his employment and, as a result, the Company revoked the Rainer Nonnengässer's appointment as of 30th April 2013.

The resolution to reduce the size of the Supervisory Board was adopted at the Company's annual general meeting on 17th July 2013. Section 9 (1) of the articles of association was amended ensuring that, in future, the Supervisory Board will only have three instead of six members. The amendment of section 9 (1) of the articles of association was registered in the commercial register on 31st July 2013. Since that time, the Supervisory Board has had three members. Mr. Martin Hitzer resigned from his position as a member of the Supervisory Board with effect as of the end of the annual general meeting on 17th July 2013. The members of the Supervisory Board Dr. Manfred Püschel und Barbara Busch resigned from their positions on the Supervisory Board subject to the condition precedent of the registration of the amendment of the articles of association in the commercial register. Moreover, Ralph Winter resigned from his position on the Supervisory Board in a letter of 21st August 2013, which was received by the Company on 22nd August 2013. Upon a request by the Company, Frankfurt Local Court appointed Dr. Klaus Boemer as a new member of the Supervisory Board in a ruling of 26th August 2013. Dr. Boemer's appointment will expire at the latest upon the end of the next annual general meeting of the Company. At the constituent meeting of the supervisory board on 28th August 2013, Daniel Schoch was elected to the Chairman of the Supervisory Board. Dr. Klaus Boemer has been elected to the Deputy Chairman of the Supervisory Board at the Supervisory Board meeting on 12th November 2013. Information on the members of the Supervisory Board and its committees are provided on pages 13 et seq.

Corporate Governance

Apart from only a few exceptions, the Management Board and the Supervisory Board take the requirements of the German Corporate Governance Codes into account. More detailed explanations on this are provided below in the framework of the Corporate Governance Report and in the summarised management report of the Company and of the Group. The joint declaration of compliance required according to section 161 (1) AktG (German Stock Corporation Act) is contained in the Corporate Governance report and in the declaration on corporate governance according to section 289a HGB (German Commercial Code), which is included in the management report, and, moreover, it is available on the internet at www.youniq-group.de.

The members of staff of YOUNIQ AG and its subsidiaries have contributed to the development of the Company in the year under review by showing a high degree of commitment. The Supervisory Board would like to give thanks and pay tribute for the work performed by the Management Board, as well as by all members of staff.

Frankfurt / Main, in March 2014

On behalf of the Supervisory Board
Daniel Schoch
- Chairman -

CORPORATE GOVERNANCE REPORT

Responsible and transparent corporate management and governance - based on sustainable value creation (Corporate Governance) - takes a high priority at YOUNIQ AG. Through these principles we foster the trust of national and international investors, the financial markets, our business partners and members of staff as well as that of the general public. Efficient co-operation between the Management Board and the Supervisory Board, consideration of shareholders' interests as well as transparency in corporate communications constitute essential aspects of good corporate governance. The Management Board regularly, promptly and comprehensively reports to the Supervisory Board regarding all relevant questions of corporate planning and strategic development, and the course of business - as well as the current situation of the group. At the same time, good corporate governance also includes responsible corporate risk management. In the framework of its value-based corporate management, YOUNIQ AG employs systematic risk management in order to ensure that risks are detected and assessed early on and, furthermore, that risk positions are optimised. The recommendations of the government "German Corporate Governance Codex" (DCGK) commission constitute an established benchmark for the assessment of German listed companies' corporate management and, hence, they constitute an important tool for the capital market-oriented further development of transparency, comprehensibility, trust and control. The Management and Supervisory Board of YOUNIQ AG accept the principles of the German Corporate Governance Codex in the versions of 6th June 2008, 18th June 2009, 26th May 2010, 15th May 2012 and 13th May 2013 and these are implemented - with only a few exceptions. The relevant details are provided in the Declaration of Compliance according to section 161 (1) AktG, issued by the Management Board and the Supervisory Board in August 2013.

Shareholders and general meeting

The shareholders exercise their rights of company co-administration and co-governance at the general meeting. Each share in YOUNIQ AG corresponds to one vote. At the general meeting, the shareholders have the possibility of discharging their right to vote themselves or have their wishes acted upon by an authorised representative of their choice, or by an instruction-bound proxy of the Company. The Company makes sure that the instruction-bound proxies appointed by the Company are available during the general meeting. There is no maximum limit of the voting rights held by an individual shareholder; moreover, there are no special voting rights. Every shareholder is entitled to take part in the general meeting, to take the floor regarding the respective items on the agenda during these meetings and to request information on the matters of the Company in so far as is required for the proper assessment of an item on the agenda.

Collaboration between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board cooperate closely and on the basis of trust for the benefit of YOUNIQ AG in order to safeguard a sufficient supply of information for the Supervisory Board. The joint aim is to increase the value of the Company in a sustainable manner.

Management Board

The Management Board of YOUNIQ AG manages the Company on its own responsibility and in the best interest of the Company with the aim of creating sustainable value. The work of the Management Board, the matters reserved for the entire Management Board, as well as the required majorities for a resolution and transactions requiring approval are established by the Supervisory Board in the rules of procedure for the Management Board. In the course of the financial year 2013, the composition of the Management Board changed as follows:

In the framework of a termination agreement, Rainer Nonnengässer and the Supervisory Board agreed that Rainer Nonnengässer's term of office was not to be extended beyond the contractually agreed date (30th June 2013) and, as a result, Rainer Nonnengässer's employment ended on 30th April 2013.

At present, the Management Board is comprised of:

MARCUS SCHMITZ,

born on 17th March 1973, was appointed a member of the Company's Management Board for a term of 36 months on the basis of a resolution by the Supervisory Board on 20th October 2011. His term of office began on 1st January 2012 and ends on 31st December 2014. This member of the Management Board holds sole power of representation with the authority to conclude legal transactions with himself as a legal representative of a third party on behalf of the Company.

Supervisory Board

The Supervisory Board of YOUNIQ AG regularly advises and monitors the Management Board with regard to the management of the Company and closely co-operates with the Management Board. The entire Supervisory Board regularly receives reports on the essential developments of YOUNIQ AG.

As has been mentioned earlier, a resolution regarding the reduction of the size of the Supervisory Board to three members was adopted at the annual general meeting of the Company on 17th July 2013. The amendment of section 9 (1) of the Articles of Association was registered in the commercial register on 31st July 2013. Martin Hitzer resigned from his office as a member of the Supervisory Board with effect as from the end of the annual general meeting on 17th July 2013. The members of the Supervisory Board Dr. Manfred Püschel and Barbara Busch resigned from their positions on the Supervisory Board, subject to the condition precedent of the registration of the amendment of the Articles of Association in the commercial register. Moreover, Ralph Winter resigned from his position on the Supervisory Board in a letter of 21st August 2013, which was received by the Company on 22nd August 2013. Upon a request by the Company, Frankfurt Local Court appointed Dr. Klaus Boemer as a new member of the Supervisory Board in a ruling of 26th August 2013. Dr. Boemer's appointment will expire at the latest at the end of the next annual general meeting of the Company.

At the first meeting of the Supervisory Board on 28th August 2013 Daniel Schoch was elected as the chairman of the Supervisory Board. Dr. Klaus Boemer was elected as the deputy of the chairman of the Supervisory Board at the Supervisory Board meeting on 12th November 2013.

At present, the Supervisory Board consists of the following members:

DANIEL SCHOCH,

born on 31st March 1974, is the chairman of the Supervisory Board of YOUNIQ AG. Mr. Schoch is a management expert and member of the management board of CORESTATE CAPITAL AG, Zug, Switzerland.

DR. KLAUS BOEMER,

born on 13th December 1956, is the deputy chairman of the Supervisory Board of YOUNIQ AG. Dr. Boemer is the managing director of GEWOBAG EB, Berlin and managing partner of ADITIO Financial Management Service GmbH, Berlin.

DR. CARSTEN STROHDEICHER,

born on 5th January 1961, is the managing director of Arcadius Advisory GmbH, Munich.

At the meeting of the Supervisory Board on 26th September 2011, the Supervisory Board established a presiding, an auditing and a nomination committee and amended the rules of procedure for the Supervisory Board accordingly. Following the reduction of the size of the Supervisory Board to three members, the continuing existence of these committees no longer appeared sensible.

Dr. Manfred Püschel, Ralph Winter, Daniel Schoch and Dr. Carsten Strohdeicher were members of the presiding committee. In accordance with the rules of procedure, the chairman of the Supervisory Board, Dr. Manfred Püschel, also had the office of the chairman of the presiding committee.

Dr. Manfred Püschel, Ralph Winter, Daniel Schoch and Dr. Carsten Strohdeicher were members of the auditing committee with Daniel Schoch assuming the function of the chairman of the committee.

Dr. Manfred Püschel, Ralph Winter, Daniel Schoch and Dr. Carsten Strohdeicher were members of the nomination committee. In accordance with the rules of procedure for the Supervisory Board, the chairman of the Supervisory Board, Dr. Manfred Püschel assumes the position of the chairman of this nomination committee.

Transparency

In order to ensure the highest-possible degree of transparency YOUNIQ AG has the aim of providing the same information to all target groups concurrently. For this reason, all press releases and ad-hoc communications are published on the website of YOUNIQ AG (www.youniqgroup.de). Additionally, our shareholders are informed of key dates through a financial calendar that is published on the website.

Even before the annual general meeting, the shareholders are comprehensively informed of events of the past financial year as well as of the individual items on the agenda with the management report and the invitation to the general meeting. Furthermore, all other reports and documents required by law for the general meeting are provided in conjunction with the agenda in an easily accessible format on the Company website. Moreover, YOUNIQ AG also publishes its interim reports and interim messages on its website immediately after their publication, in addition to the annual reports. Furthermore, the annual document which has to be prepared according to section 10 of the German Securities Prospectus Act (WpPG) and in which all the relevant corporate information for the previous calendar year is compiled is also provided on the website of YOUNIQ AG.

Accounting and auditing

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, was elected as the auditor of the annual accounts and auditor for the consolidated financial statement for the financial year expiring on 31st December 2013 and commissioned by the Supervisory Board to audit the annual and consolidated financial statement in the annual general meeting 2013.

DIRECTORS' DEALINGS: SHARE OPTION PROGRAMME FOR AND SHAREHOLDINGS BY (A) MEMBER(S) OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD

According to section 15a of the German Securities Trading Act, the members of the Management Board and of the Supervisory Boards, other persons holding management tasks who have regular access to insider information of the Company and are authorised to take essential entrepreneurial decisions as well as certain persons that have a close relationship to the persons referred to above are obliged by law to disclose the acquisition and sale of YOUNIQ shares and of financial instruments referring to these and, in particular, derivatives from an amount of more than EUR 5,000 per calendar year to YOUNIQ AG. Notifications regarding such transactions have been published, e.g. on the internet at www.youniq-group.de, forthwith. In the financial year 2013, the members of the Management Board and of the Supervisory Board did not hold any shares in YOUNIQ AG at any time. In the financial year 2013, the members of the Management Board and of the Supervisory Board did not hold more than 1 % of the shares issued by YOUNIQ AG at any time.

At the annual general meeting of YOUNIQ AG on 10th August 2011, the "YOUNIQ AG Share Option Plan 2011" regarding issuing of subscription rights for shares to executive staff and other important employees of YOUNIQ AG and its Group subsidiaries was introduced. The Management Board was authorised to issue one or several share option plans under which option rights regarding in total up to 520,000 bearer shares of YOUNIQ AG will be issued to members of the Management Board and employees of YOUNIQ AG and to employees of the management and to employees of YOUNIQ Group companies in one or several issues up until 9th August 2016 with the approval of the Supervisory Board. The shareholders have no subscription rights in this case. Fulfilment of the exercised subscription rights can be effected either through the use of the Conditional Capital II/2011, which was created at the annual general meeting of YOUNIQ AG on 10th August 2011 for fulfilling these rights, through own shares of the Company or by means of cash settlement - at the Company's choice. In the case of the issue of option rights to members of the Management Board of YOUNIQ AG, the authorisation applies to the Supervisory Board alone. In as far as members of the Management Board are concerned, the exact scope of the parties entitled to subscription rights and the number of the subscription rights are determined by the Supervisory Board and in all other cases, they are determined by the Management Board, with the approval of the Supervisory Board. The allocated subscription rights can be exercised within a period of seven years from the day of allocation; however, they cannot be exercised before the end of a four-year waiting period as of the allocation day. During certain blocking periods in connection with the end of the respective quarter or of the end of the business year and the publication of the respective results, as well as the annual general meeting, the subscription rights must not be exercised. Exercising of the subscription right is subject to the condition that the closing price of the share of YOUNIQ AG reaches or exceeds the exercise price on at least one trading day during the term of the subscription price. The exercise price of a YOUNIQ share amounts to 110 % of the average of the final auction prices of the YOUNIQ share on the five trading days preceding the respective allocation day of the subscription rights. With regard to the share options granted to members of the Management Board, the Supervisory Board shall provide for a restriction possibility for extraordinary developments – a "cap". In case that events, such as capital measures, lead to a change in the commercial value of the subscription rights, the terms of the options can provide for an adjustment of the exercise price to make sure that the value of the option does not change as a result of such events. The subscription rights cannot be transferred and can only be exercised by the allottee. Further details regarding the granting and fulfilment of subscription rights and the further conditions of the scheme shall be determined by the Supervisory Board in as far as members of the Management Board are concerned and, in all other cases, these are specified by the Management Board with the approval of the Supervisory Board.

Remuneration report

The Remuneration Report for the financial year 2013, which is provided in the framework of the Corporate Governance Report, is contained in section 7. of the Consolidated Management Report. The Supervisory Board has thoroughly inspected the Remuneration Report and adopts the statements contained therein. In order to avoid repetition, a renewed inclusion at this point is dispensed with. The statements included in the consolidated management report also concurrently constitute an integral component of the Corporate Governance Report.

Declaration of Compliance according to section 161 (1) AktG

In March 2014, the Management Board and the Supervisory Board issued the following joint declaration of compliance according to section 161 (1) AktG. Moreover, the declaration of compliance is also contained in the corporate governance statement according to section 289a HGB, which is included in the management report, and also provided on the internet at www.youniq-group.de together with the German Corporate Governance Codex.

"DECLARATION BY THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF YOUNIQ AG REGARDING THE RECOMMENDATIONS BY THE 'GOVERNMENT COMMISSION GERMAN CORPORATE GOVERNANCE CODEX' ACCORDING TO SECTION 161 (1) AKTG“

In the financial year 2013, YOUNIQ AG complied with, and still complies with, all recommendations by the "Government Commission on German Corporate Governance Code" in their respectively valid version dated 18th June 2009, 6th June 2008, 26th May 2010, 15th May 2012 and 13th May 2013 with the following exceptions:

Figure 3.8 DCGK: A D&O insurance has been taken out for the members of the Supervisory Board. This insurance does not provide for any personal excess contribution, as the Supervisory Board is already obliged to act responsibly and properly by virtue of the rule of law and as the current statutory obligation to agree on a personal excess contribution for members of the Management Board does not apply with regard to members of Supervisory Boards. For members of the Supervisory Board, a personal excess contribution is also to be dispensed with in the future. The nature of the office of a member of the Supervisory Board, which is also shown by the different design of the remuneration package, makes this approach appear appropriate.

Figure 4.1.5 DCGK: At the current point, the Company has dispensed with the recommendation to pay attention to diversity in staffing executive positions within the Company and, in particular, to strive to ensure adequate consideration of women for these positions since, in the opinion of the Management Board, adequate expertise and technical knowledge are of primary importance in this respect and the market for appropriate executive staff is limited.

Figure 4.2.3 DCGK: So far, the existing employment contract for the Management Board does not provide for any maximum limit regarding the remuneration resulting from share options granted because, in the opinion of the Management Board, this is not required and, moreover, not motivating with regard to the demanding price targets for the Company's aims.

Figure 5.1.2 DCGK: The Management Board, the Supervisory Board and the Company are of the opinion that the knowledge and experience of members of the bodies of the Company should not be dispensed with simply because of age limitations. For this reason, the Supervisory Board decides on the establishment of an age limit for the appointment of members of the Management Board and the suitability of the person on a case-by-by-case basis. However, there is currently no need for an age limit on account of the current composition and age structure of the Management Board. The recommendation regarding the consideration of diversity in staffing of the Management Board is dispensed with in the present case since the Supervisory Board is convinced that the required expertise and technical knowledge are of primary importance and the market for appropriate executive staff is limited.

Figure 5.3 DCGK: The entire Supervisory Board is regularly informed of essential developments of YOUNIQ AG. Since, according to the articles of association, the Supervisory Board only consists of three persons and in view of the scope of the Company's business operations, the establishment of committees is not sensible at present.

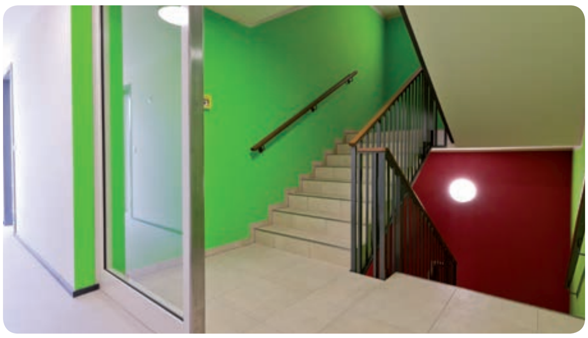
Figure 5.4.1 DCGK: The specification of concrete aims regarding the composition of the Supervisory Board is dispensed with since, according to the Articles of Association, the specification of concrete aims regarding the composition of the Supervisory Board does not appear appropriate on account of the scope of the business operations of the Company. Moreover, the Supervisory Board is convinced that the required expertise and technical knowledge are of primary importance and that the market for appropriate persons is limited.

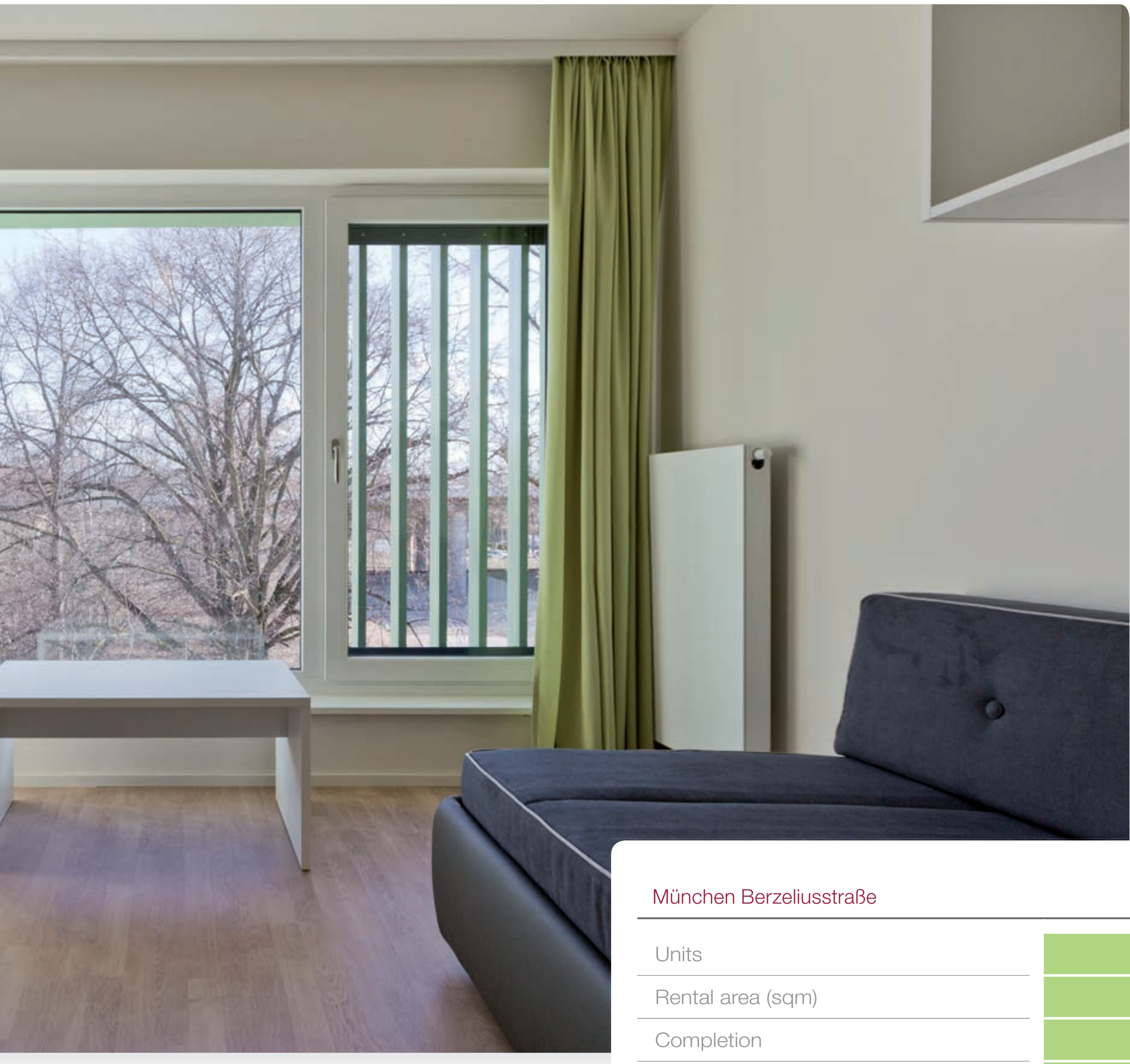
Figure 5.6 DCGK: In the financial year 2013, the efficiency of the work of the Supervisory Board was not reviewed. This is due to the fact that the Supervisory Board first wanted to wait in order to monitor the cooperation of the Supervisory Board which had originally been expanded in 2011. It turned out that a smaller supervisory board is more efficient and effective. With a view to this, downsizing of the Supervisory Board was recommended and, in this context, a review of its efficiency was dispensed with. Downsizing of the Supervisory Board and the corresponding amendment of the articles of association were adopted at the annual general meeting of the Company on 17th July 2013. The smaller Supervisory Board is planning to carry out an efficiency review in the current financial year.

Figure 7.1.2 DCGK: The annual and consolidated financial statements as well as the interim financial reports and interim reports were published in compliance with the statutory deadlines. The term for the publication of the consolidated financial statements and the interim financial report recommended in the codex was not adhered to in the financial year 2013 since this would have necessitated considerable additional costs and resources. However, it is planned for the future to prepare the consolidated financial statements and the interim financial statement according to the statutory requirements.“

Frankfurt / Main, in March 2014

On behalf of the Supervisory Board Daniel Schoch	On behalf of the Management Board Marcus Schmitz





München Berzeliusstraße

Units	123
Rental area (sqm)	2,567
Completion	Q3/2013
Rental income (EUR million with full letting p. a.)	0.8

CONSOLIDATED MANAGEMENT REPORT OF THE COMPANY AND OF THE GROUP FOR THE FINANCIAL YEAR 2013

1. GROUP FUNDAMENTALS

1.1 BUSINESS MODEL OF THE GROUP

1.1.1 Fields of business

Within its core segment, "YOUNIQ – Student Housing", the Company focuses on the development and management of high-quality student apartments in, currently, ten German university towns and cities. The portfolio of own properties and properties owned by third parties (which are currently managed or being constructed) comprised 2,816 apartments on the balance sheet date (31st December 2013). 2,393 units of these are managed by the company and 423 units are under construction or being planned at the moment. 1,271 units out of the 2,393 units completed to date are held within the Company's own portfolio, while 1,122 units are managed for third parties. YOUNIQ Group has projects in the following attractive university towns and cities:

- Munich
- Greifswald
- Karlsruhe
- Frankfurt/Main
- Mainz
- Potsdam
- Erlangen
- Bayreuth
- Lübeck
- Leipzig

1.1.2 Group structure

YOUNIQ AG, with registered offices in Frankfurt/Main, operates as the holding and parent company of various subsidiaries covering the business segments of "YOUNIQ – Student Housing" and "Services" which are going concerns and the business segments which have been discontinued - "Renting and Trading Real Estate" and "Project Development". The administrative field of business of YOUNIQ AG is concentrated within the "Services" division. As the parent company, YOUNIQ AG is in charge of Group financing and of the acquisition and sale, as well as the marketing, of real estate properties. The "Renting and Trading Real Estate" and the "Project Development" segments (whose operating activities date back to the business operations of the YOUNIQ predecessor company (Alta Fides)) are reported as „not to be continued". The winding-up of these two business segments was promoted in the context of the increasing focus on student housing. In this process, operations in the "Project Development" segment have already been discontinued.

The individual projects of the Group within the "YOUNIQ – Student Housing", "Renting and Trading Real Estate" and "Project Development" divisions are usually executed by the subsidiaries. For example, the construction and/or development of new student apartments are/is usually carried out through subsidiaries. Within YOUNIQ Group, there are numerous control and profit and loss transfer agreements with the subsidiaries. On 31st December 2013, the scope of consolidation of YOUNIQ AG comprised 31 companies.

1.1.3 Employees

In the past financial year 2013, 42 employees were, on average, employed by YOUNIQ AG. 23 of these employees are allocated to the parent company YOUNIQ AG and 19 are attributed to its subsidiaries. At the Frankfurt/Main premises 4 employees were employed on the balance sheet date (31st December 2013), while a further 38 employees were employed at the Leipzig office or as YOUNIQ-scouts in the objects on site.

Increasing the potential of its staff - so as to create value - is one of the central aims of YOUNIQ AG. For this reason, the Company promotes the personal development of its staff in the context of internal and external further training measures, which were again used during the past financial year. The increase in personal motivation and the enhancement of employees' technical qualifications (resulting from these further training activities) make a decisive contribution to the Company's success.

1.1.4 Development of business and of the real estate portfolio

I. STUDENT HOUSING

a. At the planning/construction stage

On 31st December 2013, YOUNIQ Group had, in total 423 residential units with a planned rental area of approximately 9,038 sqm at the planning or at the construction stage.

In the first quarter of 2013, construction and development activities on the project in Lübeck were suspended for the time being and its feasibility was reviewed. This review process is still ongoing. For this reason, we have capitalised this property at the actual costs incurred so far (costs of land and planning costs). Following their completion in the third quarter, the Frankfurt II, Mainz and Potsdam projects were transferred into the Company's own portfolio and these properties are currently being let. Moreover, the project in Bayreuth was completed in the course of the first quarter of 2014 and has also been in the letting stage since the beginning of 2014. (See also the report on events after the balance sheet date on page 34.) This property is to be held within the Company's own portfolio in the future.

Project	Units	Completion (scheduled)	Rental area in sqm (planned)	Expected rental income p.a. (EUR million)
Lübeck, Lise-Meitner-Weg/Maria-Mitchel-Straße	187	-	3,830	open
Bayreuth, Bismarckstraße 43	236	Q1/2014	5,208	0.8
Total	**423**		**9,038**	

Projects which were in the realisation stage on 31st December 2013

b. Completed YOUNIQ projects

The YOUNIQ Group either holds the properties which it has developed within its own portfolio or manages them for third parties. The structure of the projects completed up until 31st December 2013 is described below.

Own portfolio

At the end of 2013, YOUNIQ AG held four properties comprising 1,271 residential units having a total floor area of 26,719 sqm within its own portfolio. The Frankfurt/Main (Riedberg II), Mainz and Potsdam projects were transferred to the Company's own portfolio after their completion in the third quarter. The property in Munich Berzeliusstraße was sold to an investor in the fourth quarter of 2013 and has been managed as a third-party property since then. In the same quarter, a contract was concluded regarding the property in Frankfurt/Main (Riedberg II) which grants the buyers an option to acquire the property in the framework of a "share deal" with a limited term until, at the latest 30th June 2014 subject to various conditions precedent. In addition, the properties in Berlin Iranische Straße and Göttingen were sold and are no longer part of the YOUNIQ Group portfolio.

Project	Units	Letting status in % (31/12/2013)	Rental area in sqm	Planned rental income p.a. (EUR million) with full letting
Frankfurt-Riedberg I, Max-Born-Straße 2	232	90.9	5,160	1.1
Frankfurt-Riedberg II, Altenhöferallee 70	260	82.3	5,785	1.3
Mainz, Wallstraße 31-37	392	29.6	7,690	1.7
Potsdam, Kiepenheuer Allee	387	14.0	8,084	1.5
Total	**1,271**		**26,719**	

Properties held within the own portfolio on 31st December 2013

Third-party properties

On 31st December 2013, YOUNIQ Group was responsible for managing ten properties comprising 1,122 residential units and a rental area of 29,107 sqm within the third-party portfolio.

After its completion in the third quarter of 2013, the property in Berzeliusstraße in Munich was sold to an investor. Since then, it has been reported as a third-party property managed by YOUNIQ.

Project	Completion	Units	Rental area in sqm
Leipzig, Paul-List-Straße 24 u. 26	May 2010	90	3,355
Leipzig, Querstraße 15-17	December 2010	90	2,648
Erlangen, Drausnickstraße 1 (BA I)	April 2009	110	2,686
Greifswald, Mittelstr. 12 / Scharnhorststraße 2	June 2009	176	4,890
Karlsruhe, Degenfeldstraße	February 2012	377	9,002
Leipzig, Schützenstraße 2a	June 2012	76	2,361
München, Schleißheimer Straße 323	December 2012	80	1,598
München, Berzeliusstraße	September 2013	123	2,567
Total		**1,122**	**29,107**

Properties held within the third-party portfolio on 31st December 2013

II. RENTING AND TRADING REAL ESTATE

On 31st December 2013, the portfolio within the „Renting and Trading Real Estate" segment comprised real estate properties with an accounting value of approximately EUR 6.9 million. Until the day on which the balance sheet was prepared, sales at an accounting value of approximately EUR 3.5 million regarding these were notarised so that, after these sales, a residual book value of approximately EUR 3.4 million remains. The transfer of ownership and the disposal of these real estate properties are scheduled to take place in the coming months. Efforts to sell the remaining properties are now underway.

III. PROJECT DEVELOPMENT

On 31st December 2013, YOUNIQ Group no longer had any projects in the "Project Development" segment. At present, the projects implemented are in the commercial settlement or warranty phase. In this respect, provisions for remaining costs of production, legal disputes and defects under warranty of, in total, EUR 2.0 million have been taken into account in the balance sheet.

1.1.5 Group management parameters

YOUNIQ Group is controlled on the basis of profit-oriented parameters. The most important parameters include the equity ratio, the consolidated net profit, the net operating income and rental income, as well as vacancy rates.

In addition, the parameters regarding the capital structure are also used as a control and monitoring tool. With regard to further explanations concerning this, reference is made to the consolidated explanatory notes (section 8.7 – Capital management). The corporate governance statement can be viewed on page 12 et seq. in the Corporate Governance Report.

2. BUSINESS REPORT

2.1 MACRO-ECONOMIC AND INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

2.1.1 Economic and industry-specific environment

I. DEVELOPMENT OF THE ECONOMY

In 2013, the development of the economy worldwide was characterised by a trend to restraint. According to current figures issued by the International Monetary Fund (IMF), the growth of the global gross domestic product (GDP) declined slightly from 3.1 % in 2012 to 3.0 % in 2013.[1] Experts from the Kiel Institute for the World Economy have forecast an increase in global GDP to 3.7 % in 2014.[2]

Within the Euro zone, the economic and financial difficulties of the southern European member states continued to have a negative effect on the development of the economy. In 2013, the real GDP of the Euro countries declined by 0.4 % as against a decline by 0.7 % in the previous year.[3] However, the current forecasts by EUROSTAT, the statistical office of the European Union, indicate a slight improvement for 2014 and anticipate a GDP growth of 1.1 % for the Euro countries.[4] Nonetheless, the situation of the Euro zone economy, in particular, in the southern European countries is likely to remain difficult.

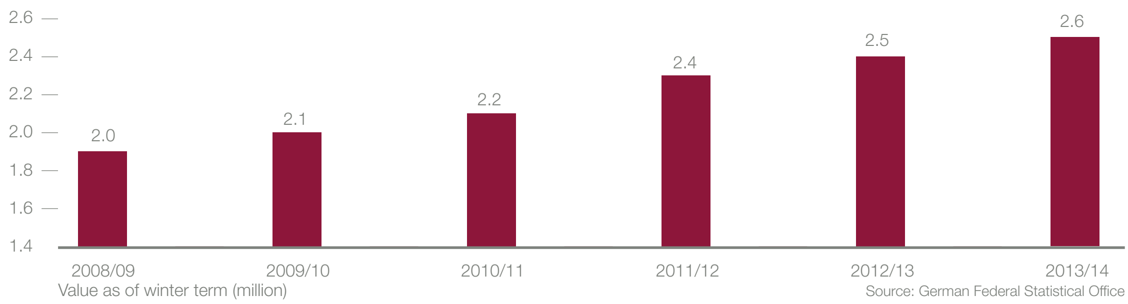
Moreover, the development of the economy in the Federal Republic of Germany was also influenced by the recession in the southern European countries in 2013. Following an increase in real GDP from 0.7 % in 2012, growth declined to 0.4 % in the past year.[5] Various leading German economic research institutes expect a significant recovery trend and GDP growth rates of between 1.6 % and 1.8 % for 2014.[6]

In spite of the continuing low-interest rate policy of the European Central Bank (ECB), the rate of inflation in Germany declined from 2.0 % in 2012 to 1.5 % in 2013.[7] ECB reduced the base rate from 0.75 % to 0.25 % in two steps in May and November of 2013 in order to strengthen the slightly weaker economy within the Euro area. The favourable interest situation has had a positive effect on real estate investments. According to current data published by the German Federal Statistical Office (Destatis) the number of construction permits for apartments in Germany increased by 13.5 % in the first nine months of 2013 as against the same period in 2012.[8]

II. DEVELOPMENT OF THE NUMBER OF STUDENTS

The number of students at German universities and colleges reached a new record in 2013. According to Destatis data, approximately 2.6 million students were enrolled at universities and colleges in the 2013/2014 winter term. This corresponds to a 5 % increase in comparison with the previous winter term.

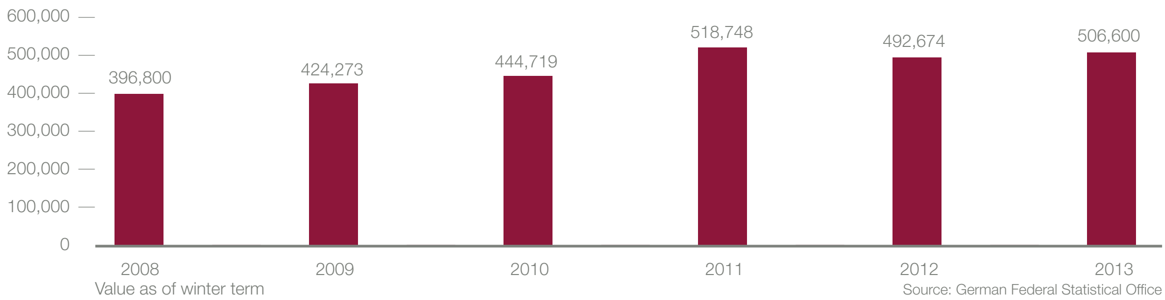
Number of students in Germany from 2008/2009



[1] http://www.imf.org/external/ns/cs.aspx?id=29 | [2] https://www.ifw-kiel.de/wirtschaftspolitik/konjunkturprognosen/konjunkt | [3] http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=de&pcode=tec00115&plugin=1 | [4] Ibid | [5] https://www.destatis.de/DE/Publikationen/Thematisch/VolkswirtschaftlicheGesamtrechnungen/Inlandsprodukt/InlandsproduktsberechnungEndgueltig.html | [6] https://www.ifw-kiel.de/wirtschaftspolitik/konjunkturprognosen/konjunkt; https://www.ifw-kiel.de/wirtschaftspolitik/konjunkturprognosen/konjunkt; http://www.cesifo-group.de/de/ifoHome/facts/Forecasts/Gemeinschaftsdiagnose/Archiv/GD-20131017.html | [7] https://www.destatis.de/DE/Publikationen/Thematisch/Preise/Verbraucherpreise/VerbraucherpreiseM.html | [8] https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2013/11/PD13_399_213.html

At the same time, the number of new students starting their first term at university again increased significantly in the 2013 academic year. While there were 492,674 new students in 2012, this figure increased to 506.600 (roughly 3 % more) in 2013. This increase was attributable to the demographic trend, the trend towards acquiring high-level qualifications and the increasing number of foreign students.[9]

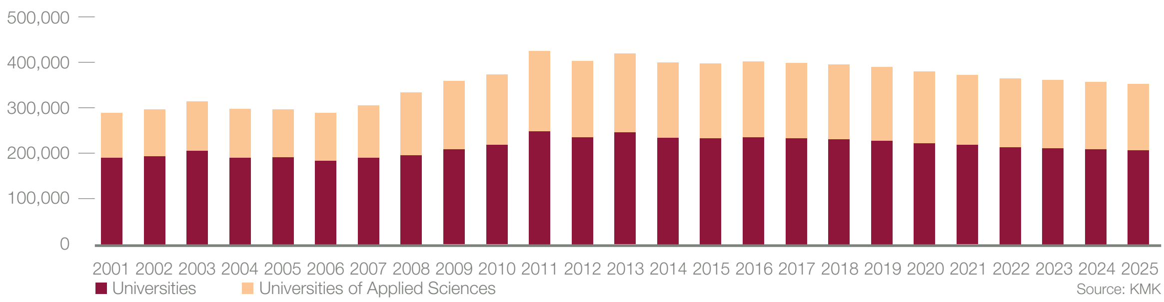
Number of new students in the first term in Germany from 2008



Last year, structural differences in the number of first-term students emerged at the level of the federal states. For example, there were significantly more first-term students in North Rhine-Westphalia (+8 %) and Hessen (+10 %) since there was twice the number of school-leavers as a result of the switch from 13 to 12 years of school. Moreover, Bavaria (+4 %), Schleswig-Holstein (+3 %) and Lower Saxony (+2 %) also recorded increases. In Brandenburg (-15 %), Bremen (-4 %), Baden-Württemberg (-3 %) and Berlin (-2 %), the number of first-term students declined since they had switched to 12 years of school the year before. Moreover, the number of first-term students also declined in Saxony-Anhalt (-5 %), Thuringia (-4 %) and Saxony (-3 %). In addition to effects resulting from the switch from 13 to 12 years of school, these differences are also due to the different courses of studies offered.[10] Furthermore, double numbers of school-leavers are expected in Rhineland-Palatinate and Schleswig-Holstein in 2016.

In the coming years, the German conference of the ministers of education and the arts (CMEA) expects a slight decline in the number of first-term students – albeit with the numbers remaining at a high level. In its current projection of the number of first-term students from 2012 to 2019, CMEA forecasts more than 450,000 new students annually and this number is expected to continue at a level of significantly more than 400,000 until 2025.

Number of new students in the first term in Germany 2001-2025



[9] Ibid | [10] https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2013/11/PD13_399_213.html

Germany's attractiveness as a higher education location for foreign students provides additional potential for the development of the number of students. According to a current OECD study, in the world only the USA and the United Kingdom have a higher number of foreign students.[11] 6.3 % of all foreigners worldwide who studied at a university or college outside their home country in 2011 were enrolled at a German university or college. Foreign students in the USA and the United Kingdom accounted for 16.5 % and 13.0 % respectively. In this context, the implementation of bachelor's and master's courses in the course of the Bologna Process towards the standardisation of European Higher Education qualifications, the high renown of German universities abroad and the comparatively low tuition fees played a decisive role.

Moreover, the implementation of the Higher Education Pact 2020 in the framework of which the German federal government provides funds for financing additional places at universities constitutes another influencing factor. Compared with the Higher Education Pact II (in the context of which approximately 325,000 new places at universities were to be funded until 2015), the Higher Education Pact 2020 increased that number to 625,000 during the relevant period. The federal government stated that additional funds of approximately EUR 5 billion were required to this end.[12]

III. FINANCIALLY STRONG TARGET GROUP

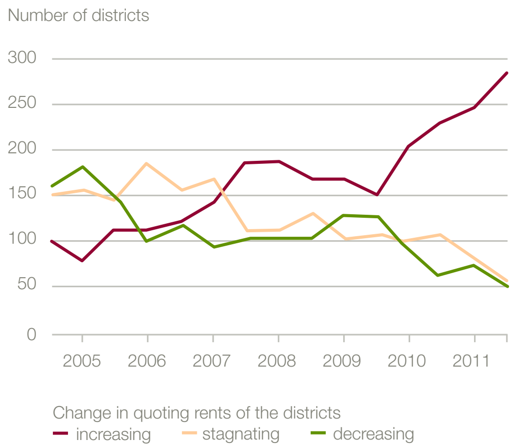
The financial strength of the student target group constitutes a further essential positive characteristic of the market for "student housing". According to data contained in the 20th Social Survey by the Federal Ministry of Education and Research and by the German Student Union, the average monthly available budget amounted to approximately EUR 864 in 2012. And students spent approximately EUR 298 on rent and utility expenses per month. According to data provided by the research company BulwienGesa, 28 % of all students have at least EUR 900 a month (and 10 % even have more than EUR 1,100) at their disposal every month.[13] In YOUNIQ AG's opinion, we can conclude that, on the basis of this survey, the potential target group for the Group's offering comprises approximately 55 % of all students in Germany. This takes account of the fact that the values gathered in the survey are average values which only permit a limited comparison with the all-in rent offered by YOUNIQ since the YOUNIQ offer also comprises additional services, such as utility expenses, internet access, cable TV and furnishings.

IV. DECLINING HOUSING SUPPLY AND INCREASING RENTAL PRICE LEVEL

In its current report on the housing and real estate industry (2013), the federal government reports a significant decline in the number of rented apartments. For example, the number of the rented apartments declined from 21.1 million to 19.6 million between 2006 and 2010. Against the backdrop of the continuing high numbers of students, this results in a significant demand for student housing, especially, since they directly compete with job entrants, weekend commuters and senior citizens for the available small apartments. A current study by the real estate service provider CBRE estimated the demand for high-quality individual apartments for students to amount to approximately 47,000 apartments throughout Germany, in particular, in the metropolitan regions and some medium-sized towns, such as Darmstadt, Münster and Gießen.

At the same time, an increase in the rents for newly let and re-let apartments has been observed in many districts throughout Germany since 2006. Since the existing rents follow this price trend with a delay, the rents for newly let and re-let apartments provide a more realistic impression of the current rental price development.

Development of new and relet rents
(half year comparison, 2004-2011)



Source: BBSR-Wohnungsmarktbeobachtungssystem, IDN ImmoDaten GmbH

[11] https://www.daad.de/portrait/presse/pressemitteilungen/2013/24176.de.html | [12] http://www.bmbf.de/de/6142.php | [13] http://www.bulwiengesa.de/fileadmin/user_upload/PDFfiles/Pressenotizen/PR2012/2012_BulwienGesa_MakroScoring_Kompetenz_Studentenwohnen.pdf | [14] http://www.bmvi.de/SharedDocs/DE/Anlage/BauenUndWohnen/immobilien-und-wohnungsmarkt-bericht.pdf?__blob=publicationFile | [15] http://www.cbre.de/de_de/news_events/news_detail?p_id=14250 | [16] http://www.bmvi.de/SharedDocs/DE/Anlage/BauenUndWohnen/immobilien-und-wohnungsmarkt-bericht.pdf?__blob=publicationFile

There are partly significant regional differences. The highest rent increases were primarily recorded in big cities and metropolises – the target cities of YOUNIQ projects. In 2011, for example, Berlin (+7.4 %), Bremen (+8.8 %), Hamburg (+7.5 %), Freiburg (+8.1 %) and Greifswald (+10.4 %) recorded the highest rent increases. However, according to the report by the federal government, smaller towns and cities also achieved significant growth rates, such as e.g. as a result of growing numbers of students.

2.1.2 Overall statement on the economic framework conditions

In the opinion of the Management Board, the market for student apartments in Germany overall is outstanding as a result of the attractive constellation of a tight supply of suitable accommodation, a constantly high level of demand, increasing rental rates and an investment-friendly low interest rate environment. At the same time, the competition for housing is intensifying, in particular, in the conurbation areas: students, pensions, job entrants and weekend commuters compete for small one- to two-bedroom apartments. This constellation is attractive for the commitment of project developers on this market.

Nonetheless this market environment, which is positive overall, also creates challenges on the real estate market. For example, in particular, it can lead to a higher demand for suitable plots of land and increases in land prices. However, YOUNIQ AG is convinced that it has established a good position for itself which enables it to exploit market opportunities as they arise. On account of this, the Management Board assumes that, in 2014, the economic framework conditions will develop positively overall.

2.2 DEVELOPMENT OF BUSINESS

2.2.1 YOUNIQ Group

I. EARNINGS SITUATION OF YOUNIQ GROUP

YOUNIQ Group concluded the financial year 2013 with a negative result. Overall, YOUNIQ Group incurred a consolidated net loss of kEUR 54,082 (reference period: consolidated net loss of kEUR 7,061). The discontinued business segments account for a loss of kEUR 13,326 thereof (reference period: consolidated net loss of kEUR 7,114), while the segments to be continued account for a loss of kEUR 40,755 (previous year: profit of kEUR 54).

Within the discontinued segments, the focus of the business operations in the financial years 2013 was again on the continued sale and handover of properties from “Renting and Trading Real Estate” segment. Overall, this segment contributed kEUR 9,098 to the negative consolidated result on account of devaluations, warranties, prepayment penalties and ancillary selling expenses. With a total of kEUR 2,894, the “Project development” segment also contributed to the negative consolidated result primarily through increases in provisions for warranty obligations and legal disputes as well as through the execution of the last construction contract.

Compared with the forecast made last year, a positive result was not achieved in the divisions to be continued in the financial year 2013. The negative development of results was primarily due to the following matters:

- Losses from the market valuation of investment properties (kEUR 16,920; reference period: profit of kEUR 6,711). These losses essentially resulted from the devaluation of the residential properties in Berlin and Göttingen to the contractually agreed sales prices and from the adjusted estimates of the total construction costs for the properties in Mainz, Bayreuth and Potsdam. In addition, a depreciation of kEUR 1,400 to the lower net sales value was necessary for the inventory property in Frankfurt / Main (Riedberg II).
- Losses from the sale of real estate properties (kEUR -5,900; reference period: kEUR -1,744). In this respect, the value adjustments of purchase price receivables (kEUR 450) as well as commission fees, selling costs (kEUR 614) and, for the first time, warranty expenses of a major extent (kEUR 1,467) have essentially had an effect, in addition to the expected remuneration and severance payments of kEUR 3,122 from the cancellation agreement with MPC regarding the sale of the real estate property in Frankfurt / Main (Riedberg II). Real estate properties were sold within the “YOUNIQ – Student Housing” segment regarding a residential property in Göttingen (book value: kEUR 3,600) and regarding the student apartments in Munich (book value: kEUR 14,177). In addition, two properties located in Leipzig were sold at the book value (kEUR 802) within the “Services” segment.

- Income tax expenses totalled kEUR 8,612 and essentially concerned the value adjustment of the deferred tax assets regarding tax loss carry-forwards of the YOUNIQ AG group of companies which became necessary since, as a result of the current business plan, their use is estimated as being unlikely over the next years.
- Personnel and administrative expenses (kEUR 4,394), which were not covered by the net operating income (kEUR -242), increased disproportionately through expenses in connection with future cost reductions.

The increased constructions costs are e.g. due to the fact that, in the financial year 2013, the student apartments which are still in the development phase had to be reviewed by external suppliers with regard to required cost adjustments, for example, as a result of re-planning measures carried out and of the selection of other suppliers. This review resulted in major additional cost burdens which have adversely affected the result – primarily within the "YOUNIQ – Student Housing" segment.

As in the previous year, no new plots of land were acquired for the development of further student apartments in the financial year 2013. As a result, essential contributions from new transactions, which could have contributed to covering personnel, administrative and financing costs together with the existing portfolio were not generated. As has been described in previous financial results, the envisaged growth aims in the operating segments will depend on the sale and/or development and sale of new student residential facilities within the core segment „YOUNIQ – Student Housing". However, the effects resulting from this will only be seen in YOUNIQ Group's earnings situation with a certain time delay.

In spite of the increased rental income, the net operating income ("NOI") declined slightly as against the previous year. Due to one-offs (compensation payments of kEUR 500 and potential losses from general rental contracts of kEUR 1,647) the net operating income amounts to kEUR -242 in financial year 2013 (reference period: kEUR 783).

On account of this development of business in 2013, the essential earnings parameters of YOUNIQ Group with regard to the divisions to be continued are as follows:

Group Performance Ratios (segments to be continued) in kEUR	2013	2012	Change in result
Net operating income (NOI) after expensed capital expenditures and write-downs	(242)	783	(1,025)
of which rental income	*8,210*	*5,342*	*2,868*
Profit/(loss) from the sale of real estate assets	(5,900)	(1,744)	(4,157)
Profit/(loss) from construction contracts	-	(107)	107
Profit/(loss) from changes in valuation of investment property	(16,920)	6,711	(23,632)
Personnel and administrative expenses	(4,394)	(4,455)	61
General selling and marketing expenses	(281)	(460)	179
EBITDA	(27,737)	730	(28,467)
Depreciation, amortisation and write-downs	(1,854)	(191)	(1,663)
EBIT	(29,592)	539	(30,130)
Financial result	(2,552)	(2,032)	(520)
EBT	(31,143)	(1,493)	(30,650)
Income tax	(8,612)	1,547	(10,159)
Consolidated net profit/(loss)	**(40,755)**	**54**	**(40,809)**

While, compared with the financial year 2012, the rental income within the "YOUNIQ – Student Housing" segment increased by 49 % (kEUR 4,371; previous year: kEUR 2,926) as a result of a higher number of let residential units (own portfolio) and of a concurrent reduction of vacancies, the rental income in the "Services" segment also increased significantly (kEUR 3,839; previous year: kEUR 2,416). This is due to the fact that the real estate properties in Karlsruhe, Greifswald and Munich, Schleißheimer Straße, which have been leased back in the framework of the MPC deal, have now been fully let. However, this rental income is offset by property-related expenses of an over-proportional amount which primarily result from the payment of the fixed general rent to the MPC fund and from a one-off risk provisioning for potential losses from the general rental contracts.

The sale of the student apartments in Munich, Berzeliusstraße and of the residential property in Göttingen in the third and fourth quarter of the financial year 2013 will only lead to a significant reduction of the rental income within the "YOUNIQ – Student Housing" segment in the following financial year. However, efforts will be made to try and compensate for this decline with higher letting rates at the other student apartments and through the completion of the student apartments in Bayreuth.

The positive net operating result also confirms the YOUNIQ Group business strategy of letting a part of the completed student apartments on the Company's own account in addition to the development of student apartments. In addition to the rental income, the admission fees from first letting of student apartments and the fees charged for using their infrastructure (e.g. washing machines), which were collected as other property-related income, have e.g. contributed to the net operating result. In addition, further revenue was generated from the administration of student apartments which the Company does not own.

Revenue and expenses from construction contracts (kEUR 0; reference period: kEUR 107) are no longer generated since the only construction contract within the "YOUNIQ – Student Housing" segment was already completed and handed over to the clients in the financial year 2012.

Personnel and administrative expenses were almost exclusively incurred within the "Services" and "YOUNIQ – Student Housing" segments (kEUR 4,394; previous year: kEUR 4,455); however, kEUR 2,077 (previous year: kEUR 950) thereof were incurred in the business segments to be discontinued. The only slight decrease of kEUR 61 as against the financial year 2012 was caused by restructuring measures and special activities.

In addition, one-off costs were incurred for projects not carried out (kEUR 223; previous year: kEUR 260) as well as for the cancellation agreement regarding the tenancy agreement for the premises of YOUNIQ AG in Frankfurt/Main (kEUR 200). Compared with this, the result of the previous year was relieved on a one-off basis as a result of the reversal of personnel provisions.

For the first time, significant expenses were incurred by Youniq Service GmbH. Youniq Service GmbH provides both letting and traditional property management services for the properties of YOUNIQ Group which are held within the group's own portfolio and for most properties and apartments which have been sold to final investors or capital investors. In this context, services have increasingly been provided by our own staff (instead of external service providers), starting from 1st August 2012.

Compared with the financial year 2012 (kEUR -2,032), the financial result of kEUR -2,552 declined slightly. This is essentially due to prepayment penalties and higher financing volumes. The kEUR 5,000 bearer bond (interest rate: 13 % p.a.) issued in December 2012 for interim financing of the project development in Potsdam had an effect on expenses (kEUR 650) within the financial result. Furthermore, two short-term mezzanine loans regarding in total kEUR 5,000 put a strain of in total kEUR 220 on the financial result in October and November 2013.

In addition to the discontinuation of the essential activities within the "Project Development" segment which has already taken place, the Management Board has already initiated the accelerated sale of all real estate properties within the "Renting and Trading Real Estate" segment. For this reason, both of these segments form abandoned and discontinued fields of business.

In the "Project Development" segment, the net operating segment (kEUR -397) was negative just like the result from construction contracts on which follow-up costs placed a strain (kEUR -370). Furthermore, the segment result was burdened by devaluations of the residual real estate portfolios (kEUR 1,124).

Within the „Renting and Trading Real Estate" segment, further sales of real estate properties have led to losses on sale or required further devaluations of the real estate properties to the lower sales prices. However, the sales proceeds were used to improve the financial result by kEUR 1,531 in spite of the prepayment penalties incurred as a result of the early repayment of loans.

II. ASSET SITUATION OF YOUNIQ GROUP

In the financial year 2013, the asset situation of YOUNIQ Group was essentially formed by the sale of real estate properties within the "Renting and Trading Real Estate" segment and by the continued investments in the ongoing development of student apartments (buildings and furnishings of the student apartments) as well as by the adjustment of the estimated overall construction costs ("YOUNIQ – Student Housing" segment). In addition, the deferred tax assets on tax loss carry-forwards of the YOUNIQ AG group of companies were submitted to a full value adjustment since on account of the current business plan their use over the next few years is estimated as being rather unlikely.

Overall, the effects specified above have had a significant impact on the asset situation of YOUNIQ Group and, as a result, they are also reflected in the different parameters:

Asset and financial structure	31/12/2013	31/12/2012	Change
Asset structure (non-current/current assets)	200.36 %	179.18 %	11.82 %
Asset utilisation (non-current assets/balance sheet total)	66.71 %	64.18 %	3.94 %
Current assets to total assets (current assets/balance sheet total)	33.29 %	35.82 %	-7.05 %
Equity ratio	21.68 %	51.51 %	-57.91 %
Equity-to-fixed-assets ratio (long-term debt/long-term assets)	54.60 %	20.51 %	166.24 %
Leverage ratio I (financial liabilities/real estate assets)	76.57 %	50.23 %	52.44 %
Leverage ratio II (net financial liabilities/net real estate assets)	73.65 %	43.63 %	68.82 %
Balance sheet total in kEUR	125,453	157,574	-20.38 %
Real estate assets in kEUR	107,876	131,758	-18.13 %
Current assets in kEUR	41,767	56,442	-26.00 %
Non-current assets in kEUR	83,686	101,132	-17.25 %
Equity in kEUR	27,198	81,160	-66.49 %
Long-term debt in kEUR	45,692	20,740	120.31 %
Short-term debt in kEUR	52,562	55,674	-5.59 %
Financial liabilities in kEUR	82,599	66,179	24.81 %
Net financial liabilities in kEUR	79,453	57,483	38.22 %

With regard to the capital structure reference is made to the information in the consolidated explanatory notes under section 8.7 – Capital management.

Compared with 31st December 2012, the consolidated balance sheet total declined to kEUR 125,453 by kEUR 32,121. The decline in real estate assets account for an amount of kEUR 23,882 thereof, while the value adjustment of deferred tax assets accounts to kEUR 7,276.

Within the „Renting and Trading Real Estate" segment, the sale of real estate properties led to a decline in real estate assets to kEUR 6,935 from kEUR 26,411. Compared with this, the additions within the "YOUNIQ – Student Housing" segment from further investments in the student apartments (kEUR 46,295 including the inventory property in Frankfurt/Main (Riedberg II) as well as the costs for furniture) more than compensated the concurrent negative valuation effect of kEUR -16,578 and the disposal of a residential property in Göttingen (kEUR 3,600) and of the student apartments in Munich, Berzeliusstraße (kEUR 14,177).

The Group is financed both through equity and through debt capital. After balancing, the sale of real estate properties within the “Renting and Trading Real Estate” segment and the continued investments in the ongoing development of student apartments have led to an increase in net external financing from banks. In this context, the increase in financial liabilities within the „YOUNIQ – Student Housing“ segment by kEUR 31,032 was partly offset by further loan repayments of kEUR 12,517 within the „Renting and Trading Real Estate“ segment.

The equity ratio declined from 51.51 % on 31st December 2012 to 21.68 % on 31st December 2013, which is due to the increase financial liabilities resulting from the investments in the development property, in addition to the negative consolidated result. The increase in financial liabilities concerns the long-term debt, while the short-term financial liabilities declined by kEUR 3,112 as against the previous year. This also corresponds to the Group strategy under which a part of the completed student apartments which are owned by YOUNIQ Group and are to be let on the Company’s own account are financed on a medium- to long-term basis.

III. FINANCIAL SITUATION OF YOUNIQ GROUP

Financial planning tools applied throughout the Group ensure the early identification of the future liquidity situation as it arises as a result of the implementation of the group strategy and group planning process. The regular provision of information on the financial and liquidity situation to the corresponding boards forms an essential element of the risk management system.

In the financial year 2013, negative cash streams (kEUR 17,105; reference period: kEUR 230) were generated from operating activities. In addition to the personnel and administrative expenses, the cash from operating activities comprises, in particular, outflows of fund of kEUR 10,503 from the current construction activities regarding the project development in Frankfurt/Main (Riedberg II) which is reported as an inventory property and in which there were no sufficient inflows of funds from the sale of other short-term assets to offset the outflow of funds.

In spite of the further cash-effective investments in the student apartments reported as financial investment (kEUR 30,451), in property, plant and equipment (furnishing of the student apartments) and intangible assets (kEUR 5,537), the inflow of funds in the field of investment activities results from revenue from the sale of investment properties in the amount of kEUR 36,206, which resulted in a slight inflow of funds from investment activities amounting to kEUR 218 overall.

The inflow of funds from financing activities in the financial year 2013 essentially resulted from the taking out of new medium- to long-term bank loans for financing the investments in the development properties (kEUR 39,688). The repayment of bank loans in the context of the sale of real estate properties and the ongoing interest payments has resulted in an outflow of funds of kEUR 23,537. Overall, financing activities resulted in an inflow of funds of kEUR 11,337.

As a result, cash and cash equivalent declined by kEUR 5,551 in the financial year 2013 (reference period: decline by kEUR 1,742). On 31st December 2013, cash and cash equivalent amounted to kEUR 3,146 with kEUR 2,230 thereof being disposable.

On 31st December 2013, YOUNIQ Group had organised secure, but as yet unused credit lines of kEUR 3,365, for financing the student apartments.

In the financial year 2013 (as well as in the previous year), there were neither delays nor defaults in the repayment of loans and interest payments. Moreover, neither loan agreements nor covenant provisions were violated.

2.2.2. YOUNIQ AG

I. EARNINGS SITUATION OF YOUNIQ AG

YOUNIQ AG has the almost exclusive function of a holding company. In this connection, it assumes, in particular, financing of subsidiaries using equity and borrowed capital. YOUNIQ AG’s own property assets are of subordinate importance.

As a result of the further development of YOUNIQ Group, the role of YOUNIQ AG (in addition to ensuring group financing) has been expanded with the provision of services for real estate companies. As long as a share in the personnel and administration expenses is not allocated to the subsidiaries, YOUNIQ AG only receives a consideration for services provided through the transfer of profits generated by the subsidiaries.

In total, YOUNIQ AG reported a net loss of kEUR 30,873 for the financial year 2013, which has increased significantly as against the losses incurred in the previous year (kEUR 10,265).

The table below provides an overview of the essential items relevant for the result:

YOUNIQ AG earnings situation in kEUR	2013	2012	Change in result
Investment income	(26,635)	(6,695)	(19,939)
Operating result	(6,550)	(5,917)	(632)
Extraordinary result	(53)	(30)	(23)
EBIT	(33,238)	(12,643)	(20,595)
Financial result	2,365	2,227	138
EBT	(30,872)	(10,416)	(20,456)
Income tax	(0)	151	(151)
Net consolidated profit / (loss)	**(30,873)**	**(10,265)**	**(20,608)**

Compared with the previous year, the investment income declined to kEUR -26,635 by kEUR 19,939. This was due, in particular, to the conclusion of management accounting and profit and loss transfer agreements with subsidiaries in order to use tax losses and to ensure the optimisation of the overall tax burden within the Group connected with this. However, this „liability group“ led to the assumption of losses reported by the subsidiaries (kEUR 26,625; previous year: kEUR 7,499), which were only partly offset by the profit transfers of kEUR 37 (previous year: kEUR 844). The losses assumed, e.g. resulted from unplanned construction cost overruns and follow-up costs (warranties) from projects which had already been settled, unplanned depreciations to the lower fair value of real estate properties from fixed assets and current assets and from value adjustments regarding receivables in the underlying annual financial statements of the subsidiaries prepared in accordance with German commercial legislation.

The operating result which declined by kEUR 632 as against the previous year is due to unscheduled depreciations regarding real estate properties (kEUR 259) and value adjustments of receivables from affiliated companies (kEUR 537). The other items only changed slightly as against the previous year.

The financial result which is positive again improved by kEUR 138 to kEUR 2,365. This increase resulted from the fact that interest has been charged on intra-corporate offsetting accounts for the subsidiaries at an interest rate of 5.00 % p.a. (to the same degree for both debit and credit balances) since 1st January 2013 (previously: 3.75 % p.a.). Corresponding current account agreements were concluded with all subsidiaries.

As in the previous year, the extraordinary expenses resulted from the disposal of the shares of two merged companies, without granting of any consideration which resulted in merger losses for YOUNIQ AG.

On account of the negative annual net result and the fiscal units with subsidiaries, almost no taxes on income and profit were incurred in the financial year 2013.

II. ASSET SITUATION YOUNIQ AG

Asset structure	31/12/2013	31/12/2012	Change
Equity ratio in %	57.33 %	82.04 %	-30.12 %
Asset utilisation (medium- and long-term liabilities/assets) in %	19.37 %	42.95 %	-54.89 %
Assets to current assets in %	29.15 %	14.78 %	97.21 %
Balance sheet total in kEUR	28,582	57,571	-50.35 %
Current assets and prepaid expenses in kEUR	22,130	50,156	-55.88 %
Fixed assets in kEUR	6,452	7,415	-12.99 %
Equity in kEUR	16,387	47,232	-65.31 %
Medium- and long-term loan capital in kEUR	1,250	3,185	-60.75 %
Short-term loan capital in kEUR	10,945	7,154	53.00 %

Assets and capital declined by approximately 50.4 % as against the previous year.

The decline in the balance sheet total by kEUR 28,989 compared with the previous year is essentially due to the reduced financing of the subsidiaries (decline in receivables from affiliated companies by kEUR 23,983) as a result of the assumption of losses and the repayment of debts.

The equity ratio which declined essentially as a result of the 2013 annual net loss is 57.3 % (previous year: 82.0 %) is nonetheless still at a high level.

On 31st December 2013, the borrowed capital essentially consisted of 42.7 % of short-term liabilities and provisions (previous year: 18.0 %).

III. FINANCIAL SITUATION OF YOUNIQ AG

The summarised version the statement of cash flows (according to DRS 2) is as follows:

Statement of Cash Flows according to DRS 2 regarding the period from 1st January to 31st December 2013 in kEUR	2013	2012	Change
Cash flow from operating activities	(2,846)	(3,237)	391
Cash flow from investing activities	758	(97)	854
Cash flow from financing activity	(1,588)	3,022	(4,611)
Net change in cash and cash equivalents	(3,677)	(312)	(3,365)
Cash and cash equivalents at the beginning of the period	4,373	4,684	(312)
Cash and cash equivalents at the end of the period	696	4,373	(3,677)
Net change in cash and cash equivalents	(3,677)	(312)	(3,365)

The outflow of funds from operating activities is mainly due to administrative and personnel expenses. The non-cash increase in receivables and payables resulting from the assumption of losses as a consequence of the controlling and profit and loss transfer agreements was allocated to the cash flow from operating activities.

The positive cash flow from investment activities in the financial year 2013 essentially results from the sale of two real estate properties. Investments in property, plant and equipment and in intangible assets were of minor importance.

The negative cash flow from financing activities mainly results from the loan liabilities at Liechtensteinische Landesbank AG, Vaduz (Liechtenstein) of which kEUR 1,250 has to be repaid annually on 30th June and from the repayment of the bank loans using the proceeds from the sale of the real estate properties.

The low stock of liquid funds (kEUR 696; previous year: kEUR 4,373) takes account of the fact that further liquid funds had to be provided to the subsidiaries for further financing of their operations and of their investment activities.

2.2.3 Overall statement on the business situation of YOUNIQ AG

The financial year 2013 was again greatly influenced by the assumption of profits and losses of subsidiaries and by the personnel, administrative and selling expenses, so that the financial year 2013 was concluded with an annual net loss of kEUR 30,873 (previous year: kEUR 10,265).

In spite of the fact that the property portfolio (which is not to be continued) has largely been sold by now and of the cost savings achieved, the Management Board is not satisfied with the development of results in the past financial year 2013 overall.

Because of the losses incurred in the current financial year, the equity ratio declined to 57.33 % (previous year: 82.04 %). For the reasons specified above, the liquidity situation also deteriorated accordingly and liquid funds reduced to kEUR 696 (previous year: kEUR 4,373). With regard to the expected development of the liquidity situation in the financial year 2014, we make reference to the outlook report (see Page 34 et seq.).

3. REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

Until the end of the reporting period on 31st December 2013 there have been no important events which had a decisive influence on the assets, financial and earnings situation of YOUNIQ Group with the exception of the matters outlined below.

- On the basis of several notarised agreements regarding the sale of properties from January to March 2014, several developed properties in and around Leipzig were sold at sales prices of in total kEUR 2,187 ("Renting and Trading Real Estate" segment). Beneficial ownership will pass to the buyers in the course of the financial year 2014.
- Beneficial ownership of the property in Berlin, Iranische Straße passed to the buyer upon the payment of the purchase price into a notary trust account on 31st January 2014. In this context, the loan from Postbank AG was repaid using the proceeds from the sale.
- As a result of the fact that the parameters laid down in the loan agreement with Liechtensteinische Landesbank AG, Vaduz (Liechtenstein) were not fulfilled, the covenants were violated. At presents, talks with the bank are underway to resolve this matter.

4. REPORT ON OUTLOOK, RISKS AND OPPORTUNITIES

4.1 OUTLOOK

The Management Board of YOUNIQ AG expects a generally positive development of the market for the year 2014. Overall, the market for student apartments in Germany is an attractive niche - characterised by a tight supply, a constantly high demand, increasing rental rates and an investment-friendly low interest environment. However, this favourable situation is partly offset by a correspondingly higher demand for suitable building plots and increasing prices for plots of land.

Nevertheless, YOUNIQ Group is convinced that it has established a sound position for itself in this challenging market environment and that this will enable it to use market opportunities as these arise. The use of these opportunities is based on the precondition that further equity is added, however. In this context, possible measures for the procurement of capital and liquidity are under discussion with the Supervisory Board.

On account of the current plans it is assumed that YOUNIQ AG will incur further losses of between kEUR 2,500 and kEUR 3,500 in the 2014 financial year. Moreover, in spite of planned cost reductions, YOUNIQ Group expects continued negative operating cash flows as a result of the (still too low) number of student apartments which are managed by the Group. Therefore, further student apartments will have to be sold at short notice in December 2014 in order to pay back the Youniq Potsdam GmbH bearer bond of TEUR 5,000 - unless the addition of new equity can be achieved. With regard to this, we also make reference to our explanations in section 4.2.1/II/a "Risks to the Company as a going concern". A significant reduction of the vacancy rate of the student apartments within the "YOUNIQ – Student Housing" segment is expected for the financial year 2014. For this reason, the Management Board expects a generally positive development within the "YOUNIQ – Student Housing" division for the year 2014. Accordingly, YOUNIQ Group expects rental income of approximately kEUR 8,000 and net operating income of approximately kEUR 3,000 for the 2014 financial year, an unchanged asset portfolio assumed. However, on account of the current loan repayments, the cash flow will still be negative.

On account of personnel and administrative expenses, a negative consolidated result of, at a maximum, kEUR 5,000 is expected for the Group in the financial year 2014. In order to reduce costs the Management Board has identified, and is investigating, further cost cutting measures at the level of YOUNQ AG - with the aim of invoking further cost reduction potential.

On 31st December 2013, there were investment liabilities of kEUR 1,415. These essentially concern investments in the current and completed student apartments and will be financed in the framework of the existing credit lines and of the inflows of liquidity generated through the sale of properties.

4.2 OPPORTUNITIES AND RISKS REPORT

4.2.1 Risk report

In the context of its value-based corporate management system with systematic risk management, YOUNIQ AG ensures that risks are detected and assessed and that risk positions are minimised at the earliest possible opportunity. The Company is strategically aligned to attain sustainable growth and an increase in its enterprise value and, consequently, also to an increase in the enterprise values of all subsidiaries. In this respect, it is important to be prepared for potential sudden and unexpected developments as to known and new risks. These risks have to be dealt with appropriately. For this reason, risk management constitutes a fundamental part of the operating activities of YOUNIQ AG, which is constantly monitored and adjusted in response to new developments by the Management Board.

The internal control system for accounting constitutes a fundamental component for risk control and management. The accounting process of YOUNIQ AG comprises a multi-stage control mechanism. In this context, external specialists (who are partly subject to professional quality assessment requirements) are used. The German interim and annual financial statements are prepared internally by the YOUNIQ AG accounting department using software from DATEV eG, Nuremberg. The first stage of preparation is supervised by the management of the accounting department (from a technical perspective) and by the Management Board of YOUNIQ AG (both from a technical perspective and in terms of timing). The current taxation liability is calculated by the head of accounting. All entries in the accounts, other than „routine" cases, are identified, checked and appropriately allocated by the management of the accounting department and/or by the Management Board of YOUNIQ AG. The completed interim and annual financial statements are afterwards uploaded into the IBM consolidation COGNOS software package by the tax consultancy of DHPG Stössel, Schmitz and Blattner GmbH (DHPG), Frankfurt am Main via a manual interface. On the basis of the interim and annual financial statements, DHPG carries out selected analytical auditing activities regarding these financial statements on site in Leipzig. In this process, deviations, in particular, against the preceding quarter's budget are examined critically with regard to the construction activities, the income and expense items and financing and an analysis of property, plant and equipment with regard to all real estate properties is prepared. As a next step, a voucher audit is carried out - in the context of which unusual matters, such as derivatives, additions and disposals of real estate properties or their appraisal, are examined in more detail with regard to the reason for, and the amount of such transactions.

The analyses and audits by DHPG are documented in a validation file. Afterwards, all individual financial statements are discussed in detail with the Management Board. After the final release of the individual financial statements by the Management Board, DHPG prepares the consolidated (interim) annual financial statement according to the International Financial Reporting Standards (IFRS) in the version which has to be applied within the EU. This comprises, in particular, the reformulation of the financial statements as per the German commercial code to IFRS as well as the preparation/continuation of all consolidating entries.

The first draft of the consolidated financial statement, consisting of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statement is discussed with the Management Board. In this context, in particular, the results and deviation analyses are critically discussed. The consolidated financial statement is finally approved by the Management Board. As a final step, the consolidated management report is prepared by YOUNIQ AG.

I. MATERIAL INDIVIDUAL RISKS

In line with the requirements of the Supervisory Board, the Management Board has defined the following risk factors, which are, to a considerable degree, related to the business operations of the Company.

- Risks to the Company as a going concern
- Project selection risk
- Risks during construction and reconstruction
- Risks inherent in the existing stock
- Risks in marketing
- Operating risks, especially those involving dependence on staff and IT systems
- Legal and liability risks
- Risks in taking out debt capital
- Interest risk
- Risks on account of changes in statutory and legal framework conditions

In addition to the identification and definition of risks, the Management Board has also developed a number of tools and integrated these into the daily business processes. The risks defined are identified on the basis of the instruments listed below, and measures counteracting the risks are derived from these.

- Liquidity planning (short- and medium-term)
- Monthly progress reports regarding each current project development
- Inclusion of external construction managers and experts to assess and monitor the current project developments
- Corporate business plan
- Acquisition due diligence including the early inclusion of external experts and the expertise of Youniq Service GmbH as the future portfolio manager
- Financial derivatives
- Legal advice and tax consultancy
- EsiBau (integrated project control software)
- Appraisals by internationally renowned appraisal companies
- Management of the portfolio of properties through in-house real estate management
- Loan database
- Weekly report on letting
- Monthly analysis of the outstanding receivables and prompt assessment and accounting adjustments

The Management Board is continuously informed of all events and developments having an impact on the assets, financial and earnings situation of the Group. For example, weekly status meetings are held on the issues of liquidity planning/development, acquisition, development of the portfolio (letting and sale), accounting and project development. Each section of the Group is managed by a manager who holds main responsibility for the segment concerned. These managers report directly to the Management Board. On the basis of the instruments which have been implemented, the Management Board is able to respond to the development of important parameters early on and to pro-actively take measures in order to avoid potential risks.

In accordance with the requirements in section 91 (2) AktG, YOUNIQ AG has documented its risk management system in a comprehensive risk management manual.

II. RISK MANAGEMENT SYSTEM OF YOUNIQ GROUP AND OF YOUNIQ AG

Because of the current group structure (control and profit and loss transfer agreements concluded by YOUNIQ AG and all major subsidiaries) and the guarantees and other commitments assumed for the subsidiaries (guarantees by YOUNIQ AG), YOUNIQ AG is subject to the same risks as the operating subsidiaries. The risk management system has a uniform design across the Group and, thus, includes all subsidiaries. The comprehensive risk management system (which has been designed in accordance with the size of the Group) is adjusted to the unpredictability of the developments on the financial and real estate markets and aims at minimising potentially adverse impacts on the assets, financial and earnings situation of the Group.

The Management Board has identified the following risk factors which are connected to the operating activities of the Company to a significant degree, according to criteria established by the Supervisory Board.

a. Risks to the Company as a going concern

A potential liquidity gap has to be seen as a major risk to the company as a going concern. The liquidity requirement for the implementation of the growth strategy in the „YOUNIQ – Student Housing“ business segment which results from the short- and medium-term profit and loss statement is subject to permanent on-going control by the Management Board.

Since the Company's core segment „YOUNIQ – Student Housing“ is still in the development stage, negative operating cash flows are again expected in the financial year 2014. In order to ensure that the Company is always able to fulfil its payment obligations and to pay back the bearer bond of Youniq Potsdam GmbH (kEUR 5,000) which will fall due in December, the short-term sale of student apartments will be necessary, in addition to the implementation of further cost reductions.

However, the growth strategy described above can only be achieved through the addition of new equity.

On account of the expected violation of the covenant (NAV) agreed in the loan agreement with Liechtensteinische Landesbank AG, Vaduz (Liechtenstein), there is the risk that the bank might use its right to an extraordinary termination of the contract and might declare the loan with a volume of, at present, kEUR 25,000, due early. To this end, talks are initiated with the bank at present in order to resolve this matter.

b. Project selection risk

The Company's successful business operations are based on the precondition that the Company can acquire suitable properties and plots of land. The location, the condition of the structure of the buildings as well as the development and marketing potential constitute decisive criteria when making the decision to purchase a property. Since YOUNIQ AG competes with other real estate companies, there might be an increasing scarcity of plots of land and real estate properties complying with the Company's return requirements in the future.

c. Risks in construction and reconstruction

In the execution of own development projects, risks can arise, in particular, on account of the fact that higher costs and/or unforeseen additional expenses may arise in the course of reconstruction. In addition to this, risks in the implementation of new construction projects might arise on account of the absence of building permits. YOUNIQ AG minimises this risk by only acquiring properties which are already classified as being in areas zoned for residential development and with regard to which the building law permit situation has largely been resolved. In the case of plots of land, which are e.g. only classified as prospective building land, YOUNIQ AG will not conclude any transaction for the final acquisition of the plot - or it has a contractual agreed right to withdraw from the purchase contract. Construction cost risks arise, in particular, against the backdrop of generally increasing construction costs, incorrectly calculated construction costs, an incorrect contract awarding policy, as well as of insufficiently design contracts or of subsequent costs of construction which result from experience in the current management of existing properties and are resolved by implementing adjusted technical and construction standards.

d. Risks inherent in the existing stock

With regard to the existing real estate properties of YOUNIQ AG, external factors, such as e.g. a deterioration in the transport connections or social structure and construction measures in the area, can cause risks lowering the rental income, or the sales and market value of the property.

Moreover, maintenance and other management costs might become higher than originally expected. YOUNIQ AG continuously monitors the development of all receivables regarding the Group and, if required, takes steps at short notice in order to secure payments by the debtors and reduce default possibilities and actual defaults. Arrears billing regarding the receivables from the lease relationships is partly processed by the property managers. The default risk in the field of letting is also minimised by concluding tenancy agreements with the students' parents and by ensuring acceptable credit ratings of the tenants (letting only taking place only after satisfactory credit investigations have been concluded).

e. Risks in marketing

Risks regarding the marketing and the sale of real estate properties can arise in cases where the sale of properties takes longer than originally planned. Further risks might arise in the cases where the budgeted sales prices cannot be achieved on account of changes which were not foreseeable at the time of the purchase, or if taxation, political or other market conditions change. YOUNIQ AG monitors these problems and risks, and acts accordingly. Default risks in the framework of the execution of sales of plots of land and/or apartments are minimised by the usual hedging tools in processing of contracts. According to these, the legal title is only transferred once the full payment has been received.

The project selection risk, risks in construction and reconstruction, risks inherent in the existing stock and risks in marketing are essentially connected with the „YOUNIQ – Student Housing“ segment and are considered to be normal business risks. The Company's Management Board considers these risks acceptable and takes account of these in the risk management system in an adequate form.

f. Operating risks, in particular, dependence on staff and IT

The decision to have a small staff was consciously taken by the Company. The Company assumes that even a possible unforeseen loss of a key member of staff can be compensated for promptly in the operations of the company (if required through external service providers).

The operation of the IT systems is safeguarded through the use of an external service provider. Various inspections, maintenance work and general supervision activities regarding all servers, storage systems and the hardware for the other infrastructure and the internal network are regularly carried out. Moreover, the Company's IT systems which are critical for the operating business processes are protected against possible failure by means of corresponding precautions within the company and data backup measures carried out at night on every business day, so that normal operational work can be continued with minimal „restore“ times in the event of a loss of data. In this context, there is a weekly "external" data backup on magnetic tape, in addition to the regular "Backup-to-Disc" procedure carried out on every business day. This backup copy is stored in a safe, which is subject to restricted access. In an emergency, these backups can be used for a corresponding restore, including the activities for preparation and post-processing, in order to re-establish the IT operations in their original state within, at a maximum, 48 hours.

Worst-case scenarios, such as fire, large-scale water damage or damage caused by the collapses of structures or a part of such, have also been taken into account. This scenario can also be applied to individual servers, e.g. in the event of a serious hardware failure. In addition to the data back-up measures outlined, the Company regularly carries out a "disaster recovery test" during which it tests a total failure and the subsequent restart, including an emergency restore of all IT systems which are of critical importance for the business operations, at least once a year, usually, at a weekend. All tests executed in this respect, such as default, UPS, load and data recovery tests, are documented.

g. Liability and legal risks

The Company bears the risk that the plots of land which it owns might be contaminated with waste or subject to soil contamination and that public authorities or private third parties might have to be employed in order to rectify this situation. Legally, the Company can only exclude such a liability to a restricted degree. The Company counters possible adverse effects by employing its comprehensive knowledge of the market and providing the necessary expertise (or having such expertise provided by third parties) for the acquisition of properties, if required. In addition to the liability risks, there are legal risks and/or risks of litigation caused by conflicts between the parties to the contracts. Lawsuits are usually connected with high legal and consulting fees. YOUNIQ AG is advised by internationally renowned service providers with regard to legal and taxation matters. This risk is largely connected with the "Renting and Trading Real Estate" and "Project Development" segments which are to be discontinued.

h. Risks involved in the taking out and renewing of loan capital

For the implementation of its business concept, financing its real estate portfolio and its growth strategy, the Company needs extensive funds in order to be able to consistently pursue the planned project developments. In part, the Company is obliged to provide the funds in advance while returns of funds in the form of advance payments by buyers/clients or the final purchase price payments can partly only be collected in stages according to the progress of the projects (or according to the German Real Estate Agent and Commercial Builders Ordinance (MaBV) pursuant to mandatory legal provisions).

For this reason, the Company has taken out debt capital for interim financing. This entails the risk that the acquisition of debt capital from credit institutions might not be possible at the due time in the future or that such might only be possible on unfavourable conditions. Furthermore, there is the risk that payments (of purchase prices) by the customer might be effected later than planned. If debt capital cannot be taken out in the future or if such cannot be taken out under adequate conditions or in the case that the raising of debt financing takes longer than planned by the Company, this might adversely affect the Company's operations, as well as its financial situation. Financial planning tools employed throughout the Group permit the early identification of future liquidity requirements as these arise from the implementation of the Group's strategy in business operations. In addition to the current overview of loans connected with a repayment plan comprising several years, the Group also operates a liquidity plan on a rolling monthly basis for a planning term of twelve months ahead. The planning systems reflect the entire scope of consolidation.

With regard to this we also make reference to our explanations in section 4.2.1 / II / a "Risks to the Company as a going concern".

i. Interest risk

Risks of changes in interest are caused by fluctuations in interest rates on account of changes in the market. On the one hand, these have an impact on the amount of the future interest expenses of YOUNIQ Group. On the other hand, they can influence the market value of financial instruments. In this context, the aim is to minimise the risk of fluctuations in future interest expenses. So far, the predominant share of the liabilities to banks within YOUNIQ Group was taken out with fixed interest rates, so that the impacts of fluctuations in the interest rate could be estimated in the medium term. Nonetheless, there is a risk on account of adverse adjustments in the conditions at the end of the lock-down period for the interest rate.

In the case of the (loan) liabilities which are subject to a variable interest rate, there is a risk of a change in the interest rate in as far as the interest rate for the loans taken out is usually connected to the EURIBOR (European Interbank Offered Rate) reference interest rate. In order to mitigate the interest risk caused by the variable interest rate on the loan capital, the management will use swaps (payer swaps) or similar instruments (swaptions and caps, such as for hedging the variable interest under the interim financing of the student hall of residence in Frankfurt am Main (Riedberg II)) in a targeted manner. Risks due to speculation are prevented by exclusively using derivative financial instruments to hedge original underlying transactions. In this context, the swaps must not exceed the amount and the term of the original underlying transaction.

In addition, the relevant interest markets are regularly analysed and monitored.

j. Risks on account of changes in framework conditions

The real estate market depends on tax and statutory framework conditions influencing the decision-making criteria of potential real estate buyers. YOUNIQ AG assumes that its products will retain their attractiveness in the future. Nonetheless, changing framework conditions and, in particular, the tax treatment of property ownership can have a negative impact on the demand for real estate and real estate investment products.

III. OVERALL STATEMENT ON THE RISK SITUATION

Against the background of the overall development of the Company, the risks appear to be limited and controllable as seen from today's perspective. To this end, YOUNIQ AG uses tried and tested systems and processes in the field of risk management.

If, however, the addition of equity for financing the growth strategy is not possible in the future, further significant cost cutting measures and short-term sales of student apartments would be necessary to secure the Company's liquidity and to repay the loan from Liechtensteinische Landesbank on account of the non-compliance with provisions under the credit agreement (covenant violation) earlier than expected. If no equity can be injected, the continuation of business activity depends on significant cost reductions and short-term disposals of student apartments, whereby liquidity bottlenecks can be removed.

4.2.2 Opportunities of the future development

Even though the debt crisis in Europe and uncertainties regarding the development of the financial sector are exerting a strain on the economic situation, the German market for "student housing" continues to develop positively. In the year 2013, the number of first-term students again exceeded 500,000 students, which was due, in particular, to the trend towards higher qualifications, demographic trends and the increasing number of students from abroad. At 2.6 million, the total number of students reached a new record.

Furthermore, a constantly high number of new students can be expected for the coming years. According to official data from the Federal Statistical Office, the share of school leavers with university entrance qualifications in Germany will continue to increase. In its current projection, the conference of the ministers of education and arts (CMEA) assumes that there will be more than 450,000 first-term students per annum up until 2019 and the numbers are forecast to remain at more than 400,000 new students per annum until 2025. As a result, the growing numbers of students are having a positive effect on the demand for living space – which results in attractive market opportunities for YOUNIQ AG. The risks in connection with the suitable selection of projects and in connection with construction and reconstruction are outlined in the risk report.

In addition, the attractiveness of Germany as a higher education location among foreign students is increasing. This is due to the positive reputation of German universities and to the implementation of bachelor's and master's courses in the course of the Bologna Process towards the standardisation of the European Higher Education Area. According to a current OECD study, 6.3% of all students studying outside their home country were enrolled at German universities and colleges in 2011. This share was only higher in the USA and in the United Kingdom. In the opinion of the German Academic Exchange Service (DAAD), the proportion of foreign students in the overall number of students will further increase in the future. In addition to constantly increasing numbers of students, YOUNIQ AG is also observing a tightening of the supply of high-quality living space suitable for its target group. The high letting rate and the long waiting lists for apartments at the existing sites can be seen as proof of this.

Studies confirm the high demand for accommodation at numerous other university locations in Germany at which YOUNIQ AG has not yet developed projects. This high demand for living space (amongst other reasons) results from the concentration of students at university locations in major conurbation areas. The real estate service provider CBRE estimated the demand for high-quality individual apartments for students to amount to approximately 47,000 throughout Germany. This results in attractive potential for private providers within the "YOUNIQ – Student Housing" segment so that significant vacancies and, as a result, declining rental income are unlikely to occur in the coming years.

Moreover, the student target group in Germany has considerable financial strength. According to data contained in the 20th Social Survey by the Federal Ministry of Education and Research and by the German Student Union, the average monthly available budget amounted to approximately EUR 864. According to this study, students spent approximately EUR 298 on rent and utility expenses per month. According to this study, the potential YOUNIQ target group comprises more than one million students, which corresponds to approximately 40% of all students at the moment. With a view to the current stock of student apartments there is significant growth potential in this segment in Germany as seen from YOUNIQ's perspective. In addition to this, the macro-economic environment also has a positive influence on the real estate sector. On account of the historically low interest rate level within the Euro zone, private and institutional investors are increasingly focussing on real estate properties as an alternative asset class. The risks connected with the interest risk are described in the risk report. On the basis of the increased demand and the attractive development of the market within the "YOUNIQ – Student Housing" segment, YOUNIQ sees the opportunity for the further development of this segment as an asset class. This can also have a positive effect on the value of the real estate properties. On account of its leading position as a provider of "student housing" in Germany and the still favourable competitive situation - with only a small number of competitors, the Company still sees good growth opportunities within its core field of business.

With the establishment of Youniq Service GmbH, YOUNIQ has created a unique selling proposition on the market enabling it to manage its own as well as third-party properties independently. The Company considers this to be a significant competitive advantage for various reasons. For example, the marketing and management experience of Youniq Service GmbH is already included at the time of the due diligence for the acquisition. This ensures that the assumptions made with regard to the future marketing and management of the new properties to be acquired is backed by our in-house market experience and that, as a result, it is realistic. Moreover, our customers' requirements and wishes are also included in project development through our own property managers, which helps to reduce future cost increases resulting from subsequent adjustments and additionally increases the sustainability of the real estate properties developed and marketed by us. The high letting levels and the low levels of rent defaults testify impressively to this strategic alignment.

5. SUPPLEMENTARY INFORMATION ACCORDING TO SECTION 289 (4) HGB AND SECTION 315 (4) HGB

5.1 COMPOSITION OF THE SUBSCRIBED CAPITAL

On 31st December 2013, the subscribed capital of YOUNIQ AG amounted to EUR 10,400,000 and consisted of 10,400,000 no-par bearer shares.

5.2 RESTRICTIONS REGARDING THE VOTING RIGHTS OR THE TRANSFER OF SHARES

There are no restrictions on rights of transfer and/or voting rights.

5.3 EQUITY INTERESTS EXCEEDING 10% OF THE VOTING RIGHTS

On the basis of the most recent voting rights notifications submitted to the Company in accordance with section 21 et seq. WpHG (German Securities Trading Act), there are the following equity interests exceeding 10% of the voting rights:

CORESTATE German Residential Limited, St. Peter Port/Guernsey, holds in total 66.46% of the voting rights (6,911,941 voting rights) in YOUNIQ AG indirectly via Yanworth Holdings Limited, Sechep Investments Holding S.à r.l., SECHEP INVESTMENTS HOLDING II S.à r.l., GOETHE INVESTMENTS S.à r.l. and indirectly via Rabano PROPERTIES S.à r.l.

Yanworth Holding Limited, Gibraltar, holds in total 66.46% of the voting rights (6,911,941 voting rights) in YOUNIQ AG indirectly via Sechep Investments Holding S.à r.l., SECHEP INVESTMENTS HOLDING II S.à r.l., GOETHE INVESTMENTS S.à r.l. and indirectly via Rabano PROPERTIES S.à r.l.

SECHEP INVESTMENTS HOLDING II S.à r.l., Luxembourg, holds 58.79% of the voting rights (6,114,191 voting rights) of YOUNIQ AG indirectly via GOETHE INVESTMENTS S.à r.l.

GOETHE INVESTMENTS S.à r.l. Luxembourg directly holds 58.79% of the voting rights (6,114,191 voting rights) of YOUNIQ AG

5.4 SHARES WITH SPECIAL RIGHTS

There are no YOUNIQ AG shares with special rights.

5.5 TYPES OF CONTROL OF VOTING RIGHTS IF EMPLOYEES HOLD AN INTEREST IN THE CAPITAL AND DO NOT DIRECTLY EXERCISE THEIR RIGHTS OF CONTROL

Employees who do not directly exercise their rights of control do not have an interest in the Company's capital.

5.6 APPOINTMENT AND DISMISSAL OF THE MEMBERS OF THE MANAGEMENT BOARD/AMENDMENTS OF THE ARTICLES OF ASSOCIATION

According to section 76 to 85 AktG (German Stock Corporation Act) and section 6 (1) of the Articles of Association of YOUNIQ AG, the Management Board consists of one or more members. The Supervisory Board appoints the members of the Management Board and specifies the number of members. The Supervisory Board can appoint a member of the Management Board as the chairman or spokesman of the Management Board. Moreover, it can appoint other members of the Management Board as deputy chairmen or deputy spokesmen.

The statutory provisions according to section 179 to 181 AktG apply with regard to amendments of the Articles of Association. According to section 17 of the Articles of Association of YOUNIQ AG, the Supervisory Board is authorised to execute amendments to the Articles of Association and supplements thereto at any time, which only concern the current version.

5.7 AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE SHARES

5.7.1 Authorised capital (section 4 (4) of the Articles of Association of YOUNIQ AG):

As a result of a resolution approved at the general meeting on 10th August 2011, the Management Board was authorised to increase the share capital of the Company by up to EUR 5,200,000 (which corresponds to 50% of the current nominal capital) by issuing new no-par value bearer shares once or several times up until 9th August 2016 with the approval of the Supervisory Board (Authorised Capital 2011). In this context, the new shares can be issued in return for cash contributions or contributions in kind. The new shares have to be offered to the shareholders for subscription. This requirement is also fulfilled by means of an indirect subscription right within the meaning of section 186 (5) sent. 1 AktG (German Stock Corporation Act). The Management Board was authorised to exclude the shareholders' statutory subscription right upon the issue of new shares in certain cases with the approval of the Supervisory Board. Furthermore, the Management Board was authorised to determine the further details of the execution of capital increases from the Authorised Capital 2011 with the approval of the Supervisory Board.

5.7.2 Conditional capital 2011/I (section 4 (5) of the Articles of Association of YOUNIQ AG):

Furthermore, the share capital was increased conditionally by up to EUR 4,680,000 by issuing up to 4,680,000 new no-par value bearer share certificates on the basis of a resolution at the annual general meeting on 10th August 2011 (Conditional Capital 2011/I). The conditional capital increase is only carried out in so far as the bearers of or creditors with regard to convertible or warrant-linked bonds, participating rights and/or participating bonds (or combinations of these instruments), which are issued or guaranteed by YOUNIQ AG or its affiliate companies against cash on the basis of the authorising resolution from 10th August 2011 until (and including) 9th August 2016, use their rights of conversion or option or in as far as corresponding conversion or option obligations are fulfilled and provided no other forms of performance are used to fulfil these. The new shares will be issued at the conversion or option price to be determined in accordance with the authorisation resolution. The new shares participate in profits from the beginning of the financial year in which they are issued. The Management Board was authorised to specify the further details of the execution of the conditional capital increase with the approval of the Supervisory Board. The Supervisory Board was authorised to alter section 4 (1), (2) and (5) of the Articles of the Association of the Company in accordance with the respective issue of shares from the Conditional Capital 2011/I.

The shareholders are, in principle, entitled to subscription rights regarding the bonds. The subscription right can also be granted in an indirect form by having the bonds taken over by one or several credit institutions or companies equivalent to these according to section 186 (5) sent. 1 of the German Companies Act, with the obligation to offer these to the shareholders for subscription. If the bonds are issued by a subordinate group company, the Company shall ensure that the statutory subscription rights for the Company's shareholders are granted in line with the statutory subscription rights for shareholders of the company in accordance with the sentence above. The Management Board was authorised to exclude the shareholders' subscription right regarding the bonds in certain cases, with the approval of the Supervisory Board.

5.7.3 Conditional Capital 2011/II/ „YOUNIQ AG Share Option Plan 2011“

The Management Board was authorised by the general meeting on 10th August 2011 to establish one or several share option plans on the basis of which option rights involving in total up to 520,000 bearer share certificates of YOUNIQ AG will be issued to members of the Management Board and employees of YOUNIQ AG and to members of the management board and employees of YOUNIQ Group companies once or several times up until 9th August 2016.

In order to fulfil the option rights under the "Share Option Plan 2011", the share capital of YOUNIQ AG is increased conditionally by up to EUR 520,000 by issuing up to 520,000 new no-par value shares on the basis of a resolution by the general meeting on 10th August 2011 (Conditional Capital 2011/II). The conditional capital increase will only be carried out in as far as the holders of subscription rights (which are issued in the framework of the „YOUNIQ AG Share Option Plan 2011“ on the basis of the resolution by the general meeting on 10th August 2011 up until 9th August 2016) use their right of subscription and provided no other forms of performance are used to fulfil these rights. The new shares will be issued at the option price to be determined in accordance with the authorisation resolution. The new shares participate in profits from the beginning of the financial year in which they are issued. The Management Board was authorised to specify the further details of the execution of the conditional capital increase with the approval of the Supervisory Board. The Supervisory Board was authorised to adjust section 4 (1), (2) and (5) of the Articles of the Association of the Company in accordance with the respective issue of shares from the Conditional Capital 2011/II.

In the framework of the share option plan 2011, subscription rights regarding shares in YOUNIQ AG (subscription rights) can be issued to (i) members of the Management Board of YOUNIQ AG, (ii) members of the management boards of YOUNIQ Group companies and (iii) other key employees of YOUNIQ AG and YOUNIQ Group companies worldwide. The exact number of the eligible persons and the number of subscription rights are determined by the Supervisory Board of YOUNIQ AG in as far as an offer of subscription rights for the Management Board is concerned. In all other cases, the Management Board can determine these aspects with the approval of the Supervisory Board if members of the Management Board of YONIQ Group companies and other important employees of YOUNIQ AG and YOUNIQ Group companies are concerned. In total a maximum of 520,000 subscription rights (total volume) will be issued for all Groups together during the term of the share option plan 2011 up until 9th August 2016.

The subscription rights have a term of seven years from the day of allocation. On principle, they can be exercised for the first time after the expiry of a four-year waiting period and up until the end of term (exercise period). During certain blocking periods in connection with the end of the respective quarter or of the end of the financial year and the publication of the respective results as well as the annual general meeting, the subscription rights must not be exercised.

Exercising of the subscription right is subject to the condition that the closing price of the share of YOUNIQ AG reaches or exceeds the exercise price on at least one trading day during the term of the subscription price. The exercise price of a YOUNIQ share amounts to 110% of the average of the final auction prices of the YOUNIQ share on the Frankfurt Stock Exchange in the Xetra trading system, or another form of electronic trading which might replace it, on the five trading days preceding the respective allocation day of the subscription rights. If the exercise price calculated in this way is lower than the lowest issue price within the meaning of Art. 9 Paragraph 1 of the Germany Companies Act, the lowest issue price is used as the exercise price instead.

With regard to the share options granted to members of the Management Board, the Supervisory Board shall provide for a restriction possibility for extraordinary developments ("cap"). The subscription rights cannot be transferred and can only be exercised by the allottee. In agreement with the Supervisory Board the Management Board is responsible for the decision as to whether allottees should be offered own shares of YOUNIQ AG from the conditional capital to be created to this end or cash settlement instead of the issue of shares of YOUNIQ AG as an alternative.

In as far as members of the Management Board are concerned, further details for the granting and fulfilment of subscription rights and the further conditions of the plan are specified by the Supervisory Board and, in all other cases, these will be specified by the Management Board with the approval of the Supervisory Board. At its meeting on 26th September 2011, the Supervisory Board adopted conditions for the share options (regarding the issue of option rights under the "YOUNIQ AG Share Option Plan 2011" to members of the Management Board). At the same time, the Supervisory Board recommended to the Management Board that they should also adopt these share option terms for reasons of consistency and standardisation and already granted its approval for this case. At its meeting on 14th December 2011, the Management Board adopted share option conditions for the issue of option rights under the "YOUNIQ AG Share Option Plan 2011" to executive staff and other key employees of YOUNIQ AG who are not members of the Management Board. These conditions are identical with the share option conditions which the Supervisory Board adopted at its meeting on 26th September 2011.

Subscription rights were not granted in the financial year 2013.

5.8 POWERS OF THE MANAGEMENT BOARD TO BUY BACK SHARES

According to the resolution adopted by the general meeting of 11th June 2010, the Company was authorised to buy own shares to an extent of ten percent of the current equity capital in the period up until 10th June 2015 with the approval by the Supervisory Board according to section 71 (1) no. 8 AktG. This authorisation can be exercised in its entirety or in partial amounts once or several times. Together with other shares in the Company, which said party has already acquired or still holds or which have to be attributed to the Company according to section 71a et seq. AktG, the shares acquired in the framework of this authorisation must not exceed 10 percent of the equity capital of the Company.

The shares will be bought through the exchange or by means of a public tender offer addressed to all shareholders. In case the shares are bought through the exchange, the purchase price paid (excluding ancillary costs of purchase) per share must not undercut the average of the share price of the YOUNIQ shares in the final auction in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange on the last five exchange trading days preceding the purchase by more than five percent or exceed said price by more than five percent. If the shares are bought with the help of a public offering addressed to all shareholders, said purchase shall be admissible if the purchase price or the threshold values of the purchase price per share (each excluding ancillary costs of purchase) is not more than 10 percent higher or lower than the average of the share prices of the YOUNIQ share in the final auction in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange on the last ten exchange trading days preceding the publication of the decision to submit an offer to buy. In the event of considerable deviations of the relevant share price from the purchase price offered or from the threshold values of the purchase price range offered after the publication of the formal offer to buy, the offer can be adjusted. In this case, the relevant average price of the last ten exchange trading days before the publication of a possible adjustment shall be used as the basis. The volume of the offer can be limited. If the overall subscription of the offer exceeds this volume, acceptance shall be effected on a pro rata basis.

Furthermore, the Management Board was authorised to dispose of the own shares acquired on the basis of the authorisation above in their entirety or in part to the exclusion of the subscription right of the shareholders other than via the exchange or by means of an offer to all shareholders with the approval by the Supervisory Board, provided these shares are disposed of for cash at a price which is not materially lower than the exchange price of the shares in the Company of the same type at the time of the sale. The average of the share prices of the YOUNIQ share in the final auction in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange on the last five exchange trading days preceding the sale of the own shares shall be considered the relevant exchange price within the meaning of the provision above. This authorisation to sell own shares shall be restricted to shares with a proportionate share in the equity capital of 10 %. In this context, the nominal capital at the time at which this authorisation takes effect or – if such value is lower - the equity at the time at which this authorisation is exercised shall be decisive. The maximum limit of 10 percent of the equity shall be reduced by the proportionate share in the nominal capital for which those shares account which are issued in the framework of authorised capital to the exclusion of the subscription right according to section 186 (3) sent. 4 AktG during the term of this authorisation. The maximum limit of 10 % of the nominal capital shall, furthermore, be reduced by the proportionate share in the equity capital for which those shares account which have to be issued in order to service convertible and option bonds and / or participation rights with conversion or option rights provided the convertible and / or option bonds and / or participation rights with conversion or option rights are issued during the term of this authorisation to the exclusion of the subscription right.

Furthermore, the Management Board was authorised to use the own shares acquired on the basis of the authorisation above with the approval of the Supervisory Board in their entirety or in part to the exclusion of the shareholders' subscription right as a consideration or partial consideration in the framework of corporate mergers or for the acquisition of companies, divisions or interests in companies (including the increase of interests).

Moreover, the Management Board was authorised to use the own shares acquired on the basis of the authorisation above with the approval of the Supervisory Board in their entirety or in part to the exclusion of the shareholders' subscription right in order to fulfil the subscription or conversion rights under convertible and / or option bonds and / or participation rights with conversion or option rights issued by the Company or its direct or indirect majority holding companies.

In addition, the Management Board was authorised to recall own shares acquired on the basis of the authorisation above with the approval of the Supervisory Board without a further resolution to that end by the general meeting. The authorisation to recall the shares can be exercised in its entirety once or in parts, i.e. several times.

5.9 ESSENTIAL CONDITIONAL AGREEMENTS OF THE COMPANY

There are no essential agreements which are subject to the condition of a change of control in the event of a takeover bid.

5.10 COMPENSATION AGREEMENTS OF THE COMPANY IN THE EVENT OF A TAKEOVER BID

There are no remuneration agreements concluded by and between the Company and members of the Management Board or employees in the event of a takeover bid.

6. CORPORATE GOVERNANCE STATEMENT[17]

The work of the Management and Supervisory Boards of YOUNIQ AG is governed by the principles of responsible and good corporate governance. In this statement, the Management Board reports on the corporate governance of YOUNIQ AG – also on behalf of the Supervisory Board – in accordance with section 289a HGB.

In addition to the corporate governance statement provided herein below, further information on the corporate governance of YOUNIQ AG is provided in the Corporate Governance Report on page 12 et seq. which has to be published in connection with the corporate governance statement according to article 3.10 of the German Corporate Governance Codex (DCGK).

6.1 DECLARATION OF COMPLIANCE ACCORDING TO ARTICLE 161 PARA. 1 AKTG

In March 2014, the Management Board and the Supervisory Board issued the following joint declaration of compliance according to section 161 (1) AktG:

„DECLARATION BY THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF YOUNIQ AG REGARDING THE RECOMMENDATIONS BY THE „GOVERNMENT COMMISSION ON THE GERMAN CORPORATE GOVERNANCE CODEX“ ACCORDING TO SECTION 161 (1) AKTG

In the financial year 2013, YOUNIQ AG complied with, and still complies with, all recommendations in the “Government Commission on the German Corporate Governance Codex” in their respectively valid version dated 18th June 2009, 6th June 2008, 26th May 2010, 15th May 2012 and 13th May 2013 with the following exceptions:

Figure 3.8 DCGK: A D&O insurance has been taken out for the members of the Supervisory Board. This insurance does not provide for any personal excess contribution, as the Supervisory Board is already obliged to act responsibly and properly by virtue of the rule of law and as the current statutory obligation to agree on a personal excess contribution for members of the Management Board does not apply with regard to members of Supervisory Boards. For members of the Supervisory Board, a personal excess contribution is also to be dispensed with in the future. The nature of the office of a member of the Supervisory Board, which is also shown by the different design of the remuneration package, makes this approach appear appropriate.

Figure 4.1.5 DCGK: At the current point, the Company has dispensed with the recommendation to pay attention to diversity in staffing executive positions within the Company and, in particular, to strive to ensure adequate consideration of women for these positions since, in the opinion of the Management Board, adequate expertise and technical knowledge are of primary importance in this respect and the market for appropriate executive staff is limited.

Figure 4.2.3 DCGK: So far, the existing employment contract for the Management Board does not provide for any maximum limit regarding the remuneration resulting from share options granted because, in the opinion of the Management Board, this is not required and, moreover, not motivating with regard to the demanding price targets for the Company’s aims.

Figure 5.1.2 DCGK: The Management Board, the Supervisory Board and the Company are of the opinion that the knowledge and experience of members of the bodies of the Company should not be dispensed with simply because of age limitations. For this reason, the Supervisory Board decides on the establishment of an age limit for the appointment of members of the Management Board and the suitability of the person on a case-by-by-case basis. However, there is currently no need for an age limit on account of the current composition and age structure of the Management Board. The recommendation regarding the consideration of diversity in staffing of the Management Board is dispensed with in the present case since the Supervisory Board is convinced that the required expertise and technical knowledge are of primary importance and the market for appropriate executive staff is limited.

[21] The declaration on corporate governance according to Art. 289a HGB [German Commercial Code] is not included in the audit.

Figure 5.3 DCGK: The entire Supervisory Board is regularly informed of essential developments of YOUNIQ AG. Since, according to the Articles of Association, the Supervisory Board only consists of three persons and in view of the scope of the Company's business operations, the establishment of committees is not sensible at present.

Figure 5.4.1 DCGK: The specification of concrete aims regarding the composition of the Supervisory Board is dispensed with since, according to the Articles of Association, the specification of concrete aims regarding the composition of the Supervisory Board does not appear appropriate on account of the scope of the business operations of the Company. Moreover, the Supervisory Board is convinced that the required expertise and technical knowledge are of primary importance and that the market for appropriate persons is limited.

Figure 5.6 DCGK: In the financial year 2013, the efficiency of the work of the Supervisory Board was not reviewed. This is due to the fact that the Supervisory Board first wanted to wait in order to monitor the cooperation of the Supervisory Board which had originally been expanded in 2011. It turned out that a smaller supervisory board is more efficient and effective. With a view to this, downsizing of the Supervisory Board was recommended and, in this context, a review of its efficiency was dispensed with. Downsizing of the Supervisory Board and the corresponding amendment of the Articles of Association were adopted at the annual general meeting of the Company on 17th July 2013. The smaller Supervisory Board is planning to carry out an efficiency review in the current financial year.

Figure 7.1.2 DCGK: The annual and consolidated financial statements as well as the interim financial reports and interim reports were published in compliance with the statutory deadlines. The term for the publication of the consolidated financial statements and the interim financial report recommended in the codex was not adhered to in the financial year 2013 since this would have necessitated considerable additional costs and resources. However, it is planned for the future to prepare the consolidated financial statements and the interim financial statement according to the statutory requirements."

6.2 RELEVANT INFORMATION ON CORPORATE GOVERNANCE PRACTICES

The objectives of YOUNIQ AG comprise the acquisition, sale and brokerage of real estate properties and the arrangement of financing for such. The Company is entitled to carry out the activities referred to either directly through its own activities or indirectly through associate companies and subsidiaries. In this connection, the Company is a holding company (various companies holding real estate properties as subsidiaries), on the one hand, and, on the other hand, it also has its own portfolio of real estate properties.

YOUNIQ AG has concluded scope of control and profit and loss transfer agreements as the controlling company with its subsidiaries AF Schloßresidenz GmbH, AF 11. Vermögensverwaltung GmbH, AF 12. Vermögensverwaltung GmbH, AF 11. Vermögensverwaltung GmbH, AF 14. Vermögensverwaltung GmbH, AF Trading GmbH, AF Ferdinand-Lassalle-Straße 16 GmbH, AF Röntgenstraße 12 GmbH, AF Property GmbH, Haus- und Grundstücksgesellschaft Holzhausen mbH, CAMPUS REAL ESTATE GmbH, Youniq München GmbH, PF St.-Annen-Strasse GmbH, AF 16. Vermögensverwaltung GmbH and CAMPUS 1. Verwaltung GmbH each with registered offices in Frankfurt / Main.

YOUNIQ AG does not have to comply with any rules regarding corporate governance other than those required under German law. Apart from this, the Management Board and Supervisory Board make sure that the recommendations contained in the German Corporate Governance Codex are complied with in so far as is possible and reasonable from the perspective of the Company.

6.3 DESCRIPTION OF THE WORKING METHOD OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD AND OF THE COMPOSITION AND THE WORKING METHODS OF THEIR COMMITTEES

The composition of the Management Board and of the Supervisory Board as such is outlined in the notes to the consolidated annual financial statement of YOUNIQ AG on pages 133 et seq. and in the Corporate Governance Report on pages 12 et seq.

In addition to the information below, reference is made to the Corporate Governance Report on pages 12 et seq. with regard to the work of the Management Board and of the Supervisory Board.

The Management Board and the Supervisory Board closely cooperate for the benefit of the Company. The Supervisory Board regularly advises the Management Board regarding its managing of YOUNIQ AG and monitors its activities. The Management Board consults with the Supervisory Board in due time with regard to all decisions of fundamental importance to the Company. The Management Board, in particular, coordinates the strategic alignment of the Company with the Supervisory Board and discusses the status of the implementation of the strategy with the Supervisory Board at regular intervals.

6.3.1 Management Board

The Management Board manages the business of the Company under its own responsibility and represents the Company. At the moment, the Management Board consists of only one member. The Management Board makes its decisions principally in board meetings. It manages the business of the Company according to uniform objectives and plans. The Supervisory Board has issued rules of procedure for the Management Board. The duties and functions of the Management Board are established on the basis of an organisational chart, which can be changed by the Management Board, with approval by the Supervisory Board.

The member of the Management Board holds sole power of representation, with the authority to conclude legal transactions with himself as the representative of a third party on behalf of the Company. However, this exemption from the ban on self-dealing according to section 181, Alt. 2 BGB (German Civil Code) only applies with regard to legal transactions within the group, in which the member of the Management Board represents the Company on the one hand and an affiliated company within the meaning of section 15 et seq. AktG on the other hand. For this reason, the member of the Management Board is only entitled to use this exemption in this framework. The member of the Management Board is not entitled to conclude transactions on behalf of the Company with himself as a representative of a company which is not an affiliated company within the meaning of section 15 et seq. AktG. In addition to this, there is a catalogue of transactions requiring Supervisory Board approval, which contains a list of transactions and measures which may only be carried out with the approval of the Supervisory Board.

The Management Board regularly and promptly informs the Supervisory Board in the form of comprehensive, written and verbal reports regarding all questions of planning, the on-going development of business, risk management and the development of profitability which are relevant for the Company. The Management Board prepares the annual and consolidated financial statement.

6.3.2 Supervisory Board

According to the Articles of Association of the Company, the Supervisory Board of YOUNIQ AG has three members. The chairman of the Supervisory Board is elected from within the ranks of the Supervisory Board.

The Supervisory Board regularly advises the Management Board regarding the management of YOUNIQ AG and monitors its activities; it appoints the members of the Management Board or revokes such appointments. The Supervisory Board is involved in all decisions of fundamental importance to the Company at the appropriate time. The Supervisory Board has established rules of procedure for itself in the framework of the applicable laws and the Articles of Association. Usually, the meetings of the Supervisory Board take place at least once per calendar quarter. The Supervisory Board adopts its resolutions according to a simple majority vote. In the event of a tie, the vote of the chairman of the Supervisory Board shall be decisive. The Supervisory Board approves the annual and consolidated financial statement, which is hence taken as being final.

7. REMUNERATION REPORT

The Compensation Report, as detailed below, is also part of the Corporate Governance Report.

7.1 REMUNERATION OF THE MANAGEMENT BOARD

The remuneration for the Management Board is established by the Supervisory Board at an adequate amount on the basis of a performance appraisal taking any possible group emoluments into account. In the establishment and review of the remuneration for the Management Board the Supervisory Board takes account of the fact that the total remuneration of each individual member of the Management Board needs to be in an adequate proportion to the tasks and achievements of the member of the Management Board (as per the standardised requirements according to section 87 (1) AktG); moreover, it has to be in line with the situation of the Company and should not exceed the usual remuneration levels without special reasons. For this reason, the tasks of the member of the Management Board, his/her personal performance, the performance of the entire Management Board, the business and financial situation of the Company, the success and the future perspectives of the Company as well as the amount and structure of the remuneration of the management boards of comparable companies, in particular, constitute criteria for the establishment of adequate remuneration for a given member of the Management Board. The remuneration system of YOUNIQ AG is aligned to the sustainable development of the Company. The remuneration is designed so that it is competitive at national and international levels and, hence, constitutes an incentive for dedicated and successful work.

In the framework of a cancellation agreement, Rainer Nonnengässer and the Supervisory Board agreed that Mr. Nonnengässer's term of office will not be extended beyond the contractually agreed date (30th June 2013). Rainer Nonnengässer's term of office ended on 15th April 2013.

According to his employment contract, Mr. Nonnengässer was entitled to an annual performance-related variable remuneration of a maximum EUR 275,000 in addition to a gross fixed annual salary of EUR 240,000. In the framework of the cancellation agreement between Rainer Nonnengässer and YOUNIQ AG, the parties agreed that the gross fixed annual salary of EUR 20,000 per month would be paid until 30th June 2013. If Rainer Nonnengässer takes up a new employment between the time of the release from his obligations and 30th June 2013, he would no longer be entitled to receive the gross fixed monthly salary. Instead, only 50 % of the gross monthly fixed salary (i.e. EUR 10,000) would be paid to him for the months of April, May and June 2013. For the term of the prohibition of competition after the end of the contract until 30th September 2013, Rainer Nonnengässer would receive 50 % of the gross fixed monthly salary (i.e. EUR 10,000) for the respective months of July, August and September as a remuneration payment. Any other remuneration which Rainer Nonnengässer might receive through work efforts during the term of the prohibition of competition would be taken into account with regard to the remuneration payment in the event that the remuneration payment including the other remuneration exceeds the amount last achieved by Rainer Nonnengässer under the contract by more than one tenth. In 2013, no variable remuneration was paid to Rainer Nonnengässer.

Mr. Marcus Schmitz was appointed a member of the Management Board for a term of 36 months with effect as of 1st January 2012. According to his employment contract as a member of the Management Board, Mr. Schmitz receives an annual fixed salary of EUR 225,000 as well as annual performance-related variable remuneration in the form of an annual bonus of, at a maximum, EUR 108,000 for the financial year 2013 provided the annual targets are reached or exceeded. Furthermore, Mr. Schmitz received options regarding the acquisition of shares in the Company on the basis and in accordance with the material terms of the "YOUNIQ AG Share Option Plan 2011". According to the said "YOUNIQ AG Share Option Plan 2011", Mr. Marcus Schmitz was granted 61,000 share options with effect from the commencement of his contract. However, Mr. Schmitz can exercise these options at the earliest after four years – i.e. only after the end of the year 2015. In line with this planning assumption, the long-term variable remuneration in the form of YOUNIQ share options clearly has a higher weight (approximately 65 % of the total variable remuneration) than the short-term annual bonus in compliance with the German Law on the Adequacy of Management Board Remuneration (VorstAG).

After Rainer Nonnengässer left the Company in April 2013, Mr. Schmitz largely managed the Company alone in the capacity of the sole member of the Management Board in the financial year 2013. He was very dedicated in his work efforts which by far exceeded the usual scope and he also showed extraordinary performance at his work. Moreover, the Management Board will also have to provide significant and outstanding efforts and maximum motivation with regard to the matters of the Company in the future. In the opinion of the Supervisory Board, these extraordinary achievements in the financial year 2013 were only insufficiently compensated by both the gross fixed annual result and by the simple payment of the annual bonus, which – since it was based on the assumption of a Management Board comprising two members – inadequately reflected the extraordinary performance by the Management Board. In order to take account of this fact as well as of the fact that the member of the Management Board managed the company on his own in 2013 and that this might also be the case in 2014, the Supervisory Board agreed that the current gross fixed annual salary is to be increased retroactively as of 1st January 2013 for the period during which Mr. Schmitz runs the Company in the capacity of the sole member of the Management Board and to also grant him a special bonus for the financial year 2013. Therefore, a supplementary agreement was concluded with Mr. Schmitz under which an additional fixed annual salary of EUR 50,000 per financial year will be paid to him retroactively as of 1st January 2013 and for the term of his appointment as the sole member of the Management Board of the Company, in addition to his gross fixed annual salary. A total of EUR 225,000 was paid out for the financial year 2013. Afterwards, payment will be effected together with the monthly instalments of the annual gross salary in twelve identical monthly instalments of EUR 4,166.66 gross at the end of each calendar month. These monthly payments will end as soon as a new member of the Management Board is appointed and actually takes up this position.

On the basis of a 55.55 % target attainment, Mr. Schmitz was granted variable remuneration in the form of an annual bonus of kEUR 60,000 for the financial year 2013. On account of his far-reaching responsibility as the sole member of the Management Board in the financial year 2013, his outstanding and extraordinary performance and of the advantages which the Company achieved as a result as well as under consideration of the sustainable development of the Company, the Supervisory Board adopted the resolution to pay Mr. Schmitz a one-off special bonus of EUR 40,000 for the financial year 2013, in addition. Since outstanding efforts by the Management Board will also be required in the future, this one-off special bonus is intended to motivate the member of the Management Board to continue to his outstanding performance in the future.

Targets which are determined by the Supervisory Board for every following year before the beginning of every financial year on the basis of the plan for the respective financial year as adopted by the Supervisory Board are decisive for the variable remuneration for Marcus Schmitz. These targets can comprise both financial parameters and parameters which can be measured in concrete terms (e.g. EBIT, annual net profit, free cash flow) and targets which specifically lie within the area of responsibility of the respective member of the Management Board and which cannot be measured in concrete figures (e.g. implementation of suitable planning/controlling processes, the sale of certain assets at a certain date). The new statutory requirements regarding the remuneration for members of management boards which have applied since the Law on the Adequacy of Management Board Remuneration (VorstAG) took effect have been complied with to the full extent in the Management Board employment contracts concluded with Marcus Schmitz after the entry into force of VorstAG.

The gross fixed annual salary for Mr. Schmitz is paid in twelve equal instalments at the end of each calendar month. The actual amount of the annual variable management bonus is based on the achievement of the aims specified, which is determined by the Supervisory Board on the basis of the annual consolidated financial statement according to IFRS by 31st March of the following year in each case and paid out afterwards. Moreover, expenses incurred by the members of the Management Board are reimbursed in accordance with the contractual provisions.

In addition, the members of the Management Board receive fringe benefits in the form of benefits in kind. These essentially comprise the use of a company car and insurance premiums. A D&O insurance has been taken out for the members of the Management Board. This insurance includes a provision regarding a retention of 10 % of the damage or at least 150 % of the fixed annual remuneration of the respective member of the Management Board established in section 93 (2) sent. 3 AktG. Furthermore, the Company grants the members of the Management Board an allowance for statutory or private health and nursing care insurance the amount of which is based on the statutory provisions regarding premium allowances for persons insured in statutory insurances voluntarily or for persons with private insurance. However, such allowances shall amount to at a maximum one half of the amount which the respective member of the Management Board has to pay for his/her health insurance. Apart from granting of insurance protection, the members of the Management Board are not entitled to any further fringe benefits and they have not received such from the Company.

The total remuneration granted to the members of the Management Board in the financial year 2013 of EUR 501,096 (gross) had the following detailed composition:

Member of the Management Board	Fixed remuneration	Variable remuneration	Settlements/ compensation	Total remuneration	Components with long-term incentivising effects
Marcus Schmitz since 1st January 2012	EUR 275,000 (prev. year: EUR 225,000)	EUR 100,000 (prev. year: EUR 0)	EUR 0 (prev. year: EUR 0)	EUR 375,000 (prev. year: EUR 225,000)	EUR 25,775 (prev. year: EUR 25,775)
Rainer Nonnengässer until 15th April 2013	EUR 80,321 (prev. year: EUR 241,043)	EUR 0 (prev. year: EUR 0)	EUR 20,000 (prev. year: EUR 0)	EUR 100,321 (prev. year: EUR 241,043)	EUR 0 (prev. year: EUR 0)

The Management Board employment contracts concluded with Marcus Schmitz specifies that, in the event of a termination of the contract on account of a revocation of his appointment as a member of the Management Board, a severance payment to the amount of the total emoluments to which he would have been entitled otherwise for the remaining term of the contract shall be granted; however, such payment shall be limited to, at a maximum, the amount of one gross annual fixed salary. However, this right to a severance payment shall be excluded if (i) the contract is terminated as a result of the revocation for an important reason related to the person or the behaviour of the member of the Management Board or (ii) the Company would be entitled to terminate the contract according to section 626 BGB or (iii) the member of the Management Board resigns from his office on the Management Board of the Company without an important reason.

In accordance with the employment contract concluded with Mr. Schmitz, the possible payments to the member of the Management Board in the event of an early termination of his work on the Management Board without an important reason (including fringe benefits) shall not exceed the maximum amount of the respective total emoluments for two years (settlement cap) according to Figure 4.2.3 of the German Corporate Governance Codex (DCGK) and they shall not exceed the remuneration for the remaining term of the respective employment contract. For these purposes, the annual remuneration shall be established on the basis of the total emoluments granted to the member of the Management Board concerned for the respective previous financial year and the expected total emoluments for the current financial year on principle.

Both in the financial year 2013 and in the previous year, the members of the Management Board have not received any consideration or corresponding promises from third parties with regard to their work as members of the Management Board.

7.2 REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board was established by the general meeting on 10th August 2011 following on a proposal by the Management Board and the Supervisory Board. The remuneration takes account of the responsibility and the extent of the activities of the members of the Supervisory Board, as well as of the commercial situation and the success of the Company.

According to section 16 (1) of the Articles of Association in the version of 31st July 2013, the members of the Supervisory Board receive a fixed annual remuneration to the amount of EUR 10,000, with the chairman receiving two and a half time that sum, in addition to the reimbursement of their expenses (including any sales tax which might be incurred if applicable). According to section 16 (2) of the Articles of Association in the version of 31st July 2013, the respective members of the Supervisory Board receive an attendance fee of EUR 250 for participation in a meeting of the Supervisory Board. Moreover, the respective members of the committees also receive an attendance fee of EUR 250 for participation in a meeting of a committee of the Supervisory Board. According to section 16 (3) of the Articles of Association, the general meeting can adopt a resolution regarding other types of remuneration and benefits having the character of remuneration for the members of the Supervisory Board.

Furthermore, the ordinary annual general meeting of the Company on 10th August 2011 introduced a variable remuneration element according to which every member of the Supervisory Board has a conditional claim to the payment of additional remuneration of up to EUR 20,000 or (in the case of the chairman) of up to EUR 50,000, which is based on the long-term corporate success, for the period from 1st January 2012 to 31st December 2015. This additional remuneration falls due for payment after the end of the annual general meeting which adopts a resolution on the approval of the activities of the members of the Supervisory Board during the financial year ending on 31st December 2015. Changes in the staffing of the Supervisory Board are taken into account with regard to remuneration on a pro rata temporis basis; in this context, periods of time are rounded up to full months.

Subject to the precondition that the ordinary general meeting of YOUNIQ AG does not adopt a resolution regarding other types of remuneration for the members of the Supervisory Board and on benefits having the character of remuneration for the members of the Supervisory Board according to section 16 (3) of the Articles of Association, the total emoluments for the Supervisory Board (including expenses) amount to in total EUR 84,758 (gross) for the financial year 2013. In this context, the emoluments for the Supervisory Board have the following detailed structure:

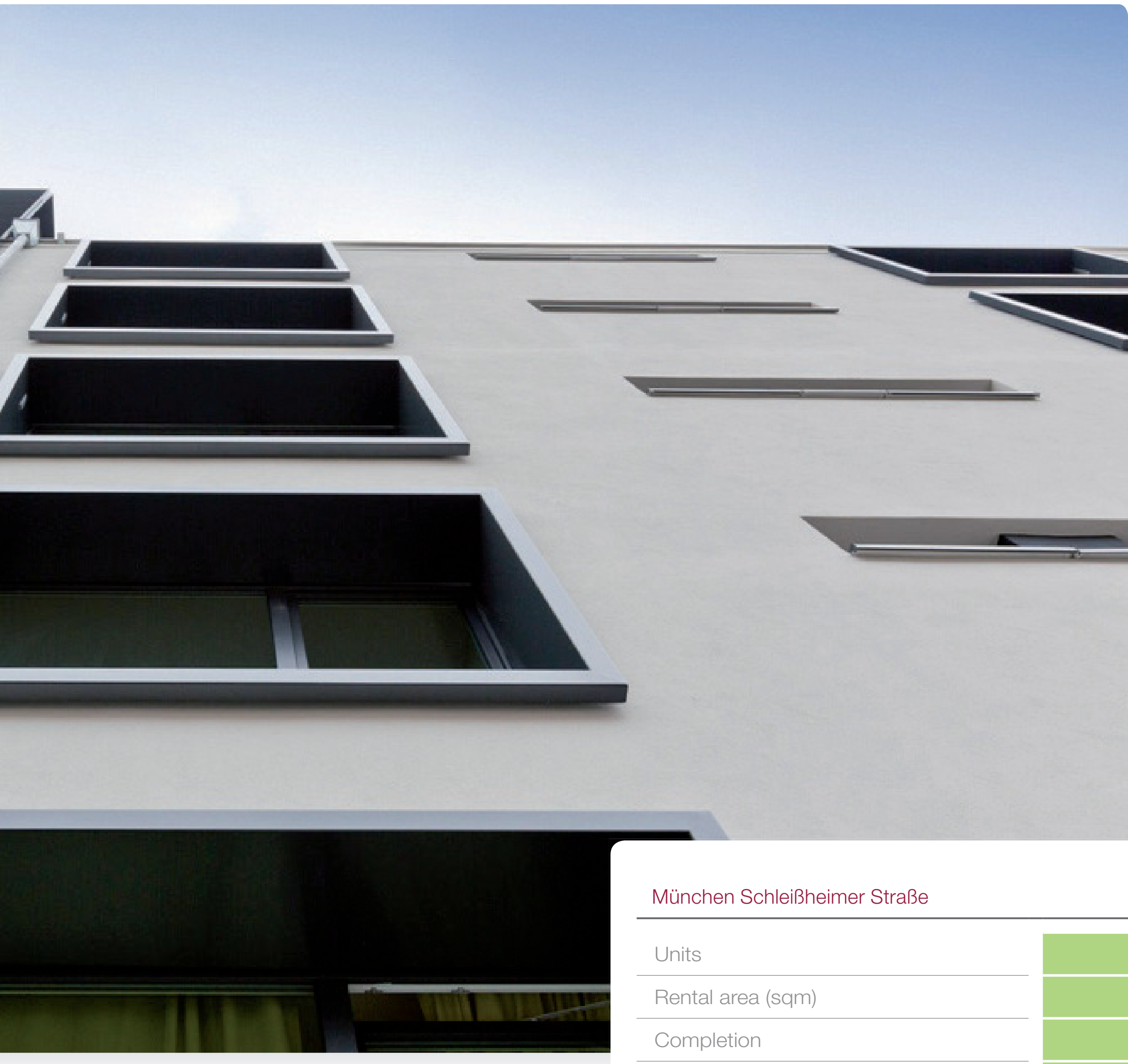
Member of the Supervisory Board	Expenses and sales tax	Fixed remuneration p.a. including attendance fee p.a.
Daniel Schoch	EUR 3,373 (prev. year: EUR 0)	EUR 17,750 (prev. year: EUR 23,750)
Dr. Carsten Strohdeicher	EUR 4,903 (prev. year: 3,415)	EUR 13,000 (prev. year: EUR 12,500)
Dr. Klaus Boemer (since 26th August 2013)	EUR 2,190 (prev. year: EUR 0)	EUR 5,667 (prev. year: EUR 0)
Dr. Manfred Püschel (until 31st July 2013)	EUR 12,478 (prev. year: EUR 9,091)	EUR 16,333 (prev. year: EUR 27,500)
Martin Hitzer (until 17th July 2013)	EUR 1,173 (prev. year: EUR 2,746)	EUR 6,175 (prev. year: EUR 11,500)
Ralph Winter (until 22nd August 2013)	EUR 0 (prev. year: EUR 0)	EUR 19,500 (prev. year: EUR 0
Barbara Busch (until 31st July 2013)	EUR 1,203 (prev. year: EUR 2,233)	EUR 6,333 (prev. year: EUR 11,750)

In the framework of consultancy services, remuneration of kEUR 44 (previous year: kEUR 16) was paid to the law firms Bögner Hensel & Partner, Frankfurt/Main, and MARCCUS Rechtsanwaltsgesellschaft mbH, Frankfurt/Main, until 31st July 2013. Barbara Busch, member of the Supervisory Board, is a partner at the law firm of Bögner Hensel & Partner and a lawyer at MARCCUS Rechtsanwaltsgesellschaft mbH. In the framework of consultancy services, remuneration of kEUR 1 has been paid to ADITIO Financial Management Service GmbH, Berlin since 26th August 2013. Dr. Klaus Boemer, member of the Supervisory Board, is a managing director at ADITIO Financial Management Service GmbH. During the year under review, the other members of the Supervisory Board did not receive any other remuneration or benefits for services rendered personally by them, in particular, consulting and agency services. In the financial year 2013, the members of the Management Board of YOUNIQ AG did not receive any remuneration for work on the supervisory boards of group companies.

A D&O insurance has been taken out for the members of the Supervisory Board. In the case of this insurance, a retention was dispensed with since the current statutory obligation for the agreement of retention for members of management boards does not apply to members of supervisory boards. The nature of the position of a member of the supervisory board which can also be seen in the different design of the remuneration makes a waiver of the agreement of a retention appear appropriate.

8. SUMMARY STATEMENT BY THE MANAGEMENT BOARD ACCORDING TO SECTION 312 AKTG

"The Management Board declares that, in view of the circumstances known to the Management Board at the time at which the legal transactions were carried out or the measures were taken, YOUNIQ AG has received adequate consideration for each of the legal transactions and measures listed in the report on relations with affiliated companies and that YOUNIQ AG was not placed at a disadvantage on account of the measures taken."



München Schleißheimer Straße

Units	80
Rental area (sqm)	1,598
Completion	Q4/2012
Rental income (EUR million with full letting p.a.)	0.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31ST DECEMBER 2013

in kEUR	Notes	31/12/2013	31/12/2012
Non-current assets			
Intangible assets	4.1.	30	52
Property, plant and equipment	4.2.	6,703	2,135
Investment properties	4.3.	74,381	89,234
Long-term original financial instruments	4.4.	2,572	2,435
Deferred tax assets	4.5.	-	7,276
Total non-current assets		**83,686**	**101,132**
Current assets			
Inventories	4.6.	17,454	8,388
Trade receivables	4.7.	112	214
Derivative financial instruments	4.15.	288	-
Income tax receivables	4.8.	21	239
Other short-term receivables and assets	4.9.	3,430	2,316
Cash and cash equivalents (restricted)	4.10.	637	1,042
Cash and cash equivalent (non-restricted)	4.10.	1,880	5,071
		23,822	17,270
Non-current assets held for sale	4.11.	17,945	39,173
Total current assets		**41,767**	**56,442**
Total assets		**125,453**	**157,574**

Consolidated statement of financial position

in kEUR	Notes	31/12/2013	31/12/2012
Equity	**4.12.**		
Subscribed capital	4.12.1.	10,400	10,400
Capital reserve	4.12.5.	61,924	61,897
Retained earnings	4.12.6.	8,570	15,672
Consolidated profit / loss for the period		(54,038)	(7,096)
Revaluation reserve	4.12.7.	160	67
Subtotal equity attributable to Group shareholders		27,016	80,939
Non-controlling interests	4.12.8.	182	220
Total equity		**27,198**	**81,160**
Non-current liabilities			
Long-term liabilities to banks	4.13.	40,657	13,089
Deferred tax liabilities	4.14.	435	-
Long-term derivative financial instruments	4.15.	-	118
Long-term provisions	4.16.	1,647	-
Other long-term liabilities	4.17.	2,953	7,533
Total non-current liabilities		**45,692**	**20,740**
Current liabilities			
Other short-term liabilities	4.18.	3,318	466
Income tax liabilities	4.19.	83	83
Short-term liabilities to banks	4.20.	28,885	27,922
Trade payables	4.21.	4,661	4,788
Other short-term liabilities	4.22.	6,716	549
		43,662	33,808
Liabilities in connection with assets held-for-sale	4.23.	8,900	21,866
Total current liabilities		**52,562**	**55,674**
Sub-total liabilities		98,255	76,414
Total equity and liabilities		**125,453**	**157,574**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1ST JANUARY TO 31ST DECEMBER 2013

in kEUR	Notes	1/1-31/12/2013	1/1/-31/12/2012
Consolidated Profit and Loss Account for the period from 1st January to 31st December 2013			
Rental income	5.1.	8,210	5,342
Revenue from service charges	5.2.	(7)	445
Rental expenses	5.3.	(4,803)	(2,332)
Property-related operating expenses	5.4.	(3,334)	(2,889)
Other property-related income and expenses	5.5.	62	532
Net Operating Income (NOI) before expensed capital expenditures and write-downs		**129**	**1,097**
Expensed capital expenditures		(35)	(277)
Rent-receivables write-downs / write-ups		(335)	(37)
Net Operating Income (NOI) after expensed capital expenditures and write-downs		**(242)**	**783**
Revenue from the sale of real estate assets	5.6.	18,340	406
Cost of sales	5.6.	(5,653)	(76)
Book value of real estate assets sold	5.6.	(18,579)	(408)
Costs of acquisition and costs of business combinations	5.6.	(8)	(102)
Income / (expenses) from the purchase and / or sale of real estate companies	5.6.	-	(1,565)
Profit / (loss) from the sale of real estate assets	5.6.	**(5,900)**	**(1,744)**
Revenue from construction contracts	5.7.	-	1,004
Expenses for construction contracts	5.7.	-	(1,111)
Profit / (loss) from construction contracts	5.7.	**-**	**(107)**
Profit / (loss) from changes in valuation of investment property	5.8.	**(16,920)**	**6,711**
Personnel and administrative expenses	5.9.	(4,394)	(4,455)
General selling and marketing expenses	5.10.	(281)	(460)
Depreciation, amortisation and write-downs	5.11.	(1,854)	(191)
Earnings before Interest and Taxes (EBIT)		**(29,592)**	**539**

Consolidated statement of comprehensive income

in kEUR	Notes	1/1-31/12/2013	1/1/-31/12/2012
Interest income	5.12.	23	136
Interest expenses	5.13.	(1,604)	(1,258)
Other financial income/(financial expenses)	5.14.	(971)	(910)
Financial result		**(2,552)**	**(2,032)**
Earnings before Tax (EBT)		**(32,143)**	**(1,493)**
Income tax	5.15.	(8,612)	1,547
Consolidated net profit/(loss) for the period from the segments to be continued		**(40,755)**	**54**
Consolidated net profit/(loss) for the period from discontinued segments	2.6.	(13,326)	(7,114)
Consolidated net profit/(loss) for the period		**(54,082)**	**(7,061)**
of which attributable to Group shareholders		(54,038)	(7,096)
of which attributable to non-controlling interests		(44)	36
Average number of shares outstanding during the period under review		10,400,000	10,400,000
Result per share (undiluted)	**5.17.**	**EUR -5.20**	**EUR -0.68**
Comprehensive income reconciliation for the period from 1 January to 31 March 2013 (in kEUR)			
Consolidated net profit/(loss) for the period		**(54,082)**	**(7,061)**
Other comprehensive income			
Change in revaluation reserve of the financial assets available for sale	**4.12.7**	137	98
Effective part of the profits/losses from cash flow hedging relationships	**4.12.7**	-	733
Income tax applicable to the components of the "Other comprehensive income"	**4.12.7**	(44)	(263)
Other comprehensive income for the period		**93**	**569**
Consolidated comprehensive income		**(53,988)**	**(6,491)**
of which attributable to Group shareholders		(53,945)	(6,526)
of which attributable to non-controlling interests		(44)	35

YOUNIQ
AKTIENGESELLSCHAFT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1ST JANUARY TO 31ST DECEMBER 2013

in kEUR	Notes	Subscribed capital	Capital reserve
As of 01/01/2012		**10,400**	**61,870**
Reclassification of consolidated net profit/(loss) for previous year		-	-
Consolidated net profit/(loss) for the period		-	-
Other comprehensive income for the period		-	-
Consolidated comprehensive income		-	-
Capital increase		-	-
Purchase of non-controlling interests		-	-
Share-based payment	3.11.	-	27
Effects from consolidation		-	-
Other		-	-
As of 31/12/2012	4.12.	**10,400**	**61,897**
As of 01/01/2013		**10,400**	**61,897**
Reclassification of consolidated net profit/(loss) for previous year		-	-
Consolidated net profit/(loss) for the period		-	-
Other comprehensive income for the period		-	-
Consolidated comprehensive income		-	-
Capital increase		-	-
Purchase of non-controlling interests		-	-
Share-based payment	3.11.	-	27
Effects from consolidation		-	-
Other		-	-
As of 31/12/2013	4.12.	**10,400**	**61,924**

Consolidated statement of changes in equity

Retained income	Consolidated net profit/(loss)	Revaluation reserve	Shares of Group shareholders	Non-controlling interests	Total equity
36,694	**(21,009)**	**(502)**	**87,453**	**180**	**87,633**
(21,009)	21,009	-	-	-	-
-	(7,096)	-	(7,096)	36	(7,061)
-	-	569	569	0	569
-	(7,096)	569	(6,527)	36	(6,491)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	27	-	27
(14)	-	0	(13)	4	(9)
-	-	-	-	-	-
15,672	**(7,096)**	**67**	**80,939**	**220**	**81,160**
15,672	**(7,096)**	**67**	**80,939**	**220**	**81,160**
(7,096)	7,096	-	-	-	-
-	(54,038)	-	(54,038)	(44)	(54,082)
-	-	93	93	0	93
-	(54,038)	93	(53,945)	(44)	(53,988)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	27	-	27
(6)	-	-	(6)	6	-
0	-	0	0	(0)	(0)
8,570	**(54,038)**	**160**	**27,016**	**182**	**27,198**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2013

in kEUR	Notes	1/1/-31/12/2013	1/1/- 1/12/2012
Consolidated net profit/(loss) for the period		(54,082)	(7,061)
Income tax		7,663	24
Financial result		3,956	5,569
Earnings before Interest and Tax (EBIT)		**(42,463)**	**(1,467)**
(Reconciliation for the transition from EBIT to cash flow before interest and tax)			
(Appreciations)/Depreciations on inventories and property, plant and equipment		6,234	1,965
Appreciation on investment properties		19,883	(9,154)
Change in deferred tax assets		7,712	355
Result from disposal of investment property		135	(706)
(Profit)/loss from the deconsolidation of subsidiaries		-	1,602
Result from disposal of property, plant and equipment		(69)	28
(Decrease)/Increase in long-term/short-term provisions		5,409	340
Change in derivative financial instruments		(221)	56
Change in capital reserve on account of share-based remuneration		27	27
Change in other non-cash income and expenses		93	569
(Decrease)/Increase in receivables from construction contracts		136	1,479
(Decrease)/Increase in inventories from construction activities and distribution		(5,821)	8,478
(Decrease)/Increase in trade receivables		630	896
(Decrease)/Increase in other short-term accounts receivable/assets		(1,234)	515
(Decrease)/Increase in prepayments received		255	905
(Decrease)/Increase in trade payables		(903)	(1,826)
(Decrease)/Increase in other liabilities		(7,126)	(3,902)

in kEUR	Notes	1/1/-31/12/2013	1/1/- 1/12/2012
Tax payments received		219	-
Taxes paid/received		-	(389)
Net Cash Inflow/(Outflow) from operating activities	**6**	**(17,105)**	**(230)**
Proceeds from the sale of property, plant and equipment and of investment property		36,206	8,285
Cash outflow for property, plant and equipment and intangible assets		(5,537)	(2,746)
Cash outflow for inventory property		(30,451)	(33,967)
Proceeds from the sale of subsidiaries ("MPC-Deal")		-	37,583
Net Cash Inflow/(Outflow) from investing activities	**6**	**218**	**9,155**
Proceeds from loans from banks		39,688	24,727
Repayment of loans from banks		(23,537)	(40,133)
Outflow from the conclusion of an interest cap ("upfront fee")		(300)	-
Outflow from repayment of derivatives		(576)	-
Taking out of mezzanine financing		5,000	-
Repayment of mezzanine financing (including interest)		(5,220)	-
Taking out of a bond		-	5,000
Taking out and repayment of other liabilities (balance)		-	2,336
Interest received		28	215
Interest paid		(2,251)	(2,811)
Financing fees paid and prepayment penalties		(1,496)	-
Net Cash Inflow/(Outflow) from financing activities	**6**	**11,337**	**(10,666)**
Net change in cash and cash equivalents		**(5,551)**	**(1,742)**
Cash and cash equivalents at the beginning of the period	4.10./6.	8,696	10,438
Net change in cash and cash equivalents		(5,551)	(1,742)
Cash and cash equivalents at the end of the period	4.10./6.	3,146	8,696

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT OF YOUNIQ AG
FOR THE FINANCIAL YEAR FROM 1ST JANUARY TO 31ST DECEMBER 2013

1. GENERAL INFORMATION REGARDING THE COMPANY

The object of the consolidated financial statement comprises YOUNIQ AG and its direct and indirect subsidiaries. YOUNIQ AG is a listed German real estate group with registered offices in Frankfurt / Main.

At present, YOUNIQ Group is divided into four operating divisions (segments):

- “YOUNIQ – Student Housing“
- “Services“
- “Renting and Trading Real Estate“ (abandoned segment)
- “Project Development“ (abandoned segment)

The main focus of the business operations is on the “YOUNIQ – Student Living” segment, in which subsidiaries of YOUNIQ AG develop and operate apartment facilities for students throughout Germany. In this respect, YOUNIQ Group covers a significant part of the value chain – from the acquisition of real estate properties and plots of land to project development - including planning, obtaining of building permits and construction and extending to the commercial and technical management of the completed facilities. In addition, a further focus is on the “Services” segment, in which student apartments are managed both as part of the Group’s own portfolio and for third-party portfolios. In addition to the discontinuation of the core activities in the „Project Development“ segment, the Management Board is planning to continue the sale of all properties in the „Renting and Trading Real Estate“ segment through individual sales transactions. For this reason, both these segments form abandoned and discontinued operations (according to IFRS 5.32a and b). With regard to the details of the results from the discontinued operations, reference is made to Annex 2 to the explanatory notes.

YOUNIQ AG is registered as a public limited company in the commercial register of the Frankfurt / Main Local Court under HRB 86081. The registered main office of the Company is located in Eschersheimer Landstraße 6 in 60322 Frankfurt / Main. In addition, the company has also rented operational premises in the “City Hochhaus”, Augustusplatz 9, 04109 Leipzig.

The shares of YOUNIQ AG (also referred to as the “Parent Company” or the “Company” hereinafter) were admitted to official trading on the Frankfurt Stock Exchange (General Standard) under ISIN DE000A0B7EZ7 (German securities identification: A0B7EZ) on 6th December 2006. Since 22nd July 2011, the shares of YOUNIQ AG have been quoted in the Prime Standard of the Frankfurt Stock Exchange. The admission to the Prime Standard results in follow-up admission requirements, which, in turn, lead to higher transparency and publication requirements.

GOETHE INVESTMENTS S.à r.l., Luxembourg, which, like RABANO PROPERTIES S.à r.l., is part of the group of CORESTATE German Residential Limited, St Peter Port / Guernsey, (ultimate parent), acquired a majority shareholding in YOUNIQ AG on 25th July 2008.

At the annual general meeting of YOUNIQ AG on 17th July 2013 the annual financial statement as of 31st December 2012 which had been approved and was, hence, adopted by the Supervisory Board and the consolidated financial statement of YOUNIQ AG as of 31st December 2012 (prepared in accordance with the International Financial Reporting Standards (IFRS) in the form in which these have been adopted in the EU) were presented together with the summary management report of the company and of the Group for the financial year 2012. In addition, the annual general meeting adopted the resolution to approve the activities of the Supervisory Board and of the Management Board for the financial year 2012. As in the previous years, resolutions to pay out dividends were not adopted.

On 25th March 2014, the Management Board prepared the single financial statement of YOUNIQ AG as of 31st December 2013. On 25th March 2014, the financial statement will be submitted to the Supervisory Board of the Company for approval and clearing for publication.

The consolidated financial statement of YOUNIQ AG for the financial year which ended on 31st December 2013 was prepared by the Management Board and cleared for publication on 25th March 2014. The Supervisory Board is in charge of inspecting the consolidated financial statement and of establishing whether it approves the consolidated financial statement.

2. BASIS OF PREPARATION

2.1. DECLARATION REGARDING COMPLIANCE WITH IFRS

According to Art. 290 et seq. HGB [German Commercial Code], YOUNIQ AG is obliged to prepare a consolidated financial statement. YOUNIQ AG has prepared its consolidated financial statement according to the International Financial Reporting Standards (IFRS), in the form in which these are mandatory in the EU, and the provisions under German commercial law which have to be additionally applied, according to Art. 315a Paragraph 1 HGB. All of the IFRS which have been published by the International Accounting Standards Board (IASB) and which were in force at the time of the preparation of this consolidated financial statement have been applied, provided such have been adopted by the EU.

The term IFRS also includes the International Accounting Standards (IAS) which are still in force. All interpretations by the International Financial Reporting Standards Interpretations Committee (IFRS-IC) and the Standing Interpretations Committee (SIC) which were binding for the financial year 2013 were also applied.

The requirements of the standards applied were fully complied with and ensure that an impression of the asset, financial and profit situation of YOUNIQ Group which concurs with the actual situation is conveyed. As a result, the consolidated financial statement complies with IFRS.

The framework of IASB is not part of IFRS and has not been taken over into the acquis communautaire of the European Union. IAS 8.11b requires the use of the definitions and valuation criteria for the assets, liabilities, expenses and earnings laid down in the framework for the purpose of interpretation and filling of loopholes. The framework constitutes the basis for the formation of an opinion in developing solutions for accounting problems. For this reason and on account of the express reference to the framework in IAS 8.11b, it is used without any restrictions in preparing the consolidated financial statement of YOUNIQ AG.

The additional disclosure requirements to be taken into account according to Art. 315a HGB [German Commercial Code] are listed under the notes in section 9.

2.2. PRINCIPLES REGARDING THE PREPARATION OF THE ANNUAL FINANCIAL STATEMENT

The consolidated financial statement was prepared subject to the assumption of the going concern principle.

The 31st of December 2013 constituted the statement of financial position date (or reporting date). The financial year of YOUNIQ AG (and all of its subsidiaries) corresponds to the calendar year.

The reporting currency is the Euro (EUR) (unless amounts are commercially rounded to the nearest thousand Euros (kEUR)). This currency also constitutes the functional currency of the Group. During the year under review, there were no business transactions in foreign currencies. In adding up rounded sums, and calculating percentages, small differences caused by rounding can arise through the use of automatic calculation tools.

The cash flow statement was prepared according to the indirect method for the cash flow from operating activities and according to the direct method for cash flows from investing activities and financing activities.

According to IAS 1 and the Accounting Interpretation No. 1 (RIC 1) of the German Accounting Standards Committee e.V., long- and short-term assets and debts are differentiated in reporting in the statement of financial position. An asset is classified as being current if:

- the realisation of the asset is expected during the normal business cycle or if the asset is held for sale or consumption during this period,
- the asset is primarily held for trading purposes,
- the realisation of the asset is expected within a period of 12 months after the statement of financial position date or
- it is cash or cash equivalent,

unless the exchange or the use of the asset for the fulfilment of an obligation is limited for a period of, at least, twelve months after the statement of financial position date. All other assets are classified as being long-term. A debt has to be classified as current if:

- the fulfilment of the debt is expected during the normal business cycle,
- the debt is primarily held for trading purposes,
- the fulfilment of the debt is expected within a period of 12 months after the balance sheet date or
- the company does not have an unlimited right to postpone the fulfilment of the debt by at least twelve months after the statement of financial position date.

All other debts are classified as non-current.

Deferred tax assets and liabilities are classified, on principal, as non-current assets or liabilities.

With regard to further explanations on the items of the consolidated statement of financial position and the consolidated statement of comprehensive income as well as on the other components of the consolidated financial statement, we make reference to the comments on the assets, financial and earnings situation in the summary management report (section 2.2 – Development of business).

2.3. NEW FINANCIAL REPORTING STANDARDS

The International Accounting Standards Board (IASB) has adopted new standards and interpretations and amended existing standards and interpretations - the application of which has been mandatory since 1st January 2013. However, according to Art. 315a HGB, standards and interpretations may only be used in a financial statement as per IFRS once these have been adopted by the EU.

In the financial year 2013, the new and revised IFRS standards and interpretations in the version in which these were adopted by the EU concern:

- As of 1st January 2013, YOUNIQ Group implemented the amendments regarding IAS 1 “Presentation of Financial Statements”. The amendments require grouping of the items under “Other results” according to whether or not these items can be reclassified in the profit and loss account in the future. Moreover, it was confirmed that the presentation of the components of “Other results” and of the profit and loss account in a single or two separate lists is still permitted. The implementation of the amendments has not had any material effects on the presentation of the “Other results” in the consolidated financial statement since all matters recorded under “Other results” have to be reclassified within the profit and loss account subsequently.
- On 12th May 2011, the IASB and the Financial Accounting Standards Board (FASB) published their joint standard IFRS 13 “Fair Value Measurement”. This standard concerns the determination of the fair value and the appertaining explanatory notes; moreover, it pursues the aim of a further convergence between IFRS and the US accounting principles (US GAAP). IFRS 13 provides assistance with regard to the determination of the fair value in as far as this benchmark is required according to other IFRS. As a result, IFRS 13 does not lead to an expansion of the fair value assessment. The aim is rather the standardisation of the term „fair value“ and of the methods to be applied in fair value determinations as well as, in particular, the explanatory notes associated with the fair value determination. The effects on YOUNIQ Group were exclusively limited to the additional information in the explanatory notes to the consolidated financial statement.
- In May 2012, the IASB published amendments of existing IFRS in the framework of its annual improvement project (“Improvements to IFRS 2009–2011 Cycle”). These amendments comprise both amendments of various IFRS having an impact on the reporting, assessment and disclosure of business transactions as well as terminology and editorial changes. The application of these amendments has not had any effect on the consolidated financial statement of YOUNIQ AG as of 31st December 2013.

The following pronouncements published by IASB have been adopted by the EU and apply with regard to financial years beginning, at the earliest, on 1st January 2014 or later. YOUNIQ Group intends to apply these standards listed below as of the time of their coming into force:

Consolidation package IFRS 10, IFRS 11 and IFRS 12

On 12th May 2011, the International Accounting Standards Board (IASB) published IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities”, which are part of a comprehensive reform project. Furthermore, IAS 27(2011) “Separate Financial Statements” was adjusted, as a result of which it now exclusively contains the non-amended provisions regarding individual IFRS statements. Finally, IAS 28(2011) “Investments in Associates and Joint Ventures” was amended and adjusted to the new IFRS 10, IFRS 11 and IFRS 12 standards in this way.

IFRS 10 provides a new and comprehensive definition of the term “control”. If a company controls another company, the parent company has to consolidate the subsidiary. According to the new concept, control is defined as a situation in which the potential parent company holds decision-making power at the potential subsidiary on the basis of voting rights or other rights, in which it participates in positive or negative returns from the subsidiary and in which it can influences these returns through its decision-making power. This new standard can have effects on the scope of consolidation, e.g. for special purpose vehicles.

IFRS 11 revises reporting of joint arrangements in statement of financial positions. According to the new concept, a decision has to be taken as to whether there is a joint operation or a joint venture. A joint operation is defined as a situation in which jointly controlling parties have direct rights in the assets and obligations regarding liabilities. The individual rights and obligations are disclosed in the statement of financial position of the consolidated financial statement on a proportional basis. In a joint venture, on the other hand, the jointly controlling parties have rights in the net assets surplus. This right is reflected by applying the equity method in the consolidated financial statement; as a result, the right of option regarding the proportional inclusion in the consolidated financial statement ceases to apply.

The notes regarding intercompany relationships in the consolidated financial statements and joint arrangements are provided in IFRS 12.

Application of the new standards is mandatory for financial years beginning on or after 1st January 2014. Early application shall be permissible; however, such shall only be permissible if all three standards are jointly applied early.

YOUNIQ AG is planning to apply the new consolidation standards regarding the mandatory time of first application of the standards for EU IFRS users as of 1st January 2014 and, as a result, it does not use the permissible early application. The amendments will probably only have an effect on the information in the notes for YOUNIQ Group.

Investment companies (amendments of IFRS 10, IFRS 12 and IAS 27)

This amendment applies to reporting years beginning on or after 1st January 2014 and under it companies which fulfil the definition criteria of an investment company according to IFRS 10 are released from the obligation to consolidate. Instead, the investment companies must record the shares in their subsidiary at the fair value in profit or loss in the future. This amendment is not relevant for YOUNIQ Group because none of its group companies fulfils the definition criteria of an investment company according to IFRS 10.

IFRS 9 „Financial instruments"

In the framework of the IASB project for the comprehensive revision of accounting of financial instruments, IASB published the first part of the new provisions of IFRS 9 "Financial instruments", which initially only governs the classification and assessment of financial assets, in November 2009. According to this, financial assets have to be reported at the continued costs of acquisition or they have to be recognised in profit or loss at the fair value depending on their characteristics and under consideration of the business models for the administration of the financial assets. Equity instruments always have to be reported at the fair value, while fluctuations in the value of equity instruments can be recognised under "Other results" provided this option was selected upon the addition of the instruments. In October 2010, the IASB published the second part of IFRS 9 with the new provisions regarding the classification and assessment of financial liabilities. The new provisions change, in particular, the evaluation of financial liabilities which are recognised through profit or loss by applying the so-called "fair value option". In November 2013, the IASB published amendments regarding IFRS 9 which contain new rules on hedge accounting and replace the corresponding provisions in IAS 39. With these amendments, a new general model for accounting hedging relationships was added to the standard which expands the scope of the possible underlying transactions and hedging instruments. However, the amendments of IFRS 9 contain a right of option regarding the methods applied under which all hedging relationships can be reported according to the existing rules of IAS 39 or according to the new provisions of IFRS 9. Furthermore, IASB has revoked the time for the mandatory first application from 1st January 2015 which had been contained in IFRS 9. A new deadline for the first application will only be determined once the full standard is available.

In addition, IASB has published other standards and amendments of standards whose application is not mandatory yet, however, and which will not have any effect on the Group.

2.4. EVALUATION

With the exception of certain items, such as e.g. investment properties, financial assets held for sale or derivative financial instruments, the consolidated financial statement have been prepared on a historical cost basis. The valuation methods applied with regard to the exceptions are described below:

DETERMINATION OF THE FAIR VALUE

YOUNIQ Group assesses financial instruments, such as derivatives and non-financial assets, such as investment properties, at the fair value as of every statement of financial position date. The fair values of financial instruments assessed at continued costs of acquisition are listed in note 3.8.

The fair value is the price which would be collected for the sale of an asset or paid for the transfer of a debt in an ordinary business transaction between market participants on the deadline for the evaluation. In the determination of the fair value it is assumed that the business transaction in the framework of which the asset is sold or the debt is transferred is either effected:

- on the main market for the asset or the debt or
- on the most advantageous market for the asset or the debt if there is no main market.

YOUNIQ Group must have access to the main market or to the most advantageous market.

The fair value of an asset or a liability is determined on the basis of assumptions which the market participants would use in pricing for the asset or the liability. In this process, it is assumed that the market participants operate in their own best commercial interest.

In determining the fair value of a non-financial asset the possibility for the market participants to generate the commercial gain through the maximum and best use of the asset or its sale to another market participant which finds the maximum and best use for the asset is taken into account.

YOUNIQ Group uses evaluation methods which are appropriate under the respective circumstances and for which there are sufficient data for determining the fair value. In this context, the use of relevant and observable input factors should be kept as high as possible, while the use of non-observable input factors should be kept as low as possible.

All assets and liabilities for which the fair value is determined or reported in the annual financial statement are classified within the fair value hierarchy described below starting with the input parameter of the lowest level which is relevant for the evaluation of the fair value overall:

- Level 1 – (Non-adjusted) Prices quoted on active markets for identical assets and liabilities
- Level 2 – Evaluation procedures in which the input parameter of the lowest level which is material for the evaluation at the fair value overall can be directly or indirectly observed on the market
- Level 3 - Evaluation procedures in which the input parameter of the lowest level which is material for the evaluation at the fair value overall cannot be observed on the market

In the case of assets and liabilities which are recorded in the annual financial statement on a recurring basis, YOUNIQ Group determines whether re-classifications between the levels of the hierarchy have taken place by reviewing the classification (based on the input parameters of the lowest level which is material for the evaluation at the fair value overall) at the end of each reporting period.

The management board of YOUNIQ Group determines the guidelines and procedures for recurring (e.g. in the case of investment properties and of non-listed financial assets held for sale) and non-recurring (such as e.g. assets from discontinued operations) determinations of the fair value.

On principle, external appraisers are called in with regard to the evaluation of essential assets, such as real estate properties and financial assets available for sale, as well as of essential liabilities, such as contingent considerations. The decision as to whether external appraisers are to be commissioned is taken by the management board on an annual basis after this question has been discussed with the Supervisory Board and once its approval has been obtained. Selection criteria for external appraisers e.g. include their knowledge of the market, reputation, independence and compliance with professional standards. After discussions with the external experts the management board decides on the evaluation methods and input factors which have to be applied in each individual case.

The management board analyses the development of the value of assets and liabilities which have to be re-assessed or re-evaluated in accordance with the Group accounting methods, as of every statement of financial position date. In this analysis, the management board checks the essential input factors applied in the last calculation by comparing the information in the assessment calculations with contracts and other relevant documents.

Together with the external appraisers of YOUNIQ Group, the management board also compares the changes in the fair value of every asset and of every liability with the corresponding sources in order to evaluate whether the respective changes are plausible.

In order to fulfil the disclosure requirements regarding the fair values, YOUNIQ Group has determined groups of assets and liabilities on the basis of their type, their characteristics and risks as well as the levels of the fair value hierarchy (as explained above).

INVESTMENT PROPERTIES

In as far as there are notarised sales agreements or purchase offers regarding these, investment properties are assessed at the agreed sales prices. If YOUNIQ Group has undertaken to carry out reconstruction measures and/or decorative repairs on the real estate properties to be sold in the framework of these sales agreements, the costs expected with regard to this are taken into account as impairments.

All other investment properties are assessed at the fair value as of 31st December 2013 on the basis of valuation appraisals by the internationally operating real estate experts CBRE GmbH, Frankfurt/Main (the residue of the existing portfolio) and Cushman & Wakefield LLP, Frankfurt/Main (student apartments).

The determination of the fair value by CBRE GmbH and Cushman & Wakefield LLP are uniformly effected according to the discounted cash-flow method (DCF method) or according to the income capitalisation approach/residual value method. In this context, the fair value in the reporting year was established as the net present value, i.e. as the gross capital value of the future net cash flows less the transaction costs to be assumed by a potential buyer.

The assumptions and methods used in the determination of the fair value of the investment properties are supported by market data.

CBRE GmbH expertise:

If the DCF method is used, future cash flows are discounted to the statement of financial position date. To that end, the surplus payments from the respective property are established in a detailed planning period of ten years. These payments are established by balancing expected payments and payouts. While the payments usually comprise net rents under consideration of the vacancy structure (vacancy rates between 3.25 % and 20.00 %), the payouts usually comprise operating costs which have to be assumed by the owner. The surplus payments during every period under review are discounted to the valuation date by applying a property-specific discounting rate in accordance with the situation on the market. During the 2013 financial year, these rates amounted to between 6.25 % and 8.00 % (previous year: 5.75 % and 8.00 %) depending on the property concerned. The net present value (NPV) of the surplus payments for the respective period is established on this basis. A residual value of the valued property is forecast for the end of the ten-year detailed planning period. This value reflects the most likely price which can be achieved at the end of the detailed planning period. In this process, the surplus payments for the tenth and eleventh year are capitalised as a perpetual annuity at the so-called capitalisation rate (cap rate between 5.75 % and 7.00 %, previous year: 4.85 % and 7.00 % depending on the property). After that, the residual value is also discounted to the valuation date using the discount interest rate. The total of the discounted surplus cash and the discounted residual value yields the gross asset value of the valued property. Afterwards, the transaction costs which a potential buyer would incur (e.g. land transfer tax, real estate agent and notary's fees) are deducted as a discount percentage (approximately 6.75 % to 8.00 %) in order to determine the fair value.

Cushman & Wakefield LLP expertise:

On principle, the student apartments are also appraised on the basis of the DCF method. The student apartments which are constructed or developed for future use as investments properties (current project developments) are appraised according to the internationally renowned residual value method. This value is calculated on the basis of the estimate of the completed real estate property (income capitalisation approach), less the estimated costs until completion and the financing costs and after deduction of a developer margin which covers the project risks and is adjusted to the respective stage of construction.

The costs until completion concern the remaining costs of construction and other, additional costs (e.g. costs for architects, project management, energy consultancy services and fees). These costs are also included in the assessment – just like marketing costs. In the assessment, one interest rate is assessed for all evaluation units under consideration of the actual financing costs and of the current situation on the capital market.

The potential sales value of a completed student apartments is determined with the help of a simplified income approach in accordance with the following overview:

	Renting space of the student apartments
x	Expert's estimate of the market rents
=	Gross income (renting space x market rent)
-	Reduction of the gross income by operating expenses (EUR 7 per m² maintenance, EUR 1 per m² vacancy costs, 2 % rent default risk, EUR 50 per m² services for subletting, administration expenses of EUR 240 per rented unit)
=	**Cash flow**
	Discounting with the help of the discount rate
=	Cash value of the cash flows
+	Net reselling value (discounting of [NOI / cap rate])
=	Gross capital value
-	Reduced by transaction costs (land transfer tax, notary's and real estate agent fees)
=	**Potential sales value**

Annex 3 to the consolidated notes shows the quantitative data which was used for determining the fair value of the student apartments reported under investment properties.

Uncertainties and sensitivities

The assumptions made in the assessment of the real estate portfolio can subsequently turn out to be partially or fully incorrect or unexpected problems or unforeseen risks might arise in connection with real estate portfolios. Such developments (which can also occur within a short period of time) could lead to a worsening of the profit situation, a reduction of the value of the assets acquired and a considerable decline in the revenue which can be generated from the sale of the apartments as well as the current rents.

The intrinsic value of real estate assets is primarily determined on the basis of the development of the real estate market and, more specifically, of the student housing segment as well as that of the general economic situation, in addition to the factors inherent in the property. There is a risk that the valuation assumptions employed within the YOUNIQ Group might have to be corrected in case of a negative development of the real estate market and of the general economic situation. In the case where an impairment of the value of the Group's real estate property has to be recorded, this would adversely affect the Group's assets, financial and profit situation.

A sensitivity analysis regarding the student apartments which were created is as follows:

- On 31st December 2013, the fair values of the four completed student apartments totalled kEUR 73,000.
- The assessment is based on the assumption that the vacancy rate will decline to 2.1 % in the long run. Should this not be possible, this would adversely affect the amount of the fair values which would increasingly decline as a result of the increasing vacancy rate.
- A 10 % increase [reduction] in the market rents assumed would lead to fair values of in total kEUR 81,600 [kEUR 64,340].
- A 10 % increase [reduction] of the net initial returns derived from the market (current average of 2.74 % across all project developments) would lead to fair values of in total kEUR 63,550 [kEUR 85,100].

OTHER ASSETS ASSESSED AT THE FAIR VALUE

On principle, the fair values of derivative financial instruments are determined with the help of approved valuation methods – in as far as possible with the help of a market-to-market assessment. In the fair value hierarchy according to IFRS 7, this corresponds to the valuation level 2 (other valuation factors than listed market prices which can be monitored directly or indirectly).

The market values of interest-rate derivatives (interest rate swaps and interest rate caps) and the sensitivity analysis (section 8.5) are determined as of 31st December 2013 by Chatham Financial, London / Great Britain, by discounting the expected future cash flows over the residual term of the contract on the basis of current market interest rates and with the help of the yield curve. In determining the market value of a derivative financial instrument compensation effects from the underlying transactions, such as e.g. pending and anticipated transactions, are not considered.

The residual shares (of 5.1 % of the shares each) in the respective companies remaining following the deconsolidation of Youniq Karlsruhe GmbH & Co. KG, Youniq Greifswald GmbH & Co. KG and Youniq München II GmbH & Co. KG in 2012 are disclosed as “financial assets held for sale” under the statement of financial position item “Long-term original financial instruments”. Assessment is effected at the fair value. The interest-bearing loan granted by the buyer (6 % p.a.), which can be settled including interest accrued by means of an assignment of the residual shares to Elfte Sachwert Rendite-Fonds Deutschland GmbH & Co. KG after a period of, at least, 5.5 years as of the time at which the loan is paid out on account of corresponding contractual agreements and which is used as the fair value.

2.5. ESTIMATES AND DISCRETIONARY DECISIONS

The preparation of the consolidated financial statement in compliance with IFRS requires assumptions to be made, discretion to be exercised and estimates to be made with regard to various items, which might have an impact on the amount and disclosure of the assets and liabilities reported in the statement of financial position, the revenue and expenses as well as contingent assets and liabilities.

In using the accounting and valuation methods, the Management Board made discretionary decisions regarding the following matters:

- In the case of the long-term assets held for sale, it has to be decided whether these can be sold in their current state and whether their sale over the next 12 months is very likely. If this is the case, the investment properties and fixed assets concerned are reported as “Long-term assets held for sale”.
- With regard to the question as to whether the “Project Development” and “Renting and Trading Real Estate” segments form abandoned and discontinued operations (according to IFRS 5.32a and b), we have to assess, in particular, in how far these segments of the Group will be sold in their entirety or in part in the framework of a single (uniform) plan or in how far these will also be discontinued by disposing of them in the framework of a single (uniform) plan.

- In the case of the acquisition of real estate properties, it has to be decided whether these have to be allocated to property, plant and equipment, to inventories or to investment properties. If, at the time of acquisition, it is impossible to determine clearly whether the property is held for own use or for sale in the short term in the ordinary course of business, the real estate property concerned is considered to be held for the purpose of capital appreciation (catchall provision according to IAS 40.8b).
- As regards the classification of lease relationships the question of whether all essential risks and opportunities of the leased asset concerned with possession thereof are transferred to third parties has to be answered (cf. IAS 17.10 et seq.). The evaluation of the question of whether the conclusion of long-term tenancy agreements regarding real estate properties covered by the MPC deal lead to a "sale-and-lease-back" transaction forms an essential field of application in this respect.
- Upon attaining control of a subsidiary, the question of whether this transaction has to be classified as a business combination according to IFRS 3 or as the acquisition of a group of assets and liabilities has to be answered. As a rule, non-operating companies (so-called „shelf companies") and newly established companies usually do not have business operations at the time at which such are acquired and, for this reason, they do not constitute business combinations according to IFRS 3.

Estimates and assumptions are required, in particular, for the following:

- The evaluation of the need for a value adjustment and the amount of such, especially regarding the real estate properties reported under the inventories, as well as in corporate values and "Loans and Receivables".
- The establishment of the fair values of the investment properties and derivative financial instruments. In this context, the expected payment streams and the discounting factor, in particular, constitute essential evaluation parameters. With regard to the evaluation of student apartments under construction, in particular, there is an increased degree of valuation uncertainty and, as a result, an increased scope of discretion because of the fact that this is a relatively new business model and, therefore, there are few comparable transactions on the market (see section 2.4).
- The determination of the net realisable value of inventory properties with regard to changes in prices and costs, the estimate and evaluation of reserves.
- The establishment of the realisability of tax loss carry-forwards with regard to external factors which lie outside the sphere of influence of YOUNIQ AG (e.g. possible changes in majority interest) can inevitably not be considered (see section 3.12.).
- The assessment of deferred tax liabilities and deferred tax assets under consideration of tax consequences resulting from how a company expects to realise the accounting value of its assets or to pay its debts on the statement of financial position date (see section 3.12).
- In determining deferred tax assets on existing tax loss carry-forwards, it has to be determined with the help of tax planning based on corporate planning whether tax profits will be available over the next years in order to be able to use the tax loss carry-forwards (see section 3.12).

Estimates are made on the basis of the latest available reliable information. The assets, debts, earnings, expenses as well as contingent assets and liabilities included in the statement of financial position on the basis of estimates can deviate from the amounts which can be realised in the future. Amendments will be taken into account as appropriate at the time at which better insights are obtained. For this reason, the actual amounts can deviate from the assumptions and estimates made.

2.6. DISCONTINUED OPERATIONS

The group companies contained in the "Renting and Trading Real Estate" and „Project Development" segments each form an independent cash-generating unit within YOUNIQ Group. As a result, the segments specified above have to be considered components of the entity, which can be allocated clearly definable cash flows both for operating and accounting purposes, within the meaning of IFRS 5. Since the criteria outlined below were fully fulfilled in the fourth quarter of the 2012 financial year, the „Renting and Trading Real Estate" and „Project Development" segments have to be disclosed as operations to be abandoned in the consolidated statement of comprehensive income in accordance with the provisions of IFRS.

- These are components of YOUNIQ Group which are to be sold in their entirety or individually in the framework of a single (uniform) plan.
- The assets and liabilities are available for immediate sale in their present state.
- In January 2012, the Management Board established the sales plan which the Supervisory Board formally approved in the fourth quarter of the 2012 financial year.
- An active programme to find buyers and to implement the plan has already been initiated. In this connection, external real estate service providers were initially commissioned to market the real estate properties in the second and third quarter of the financial year 2012. After it became obvious that this process would not lead to the desired result, marketing of the real estate properties by our own staff was begun in the fourth quarter of the financial year 2012. By 31st December 2013, approximately 86.9 % of these real estate properties were sold and handed over to the buyers. Sales agreements regarding other real estate properties have already been concluded and recorded.
- The residual real estate portfolio is to be sold in the course of 2014.

The separate presentation in the statement of comprehensive income also includes the valuation result and the sales revenue from the segments to be abandoned, in addition to the current earnings after tax generated by these segments and / or the expenses of the „Services" segment which can clearly be allocated to the abandoned business division. With regard to the details of the results of the discontinued division, reference is made to Annex 2 to the notes to the consolidated financial statement.

2.7. CONSOLIDATION METHODS

The consolidated financial statement comprises the financial statement of YOUNIQ AG and its subsidiaries as of 31st December of any given financial year. The financial statements for the subsidiaries are prepared as of the same statement of financial position date as the financial statement of the parent company and by applying uniform accounting and valuation methods.

All those companies whose financial and business policy the Group controls to its benefit are defined as subsidiaries. Usually, the possibility of control arises if the share in the voting rights exceeds 50 %. Potential voting rights which can be exercised or converted at the moment are taken into account in the evaluation of the question of whether control can be exercised.

The time of acquisition and, hence, the day on which control of the net assets and of the business operations of the company acquired actually passes to the parent company constitutes the time of first consolidation. The provisions of IFRS 3 "Business Combinations" are applied with regard to mergers.

Corporate mergers are recognised according to the acquisition method. The acquisition costs for the purchase of a company correspond to the fair value of the assets provided and the debt incurred and / or assumed at the time of acquisition. Ancillary costs of the acquisition are charged as expenses at the time at which such are incurred. The identifiable assets acquired in the context of a corporate merger and the liabilities assumed (including conditional liabilities) are assessed at their fair values at the time of acquisition regardless of the extent of the minority shares. In this context, uniform accounting methods are applied. Any positive difference resulting from this is capitalised as goodwill and submitted to an impairment test afterwards. If an unfavourable difference (acquisition at a price below market value) remains after capital consolidation, the identified assets, debts and contingent liabilities of the company acquired, of the non-controlling shares and the assessment of the transferred consideration the merger are re-evaluated. Any surplus remaining after this is recorded with an immediate effect on net income.

All costs connected with a business combination are recorded as expenses during those accounting periods in which the expenses are incurred (e.g. legal and counselling costs, due diligence expenses, commission fees) and services are received. These costs are disclosed in the statement of consolidated income in the item “Costs of acquisition and costs from business combinations”.

Adjustments of conditional elements of the purchase price, which are reported as liabilities at the time of acquisition have to be recognised in net income.

Non-controlling shares are either assessed at the proportionate fair value of the assets acquired and of the liabilities assumed. At the moment, non-controlling shares are not yet assessed at the fair value (so-called “full goodwill method”).

After the first-time assessment, profits and losses are allocated in proportion to the respective interest without any limitation, which means that a negative balance can arise also with regard to non-controlling shares.

In the case of successive business acquisitions, a revaluation has to be carried out at the fair value of the shares held at the time of the transfer of control.

The hidden reserves and unrealised losses disclosed in the context of time value assessment of the assets and debts in the framework of first consolidation are continued, depreciated or written back in line with the development of the respective assets and debts in the framework of initial consolidation during the following accounting periods. In the following accounting periods, the business or corporate value is submitted to an impairment test at least annually at a specific point in time. An impairment is immediately recorded with its effect on expenses in the profit and loss account and is not reversed during the following accounting periods.

The tax accruals and deferrals required according to IAS 12 are established with regard to the temporary differences from consolidation.

Inclusion in the consolidated financial statement ceases as soon as the control by the parent company ceases. They are deconsolidated at the time at which control ceases.

Upon the acquisition of minority shares in subsidiaries which are already fully consolidated, the difference between the purchase price of the shares in the subsidiary and the amount in the group equity for which the minority share accounts is off-set directly against the group equity (retained income).

Transactions which do not lead to a loss of control are recognised in equity as equity transactions for minority shares. At the time of a loss of control any remaining shares are revalued and recognised in profit or loss at the fair value.

All intra-group balances, transactions, revenues, expenses, profits and losses from intra-group transactions which are comprised in the accounting value of assets, are eliminated to the full amount.

Non-controlling interests are reported separately under the equity capital of the Group as “Non-controlling interests”. The non-controlling interests in (commercial) partnerships, on the other hand, are reported as liabilities unless they correspond to the definition of equity capital in the amended version of IAS 32.

2.8. BASIS OF CONSOLIDATION

In addition to YOUNIQ AG, those subsidiaries on which YOUNIQ AG can directly or indirectly exercise a controlling influence are included in the consolidated financial statement. On principle, a controlling influence results from holding the majority of the voting rights. All subsidiaries are included in the consolidated financial statement through full consolidation. As in the previous year, there were no special purpose vehicles.

In the financial year 2013, YOUNIQ AG did not identify any business combinations nor carry out deconsolidations of group companies. However, there were the following mergers of subsidiaries:

- AF Seeresidenz GmbH, Frankfurt/Main: As the transferring legal entity the company was merged with IVB Immobilien Vermögen und Beteiligungs GmbH, Frankfurt/Main, (commercial registration HRB 87080 of Frankfurt/Main local court) according to the merger agreement of 22nd August 2013 and the approving resolutions adopted on the same day by the legal entities involved. The company was entered in the commercial register of the company on 17th September 2013.
- AF 14. Vermögensverwaltung GmbH, Frankfurt/Main: As the transferring legal entity the company was merged with IVB Immobilien Vermögen und Beteiligungs GmbH, Frankfurt/Main, (commercial registration HRB 87080 of Frankfurt/Main local court) according to the merger agreement of 22nd August 2013 and the approving resolutions adopted on the same day by the legal entities involved. The company was entered in the commercial register of the company on 4th September 2013.

The following companies were included in the scope of consolidation on 31st December 2013: (list of shareholdings according to Art. 313 HGB):

OVERVIEW OF THE SCOPE OF CONSOLIDATION AS OF 31ST DECEMBER 2013

Company	Registered office	Share (%)	Voting rights (%)s	Note
YOUNIQ AG	Frankfurt am Main	Mutterge-sellschaft		
IVB Immobilien, Vermittlung und Beratung GmbH	Frankfurt am Main	99.71	99.71	
IVB Immobilien Vermögen und Beteiligungs GmbH	Frankfurt am Main	100.00	100.00	
AF Röntgenstrasse 12 GmbH	Frankfurt am Main	100.00	100.00	2)
AF Marienhöhe GmbH & Co. KG	Frankfurt am Main	100.00	100.00	1)
AF Ferdinand-Lassalle-Strasse 16 GmbH	Frankfurt am Main	100.00	100.00	2)
AF 16. Vermögensverwaltung GmbH	Frankfurt am Main	100.00	100.00	2)
AF Trading GmbH	Frankfurt am Main	100.00	100.00	2)
AF Schlossresidenz GmbH	Frankfurt am Main	100.00	100.00	2)
AF Property GmbH	Frankfurt am Main	100.00	100.00	2)
AF 11. Vermögensverwaltung GmbH	Frankfurt am Main	100.00	100.00	2)
Haus- und Grundstücks-gesellschaft Holzhausen mbH	Frankfurt am Main	99.71	99.71	2)
Youniq Service GmbH	Frankfurt am Main	99.74	99.74	2)
Youniq Heidelberg GmbH	Frankfurt am Main	99.74	99.74	

Continued on next page

Youniq 5. Vermögensverwaltung GmbH	Frankfurt am Main	99.74	99.74	2)
CAMPUS 1. Verwaltung GmbH	Frankfurt am Main	100.00	100.00	2)
PF St.-Annen-Strasse GmbH	Frankfurt am Main	100.00	100.00	2)
CAMPUS REAL ESTATE GmbH	Frankfurt am Main	99.74	99.74	2)
AF ATHENA GmbH & Co. KG	Frankfurt am Main	94.90	94.90	1)
AF HEKATE GmbH & Co. KG	Frankfurt am Main	94.65	94.65	1)
Youniq Mainz GmbH	Frankfurt am Main	99.74	99.74	2)
Youniq Bayreuth GmbH	Frankfurt am Main	99.74	99.74	2)
Youniq München GmbH	Frankfurt am Main	99.74	99.74	2)
YOUNIQ Frankfurt Riedberg GmbH	Frankfurt am Main	99.43	99.43	
Youniq Frankfurt Riedberg II GmbH (vormals Youniq Frankfurt Riedberg II GmbH & Co. KG)	Frankfurt am Main	99.74	99.74	
Youniq Potsdam GmbH	Frankfurt am Main	99.43	99.43	2)
Youniq Lübeck GmbH	Frankfurt am Main	99.74	99.74	2)
Youniq Düsseldorf GmbH	Frankfurt am Main	99.74	99.74	2)
Youniq Reutlingen GmbH	Frankfurt am Main	99.74	99.74	2)
Youniq Dritte Objektgesellschaft mbH	Frankfurt am Main	99.74	99.74	2)
Youniq Vierte Objektgesellschaft mbH	Frankfurt am Main	99.74	99.74	2)

Regarding 1) According to Art. 264b HGB [German Commercial Code], these companies are exempt from the obligation to prepare an annual financial statement and, if applicable, a management report according to the provisions applicable to joint stock companies, to have such audited and to publish such.

Regarding 2) According to Art. 264 Paragraph 3 HGB, the exemptions are used according to which these companies are freed from the obligation to prepare an annual financial statement and, if applicable, a management report and to have such audited and to publish such according to the provisions applicable to a joint-stock company.

On the basis of notarised agreements of 22nd November 2013, CAMPUS REAL ESTATE GmbH and Youniq Service GmbH have submitted an irrevocable offer (so-called “call option”) regarding their shares in Youniq Frankfurt Riedberg II GmbH to Corestate Turbo FRA HoldCo S.á r.l, Luxembourg, and TURBO FRA AcquiCo II GmbH & Co. KG, Frankfurt/Main, (jointly referred to as the “interested parties”). Youniq Frankfurt Riedberg II GmbH is the owner of a student apartments in Frankfurt/Main which had an accounting value of kEUR 17,417 on the statement of financial position date. The exercise period of the bid depends on the performance of various agreements (condition precedent) and will last, at maximum, until 31st July 2014. The agreements all of which had not been fulfilled by the statement of financial position date e.g. refer to flawless completion and letting of the real estate property in Frankfurt/Main (Riedberg II) and the complete reversed transaction of the termination agreement with Elfte Sachwert Rendite-Fonds Deutschland GmbH & Co. KG (MPC deal) regarding the agreed sale of the real estate property in Frankfurt/Main (Riedberg II), which was not carried out, however. The sales price for these shares totals kEUR 200, since the interested parties have to take over the intermediate financing of the property taken out by Youniq Frankfurt Riedberg II GmbH. In this context, CAMPUS REAL ESTATE GmbH sold its account receivable from Youniq Frankfurt Riedberg II GmbH to the same interested parties at a price of kEUR 3,100 under the same contracts subject to the condition precedent of the performance of various agreements specified above. In connection with these agreements, the corporate name of Youniq Frankfurt Riedberg II GmbH has been changed to TURBO FRA GmbH in the meantime with registration in the company’s commercial register being effected on 24th February 2014.

The subsidiaries are not restricted in their relationship to the parent company with regard to transfer payments or dividends paid to such.

2.9. CURRENCY CONVERSION

The scope of consolidation exclusively includes national subsidiaries so that there are no annual financial statements in foreign currencies which would have to be converted.

2.10. ADJUSTMENTS OF THE ACCOUNTING AND PRESENTATION METHODS

Compared with the consolidated financial statements regarding the previous years, the capitalised interest on borrowed capital was directly recorded, i.e. without an effect on the consolidated statement of comprehensive income, under the corresponding assets as of 1st January 2013 in order to improve the consideration of real estate-specific particularities and, hence, improve the significance of the consolidated financial statement of YOUNIQ AG overall.

In this context, property-related expenses (kEUR 2,889 instead of kEUR 2,354) which were kEUR 535 higher and lower interest expenses (kEUR 1,258 instead of kEUR 1,793) were established for the previous year. The segment data and the corresponding reference values were also adjusted accordingly.

3. ACCOUNTING AND VALUATION METHODS AND AMENDMENTS OF SUCH

3.1. INTANGIBLE ASSETS

The intangible assets comprise licenses, procurement rights and rights of use. These are recorded at the respective continued costs of acquisition. In as far as these assets are subject to wear, they are depreciated linearly over an estimated period of use of three years. There are no intangible assets with an indefinable period of use.

3.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, which are shown as assets, are assessed at the costs of acquisition or production upon their first assessment according to IAS 16.15. The costs of acquisition or production comprise the purchase prices and the directly allocable ancillary costs.

Furniture and fixtures, as well as the furnishings of the student apartments, are assessed at the continued costs of acquisition. Scheduled depreciations are made according to the linear method. The period of depreciation is based on the expected period of use of 3 to 15 years.

The residual accounting values and the commercial periods of use of the intangible assets and of property, plant and equipment are checked as of every statement of financial position date and adjusted if required (see section 3.3).

Profits and losses from the disposals of intangible assets and property, plant and equipment are established as the difference between the sales revenues and the accounting value, if applicable, minus any directly allocable costs of sale and recognised in profit or loss.

3.3. IMPAIRMENT OF ASSETS (IMPAIRMENT TEST ACCORDING TO IAS 36)

Intangible assets with an indefinable period of use are not depreciated according to schedule; they are, rather, checked for a possible impairment requirement annually as well as upon special occasions.

The remaining intangible assets and property, plant and equipment are subjected to an impairment test if corresponding events or changes of the circumstances indicate that the accounting value can probably not be realised any more. To that end, properties and buildings are considered collectively. An impairment loss is recorded to the amount of the accounting value exceeding the amount which can be achieved. The achievable amount corresponds to the higher of the fair value of the asset minus the costs of sale or the value in use.

In the framework of the impairment test the valuation might have to be carried out at the level of cash-generating units. These are formed on the basis of the legal units.

In case the reasons for the impairment cease to apply, the impairment loss is reversed up to the continued accounting value which would have resulted if the impairment had not been recorded. In case impairments were recorded with regard to the goodwill as well as other intangible assets with an indefinable period of use, the impairment loss is not reversed in subsequent accounting periods even if the reasons for the impairment cease to apply.

3.4. LEASING

All agreements which confer the right to use a certain asset for a fixed period of time for a consideration are considered leasing agreements. This also applies to agreements in which the transfer of such a right is not expressly described.

Leasing contracts under which the lessee assumes the essential risks and the use of the object of the lease are classified as financial leasing; all other leasing agreements are classified as operating leases.

As the lessee, YOUNIQ Group uses property, plant and equipment as well as real estate properties (in the framework of general lease agreements) and lets its properties as the lessor.

According to IAS 17, the subject of a lease is allocated to the lessor or to the lessee on the basis of the criterion of allocability of all essential risks and opportunities connected with the possession of the object of the lease.

Leasing relationships in which an essential share of the use and the risks of possession of the subject of the lease remains with the lessor are classified as operating leases. Payments made or received under an operating lease are recorded in the profit and loss account throughout the term of the leasing relationship.

As lessors, YOUNIQ AG and/ or its subsidiaries let real estate properties (apartments as well as commercial real estate in as far as such is contained in the residential buildings) on a large scale. These tenancies constitute leasing relationships in that sense under which the payments are immediately recorded as sales revenue. Incentives in connection with operating leasing relationships are distributed over the term of the lease according to SIC 15.

3.5. INVESTMENT PROPERTIES

Real estate properties are classified as investment property if they are held to generate rental income and/or held for the purpose of realising an increase in the value of the property and if they are constructed or developed for the purpose of future use as a financial investment and provided the share of own use does not exceed 10 % of the rental area. Otherwise, the real estate property is shown in the statement of financial position as property, plant and equipment.

During the first valuation, investment properties are assessed at the costs of acquisition or production including ancillary expenses which are directly allocable to the acquisition.

In the context of the following assessment, the fair value model according to IAS 40.33 was selected for investment properties.

The Management Board is convinced that recording in the statement of financial position according to the fair value model leads to a more transparent presentation of the asset situation of the Group since hidden reserves or unrealised losses are disclosed and the consolidated financial statement conveys more relevant information, as a result, and increases comparability within the competitive environment and since it is also in compliance with the best practice recommendations of the European Public Real Estate Association (EPRA).

Profits or losses resulting from changes in the fair values are recorded in the profit and loss account for the year during which such arise. Investment properties are written off if they are sold or if they are permanently not used and in the case when a future commercial benefit is no longer expected. Profits and losses arising from the closure or disposal of investment properties are recorded with their impact on net income in the profit and loss account during the year of such closure or disposal.

3.6. INVENTORIES

Compared with financial investments, inventories comprise assets held for sale in the normal course of business, assets that are manufactured for such sale or that are used in the course of the production of products or the provision of services. Within YOUNIQ Group real estate properties are recorded as inventory properties if they were acquired with the intention of selling these within the normal business cycle, if they are constructed for a specific sale or if they were initially held as financial investments but if the development of the real estate properties was begun with the intention of selling these. In this respect, the “normal business cycle” to a degree significantly exceeds a 12-month period in the case of inventory properties so that assets are reported as short-term assets under this statement of financial position item even though they will probably be held for more than one year.

Inventories are assessed at the respective lower value of the costs of acquisition or production or the net realisable value. The costs are determined on the basis of the inventory valuation at average prices or at cost prices. The costs of finished products and work-in-progress comprise the costs for planning/construction preparation, direct personnel expenses, other direct costs and fixed and variable overheads which can be systematically allocated to the project, in addition to material and prime costs.

The net realisable value is determined as the estimated sales price which can be achieved in the normal course of business minus the estimated costs until completion and the estimated required sales costs. The net realisable value refers to the net amount which a company expects to achieve from the sale of inventories in the context of the ordinary course of business.

3.7. CONSTRUCTION CONTRACTS

According to IAS 11, a construction contract is defined as a contract regarding the customer-specific construction of an asset. The construction also comprises pure modernisation and reconstruction activities. Usually, contracts of sale with fixed prices have already been concluded for these properties (or for the individual apartments within the properties) prior to the beginning of the modernisation and reconstruction activities.

According to the IFRIC 15 interpretation, the classification under IAS 2 “Inventories” or IAS 11 ”Construction contracts” depends on the contractual arrangements in the specific individual case. In this case, the client must have the contractual possibility of determining the main structural elements of the construction plan before the beginning of construction and/or of changing the main structural elements after the beginning of construction. Furthermore, a company may undertake to provide goods or services (e.g. selling a plot of land) in addition to the construction of the real estate property. According to IAS 18.13, such a contract may have to be divided into components which can be identified individually with one of these components comprising the construction of the real estate property.

In case the result from a construction contract can be established reliably and the order is likely to be profitable, the order revenue is recorded throughout the duration of the order. If the total order costs exceed the total order revenue, the expected loss is immediately recorded as expenditure. The Group applies the “percentage of completion” method in order to determine the revenue to be recorded during a given business year. The degree of completion corresponds to the percentage of the order costs incurred until the statement of financial position date compared to the expected total costs of an order (so-called ”cost-to-cost” method, IAS 11.30). If the result of a construction order cannot be determined reliably, the order revenue is only recorded to the extent to which the order costs incurred can probably be reimbursed.

All current construction orders with a net credit balance towards the customers, in which the costs incurred plus the profits recorded (or minus the losses recorded) exceed the total of the partial invoices and/or the payments received on account, are shown as an asset in the consolidated financial statement. On the other hand, all current construction orders with a net debit balance as regards customers in which the total of the partial invoices exceeds the costs incurred plus the profits recorded (or minus the losses recorded) are shown under liabilities.

The last construction contracts were completed in the previous year. Since then, no new construction contracts have been commenced.

3.8. FINANCIAL ASSETS AND LIABILITIES

3.8.1. Financial assets

Generally, the financial assets shown in the statement of financial position are divided into the following categories:

- “Loans and receivables” (“LaR” for short)
- Available-for-sale financial assets (“AfS” for short))
- Financial assets held for trading or designated at the fair value (“FAHfT” for short)

“Loans and Receivables” (Receivables for sales and services, other receivables and parts of other assets) are non-derivative financial assets with fixed and/or definable payments, which are not listed on an active market. These arise if YOUNIQ Group directly provides cash and cash equivalents, goods or services to a debtor without any intention of trading in the receivables.

“Loans and receivables” are initially assessed at the fair value, which usually corresponds to the costs of acquisition under consideration of transactions costs; as of subsequent cut-off dates, these are assessed at continued costs of acquisition.

If there are doubts as to whether receivables will be covered, adequate individual adjustments of value are made. Delayed or sluggish payments received, bankruptcies and legal proceedings in combination with missing securities or securities which do not retain their value are indications of this. If the amount of the value adjustment is reduced during one of the following reporting periods and if this reduction is objectively attributable to circumstances which have arisen after the impairment is recorded, the value adjustment recorded earlier is reversed again. A subsequent reversal of the impairment losses is recorded with an impact on net income in as far as the accounting value of the asset at the time of the reversal of impairment does not exceed the continued costs of acquisition.

Receivables are written off as soon as they become irrecoverable.

Available-for-sale financial assets are non-derivative financial assets, which either have to be allocated to this category or which have not been allocated to any other category reported. They are recognised directly at the fair value in equity by offsetting against other reserves (revaluation reserve).

Acquisitions and sales of financial assets which are common on the market are assessed as of the trading day.

As of every cut-off date an inspection is carried out as to whether there are objective indications of an impairment of the financial asset. In the case of equity instruments which are classified as financial assets available for sale, an essential or lasting decline of the fair value to below acquisition costs has to be considered an indication of an impairment. If there is an indication for a lasting impairment of assets available for sale, a depreciation on the fair value is effected. In this case, the cumulative losses recognised directly in equity so far are then recognised in the depreciations in as far as such affect income. Impairment losses recorded with their impact on income are not reversed again with an impact on income.

Financial assets at fair value through profit or loss (including financial assets held for trading) (“FAHfT” for short) are assessed at the fair value (market value) both during the initial and subsequent valuation. This includes the financial assets held for trading and the derivative financial instruments (with a positive fair value). Within YOUNIQ Group, this exclusively concerns derivatives.

Cash and cash equivalents (cash in hand and cash at bank) are shown at their nominal value which corresponds to the fair value on account of their short-term character.

3.8.2. Financial liabilities

Loan liabilities and other liabilities ([“FLAC” for short) are assessed at their fair value during the first assessment. Subsequent valuation is effected at the continued costs of acquisition. Differences in the liabilities between the amount payable (after deduction of the transaction costs) and the amount repayable are generally distributed over the term of the loan agreement by using the effective interest rate method (use of the original effective interest rate) and recognised in the profit and loss account.

Liabilities are classified as being long-term if the contract provides for redemption after a period of 12 months.

Financial liabilities at fair value through profit or loss (including financial liabilities held for trading) ([“FLHfT” for short) are assessed at the fair value (market value) both during initial assessments and during the following assessments. This includes the financial liabilities held for trading and the derivative financial instruments (with a negative fair value). Within YOUNIQ Group, this exclusively concerns derivatives.

3.8.3. Derivative financial instruments and / or hedging transactions

At the moment, YOUNIQ Group exclusively uses interest rate swaps and caps as derivative financial instruments in order to reduce existing risks regarding increases in interest rates. These are assessed at the costs of acquisition at the time at which they are added and at their market value at the time of their disposal. They are recognised under statement of financial position items designed specifically to that end.

In addition to equity financing, the business activities of YOUNIQ Group are financed by taking out long-term loan capital. In this connection loans with a variable interest rate whose interest rate is tied to a base interest rate which is usually connected to the three-month EURIBOR (European Interbank Offered rate) are usually taken out. YOUNIQ AG pursues the fundamental risk management strategy of hedging against the risk of a change in interest rates (i.e. the variability of the base interest rate) with the help of contrary derivatives transactions in order to pay fixed cash flows and, thus, make the calculation of the real estate financing easier in the long term. Cash flow hedging within YOUNIQ Group aims at protecting the existing loans with variable interest rates by acquiring contrary derivative financial instruments. To that end, cash flow hedges ("CFH" for short) are established.

In a cash flow hedge the changes in the market value of a hedging derivative are recognised in equity – in deviation from the general assessment provisions regarding derivatives. If the cash flow hedge does not have an effectiveness of 100 % (but still is within the required effectiveness range of between 80 % and 125 %), the ineffective part of the fair value of the hedging transaction is not recognised in equity but directly in the profit and loss account. The division of the change in the market value of the hedging transaction into that part of the hedging transaction to be recognised in equity and that part of the hedging transaction not to be recognised in equity but to be recognised directly in the profit and loss account is effected in accordance with the following rule:

- The smaller of the following two amounts is recognised in equity: Cumulative changes in the market value of the hedging transaction versus cumulative changes in the market value of the hedged cash flow.
- In as far as the cumulative change in the market value of the hedging transaction is higher than the cumulative change in the market value of the hedge cash flow (overhedge), the difference is not recognised in equity but directly in the profit and loss account.
- However, in as far as the cumulative change in the market value of the hedging transaction is smaller than the cumulative change in the market value of the hedged cash flow (underhedge), there is no impact on the profit and loss account.
- As regards the effective part the following approach is chosen for the changes in value upon the execution of the hedged underlying transaction which is initially recognised under equity:
  - If the hedged transaction directly leads to expenses or income (e.g. because variable interest risks were hedged), the amount recognised under equity has to be closed out and then recognised in the profit and loss account at the same time.
  - If it is a financial asset or a financial liability, the amount recognised under equity is only closed out once the hedged item has an impact on the profit and loss account.

Effectiveness generally refers to the quality of the hedging relationship and is defined as the degree to which the change in the cash flow of the hedged transaction – in as far as such results from the hedged risk – is offset by changes in the cash flow of the hedging instrument.

With regard to the future a high (prospective) effectiveness has to be expected for the entire (remaining) term of the hedging relationship. For this reason, the first (prospective) test of effectiveness in the form of the so-called "critical term match" is carried out at the time at which the hedging relationship is established.

After that, the effectiveness is tested both prospectively and retrospectively during the term of the hedging relationship. If one of these two tests is not passed, the hedging relationship is terminated forthwith. Once a method for measuring effectiveness has been selected, it is retained throughout the term (except for justified exceptional cases) and applied consistently to comparable transactions.

3.9. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Long-term assets which are to be sold by means of an asset deal are shown separately in the consolidated statement of financial position in accordance with IFRS 5, provided a sale in the current state is possible and very likely during the next 12 months. In principle, this is the case in YOUNIQ Group if a concluded notarised purchase agreement regarding an existing property under which beneficial ownership or the risks and benefits of the real estate property are to be transferred to the buyer during the following accounting period is available on the atement of financial position date. Moreover, this category includes all assets of the discontinued divisions “Renting and Trading Real Estate” and “Project Development”. The properties intended for sale are shown separately in the consolidated statement of financial position and the consolidated statement of changes in non-current assets.

A disposal group is deemed to exist if a group of assets and of liabilities directly associated with such assets are to be disposed of in one transaction by means of a sale or in another form. The disposal group exclusively comprises liabilities which are to be taken over by the buyer. YOUNIQ Group liabilities which are to be repaid with the proceeds of the sale of the disposal group are not allocated to the disposal group.

A discontinued operation is a part of a company which was either sold or classified as held for sale and:

- which forms an essential segment of the operating activities;
- which is part of a single coordinated plan to sell a separate material operating segment or activities within a geographical area or
- which is a subsidiary which was acquired exclusively for the purpose of reselling it.

The evaluation of the assets intended for individual sale is effected immediately before reclassification according to the relevant provisions so far. After that, the accounting values established this way are compared to the net time values (fair value minus costs of sale) of the asset and/or of the group of assets to be sold, with the exception of an investment property assessed at the fair value model. These assets are shown at the respective lower value of accounting value and net time value. In the follow-up assessment of individual long-term assets held for sale, only changes in the net time value are considered.

3.10. PROVISION, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Within YOUNIQ GROUP, reserves are shown in the statement of financial position if the Group has a current legal or de facto obligation on account of an event in the past, if it is likely that commercial resources will have to be spent in order to fulfil this obligation, and if a reliable estimate of the amount of the obligation is possible. If there is a threat of a loss under a contract, YOUNIQ Group will recognise the current obligation under the contract as a provision for onerous contracts.

The reserve is valued on the basis of the best possible estimate of the extent of the obligation according to IAS 37, IAS 19 and IFRS 2. Reserves which do not lead to an outflow of resources as early as during the following year are reported at their settlement value discounted to the statement of financial position date in the cases where the interest rate effect is significant. Discounting is based on interest rates before taxes reflecting the current market expectations regarding the interest rate effect and the risks which are specific to the liability.

Liabilities are not netted out against claims for reimbursement.

If the amount of the liability can be determined clearly and there is no doubt regarding the claims on such, the liability is reported under the statement of financial position item “Payables for goods and services” or “Other short-term liabilities”.

Contingent liabilities are not shown in the consolidated financial statement; however, they are specified in the notes to the consolidated financial statement, provided the outflow of resources is possible with a commercial benefit. Likewise, contingent assets are not shown in the statement of financial position of the consolidated financial statement; however, they are recorded in the notes to the consolidated financial statement if the inflow of a commercial benefit is possible.

3.11. SHARE-BASED PAYMENT (SHARE OPTIONS)

The share options from the "YOUNIQ AG share option plan 2011" (see section 4.12.3.) can be exercised by the beneficiaries after a waiting period of 4 years under consideration of the vesting periods (total term: 7 years). The option rights can only be exercised through the payment of the exercise price. Upon exercising of a share option, the exercise price for the YOUNIQ share amounts to 110% of the average of the final auction price of the YOUNIQ shares in Xetra trading on the Frankfurt stock exchange (or on another electronic trading system which might replace it) on the five trading days before the respective allocation day of the subscription rights. Subscription rights must not be exercised during a period of two weeks before the end of every quarter and until the end of the first exchange trading day after the publication of the result for the corresponding quarter. Moreover, the subscription rights must not be published during a period of two weeks before the end of the financial year and the end of the first exchange trading day after the publication of the result for the past financial year and in the period of six weeks before the day of the annual general meeting of YOUNIQ AG and until the end of the first exchange trading day after the annual general meeting of YOUNIQ AG.

The share options granted are classified and evaluated as share-based remuneration with compensation through equity instruments. The fair value of the share options is evaluated once using a binomial model and under consideration of the conditions at which the share options were granted on the day of granting of the options. Afterwards, the fair value is not adjusted again on future due dates. The expenses for services received are recorded throughout the vesting period. On future due dates, only the number of the options which can potentially be exercised will be adjusted to the current expectation regarding the future fluctuation among the beneficiaries. The weighted average expected residual term for the share options outstanding as of 31st December 2013 amounts to 3.33 years.

The weighted average fair value of the share options granted during the financial year is EUR 1.18. The following parameters are used for the evaluation:

SHARE OPTIONS

	Share options 2013	Share options 2012	Share options 2011
Development of the virtual shares (number)			
As of 1st January	66,000	61,000	0
Virtual shares granted during the reporting period	0	7,500	61,000
Virtual shares forfeited during the reporting period	0	-2,500	0
As of 31st December	**66,000**	**66,000**	**61,000**
of which virtual shares which can be exercised	0	0	0
Parameter			
Day of granting		26/03/2012	20/10/2011

Continued on next page

Maximum term		7 years	7 years
Expected residual term as of 31/12/2013		3.7 years	3.3 years
Dividend return (%)		0,00 %	0,00 %
Expected volatility (%)		47,16 %	46,75 %
Riskfree interest rate (%)		1,12 %	1,35 %
Share price on the cut-off dare for the valuation		EUR 4.53 per share	EUR 6.15 per share
Exercise price		EUR 5.18 per share	EUR 7.05 per share
Applied model		Binominal model	Binominal model

The expected residual term of the share options is based on the assumption that the share options will be exercised after 5.5 years (as of the day on which they are granted) on average and does not necessarily correspond to the actual exercising behaviour as it materialises.

The expected volatility is based on the assumption that conclusions regarding future trends are possible on the basis of the historic volatility over a period corresponding to the expected term of the stock appreciation rights, which means that the actual volatility can deviate from the assumptions made. The expected volatility was established as the average of the historic volatility of YOUNIQ AG and the average historic volatility of a peer group.

The risk-free interest rates are derived from the market with a residual term which corresponds to the expected term of the option to be evaluated.

The amount of the expected dividend return is based on the market's expectations regarding the future dividend yield and was confirmed by the management.

The recorded personnel expenses for the services received during the financial year amount to in total kEUR 27 (previous year: kEUR 27) [with the 61,000 share options granted to the member of the Management Board, Marcus Schmitz, accounting for kEUR 26 thereof (previous year: kEUR 26)].

3.12. TAXES

3.12.1. Deferred tax assets and liabilities

Deferred tax assets and tax liabilities are calculated using the statement of financial position liability method. Deferred tax assets and tax liabilities are assessed for temporary differences between the tax base of the assets and liabilities and their accounting values in the IFRS statement. Furthermore, deferred tax assets and liabilities are taken into account at the level of the Group in the case where they result from consolidating entries.

Deferred tax assets for temporary differences and tax losses carried forward are assessed at the amount at which the temporary differences and/or the as yet unused tax losses can probably be set off against positive future tax income. In the calculation of the deferred tax assets on tax loss carry-forwards the following devaluations and risk discounts were considered as of 31st December 2013:

DEVALUATIONS AND RISK DISCOUNTS ON TAX LOSS CARRY-FORWARDS

	31/12/2013	31/12/2012
Corporation tax loss carry-forwards (fiscal group)	Business plan (0 % or 100 %)	Business plan
Trade tax loss carry-forwards (fiscal group)	Business plan (0 % or 100 %)	Business plan
Pre-fiscal group corporation tax loss carry-forwards	100.00 %	100.00 %
Pre-fiscal group trade tax loss carry-forwards	100.00 %	100.00 %
Other corporation tax loss carry-forwards	100.00 %	100.00 %
Other trade-tax carry-forwards	100.00 %	100.00 %

The assessment of deferred tax assets on tax loss carry-forwards of the fiscal units of YOUNIQ AG and of Youniq Heidelberg GmbH (which account for the major part of the tax loss carry-forwards) were derived from the current business plan for the next 5 years. The current business plan supports the use of the majority of the existing tax loss carry-forwards by Youniq Heidelberg GmbH (on the basis of existing appraisal reports for the real estate property in Frankfurt/Main-Riedberg I, we can assume that there will be sufficient tax profits in this business segment in the future), while the existing tax loss carry-forwards of YOUNIQ AG probably cannot be used in the future.

Deferred tax assets are evaluated using the tax rates and laws which are already in force on the statement of financial position date or which have essentially been legally adopted and which are expected to be valid at the time of the realisation of the deferred tax asset.

As in the preceding years, a tax rate of on average 31.925 %, which corresponded to the uniform corporation tax rate of 15.0 % plus solidarity surcharge (5.5 %) as well as the applicable business tax rate (16.1 % if the rate of assessment for the cities of Frankfurt/Main and Leipzig is used), was used for the calculation of the deferred taxes.

Moreover, the question of how the Management Board of YOUNIQ AG expects to use the asset from which the deferred tax liability results in the future was considered in the assessment of the deferred tax assets (cf. IAS 12.51). Subject to the precondition that the sale of the real estate property will be effected with the help of an almost tax-free sale of a business interest (so-called "share deal") and that the structures required to that end have already been created (i.e. companies with, at a maximum, one or two real estate properties), deferred tax liabilities regarding temporary differences between the accounting values of assets for taxation purposes and the corresponding accounting values under IFRS are not formed both at the time of the initial consolidation and during a subsequent valuation in later years. As of 31st December 2013 the (taxation) preconditions for this were not fulfilled for any (previous year: three) of the affiliated companies holding real estate properties; the effect regarding the deferred tax liabilities amounted to kEUR 0 (previous year: kEUR 5,590).

Deferred tax assets and tax liabilities are shown in the statement of financial position after netting-out subject to the very strictly interpreted preconditions in case such exist with the same tax authority for the same taxable entity. In this connection, deferred tax assets and liabilities of kEUR 3,540 (previous year: kEUR 2,557) were netted out as of 31st December 2013. Deferred tax assets and tax liabilities are reported as an element of the long-term liabilities on account of aspects of maturity on the basis of the structure of the statement of financial position.

3.12.2. Value added tax

Except for the following cases, sales revenue, expenses and assets are recorded after the deduction of sales tax:

- In the case when the sales tax incurred upon the acquisition of assets or services cannot be refunded by the tax authority, the sales tax is recorded as a part of the costs of production of the asset and/or as a part of expenses.
- Receivables and Payables are assessed together with the amount of sales tax contained therein.

The amount of sales tax which has been refunded by the tax authority or paid over to it is shown under "Other short-term receivables" or "Other short-term payables" in the consolidated statement of financial position.

3.12.3. Income tax

The actual claims to a tax refund or tax liabilities for the current accounting period are shown as the amount which is expected from a refund by the tax authority or a payment to the tax authority. The calculation of the amount is based on the tax rates and tax laws in force on the statement of financial position date.

3.13. BORROWING COST

Borrowing costs comprise interest and further costs incurred by the Company in connection with taking out loan capital.

Costs of loan capital are capitalised as costs of production according to IAS 23 provided these are connected with the acquisition, establishment and production of qualified assets. The capitalisation of costs of loan capital terminates upon completion of the asset.

All other costs of loan capital are recorded as expenses to the full extent during the accounting period during which these were incurred.

3.14. GOVERNMENT GRANTS

Grants by public authorities are recorded if there is sufficient certainty that the company will fulfil the appertaining conditions and that the grants will actually be granted.

The grants are to be recorded as revenue systematically throughout those periods in which the relevant expenses which they are to compensate for are incurred and offset against the costs of acquisition in the case of investment properties, which are evaluated at the fair value.

A grant for costs or losses which have already been incurred (or for the purpose of immediate financial relief without any expense connected with it in the future), shall be recorded as revenue during the period in which the corresponding claim is generated.

Performance-based grants are shown as “Other real estate-specific revenues and expenses” in the statement of consolidated income and explained in the notes to the consolidated financial statement.

If a grant has to be repaid, this is treated as a correction of an estimate.

3.15. REVENUE RECOGNITION

Revenue is realised if the commercial benefit is likely to accrue to the Group and the amount of the revenue can be reliably determined. Revenue has to be assessed at the fair value of the consideration received. Cash discounts, discounts and sales tax or other charges are not considered. Furthermore, the realisation of revenue is based on fulfilment of the recognition criteria listed below.

The Group’s essential revenue comprises rental revenue. With regard to the recognition of revenue from rental income we make reference to the explanations in section 3.4 Leasing.

Realisations of revenue in sales transactions (e.g. regarding investment property or inventory properties) are effected once all essential commercial opportunities and risks in connection with the property have been transferred to the buyer and once the seller does not retain any rights of disposal or effective authority to dispose of the subject of the sale and once the amount of the revenue as well as the actual costs which have been incurred or will be incurred in connection with the sale can be determined reliably and once the commercial benefit from the sales transaction is sufficiently likely to accrue to the company. Profits and losses from the disposals of long-term assets are established as the difference between the sales revenue and the accounting value, if applicable, minus any directly allocable selling costs and are recognised under sales revenue.

Sales revenue comprises:

- Net rents
- Utility costs and ancillary expenses
- Services

Revenues from services (e.g. reimbursement of operating costs) are realised in accordance with the progress of the service which is established as per the “cost-to-cost” method.

Interest revenue and expenses are adjusted on an accrual basis under consideration of the investment and/or loan amounts received and the interest rates to be applied on the basis of contractual agreements.

4. NOTES TO THE STATEMENT OF FINANCIAL POSITION

4.1. INTANGIBLE ASSETS

The intangible assets comprise software acquired for valuable consideration, purchase rights and goodwill.

Financial year 2013 (in kEUR)	**Software**	**Goodwill and enterprise values**	**Total 2013**	**Total 2012**
Costs of acquisition				
As of 1st January	231	251	482	435
Additions	3	-	3	47
As of 31st December	234	251	485	482
Depreciations				
As of 1st January	179	251	430	376
Additions	25	-	25	54
Disposals	204	251	455	430
As of 31st December	**30**	**–**	**30**	**52**

In the financial year 2013, the additions of kEUR 3 (previous year: kEUR 47) concerned administration software which will be written off on a straight line basis according to schedule over the expected period of use of three years.

4.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment developed as follows during the year under review:

Financial year 2013 (in kEUR)	Furniture and fixtures	Furnishing of the student apartments	Total 2013	Total 2012
Costs of acquisition and production				
As of 1st January	995	1,663	2,658	2,374
Additions	192	5,341	5,534	2,699
Transfers	(5)	5	-	(0)
Change in scope of consolidation	-	-	-	(2,385)
Disposals	-	(629)	(629)	(31)
As of 31st December	1,182	6,380	7,563	2,658
Depreciations				
As of 1st January	503	21	524	387
Additions	177	216	393	137
Disposals	-	(57)	(57)	-
As of 31st December	680	180	860	524
Total	**502**	**6.201**	**6,703**	**2,135**

As in the previous year, property, plant and equipment essentially concerns the furniture and fixtures of YOUNIQ AG, including the furnishings for the student apartments.

In addition to the acquisition of fixtures and fittings, the additions essentially concern the furnishings of the student apartments to the amounts of the purchase prices as in previous years.

On 31st December 2013, the capitalised costs of construction were as follows for the student apartments in Potsdam (kEUR 2,258), Bayreuth (kEUR 742), Mainz (kEUR 2.260) and Frankfurt / Main (Riedberg I) (kEUR 941).

In the course of the sale of the Berzeliusstraße real estate property in Munich in the fourth quarter of the 2013 financial year, an accounting value of kEUR 572 (sales price: kEUR 640) for the fixtures / furniture of student apartments was removed.

In addition, debit card payment systems (including equipment) were put into operation in the framework of financing leasing in the previous year. The first-time evaluation was effected at the present value of the minimum leasing payments (kEUR 75). On 31st December 2013, the accounting value was kEUR 41 (previous year: kEUR 56).

The furniture and furnishings and the debit card payment systems will be depreciated linearly over an estimated period of use of 10 or 5 years. Moreover, the depreciations for the 2013 financial year comprise one-off impairments of kEUR 16 (previous year: kEUR 0) regarding plant and equipment within the services segment to the recoverable amount (value in use) as a result of technological obsolescence.

4.3. INVESTMENT PROPERTY

During the financial year 2013, the accounting value of the investment property was as follows:

FAIR VALUE OF INVESTMENT PROPERTIES

in kEUR	2013	2012
As of 1st January	**89,234**	**111,146**
Additions from acquisition	-	1,678
Additions from subsequent costs of acquisition	30,451	30,626
Transfers according to IFRS 5 if classified as sale	(32,714)	(26,582)
Change in scope of consolidation	-	(34,345)
Net profits (losses) from fair value evaluation	(12,590)	6,711
As of 31st December	**74,381**	89,234
of which appraisal by Cushman & Wakefield LLP	73,000	70,080
of which appraisal by CBRE GmbH	-	17,450
of which derived from sales prices	**1,381**	**1,704**

The subsequent costs of acquisition and production (capitalised project development costs) of the investment properties comprise capitalised borrowing costs of kEUR 985 (previous year: kEUR 492). The financing cost rate results from external financing on which the respective development project is based. The KfW investments grants allocated to the properties in Potsdam (kEUR 630) and Mainz (kEUR 500) were considered as reductions of the costs of acquisition as of 31st December 2013.

The transfers concern the reclassification of real estate properties to the "Long-term assets held for sale" since the real estate properties either form the subject of the discontinued business operations or because a notarised sales agreement is available. In the financial year 2013, the transfer essentially concerned the sale of real estate properties in Munich (kEUR 14,177), Berlin (kEUR 12,100) and Göttingen (kEUR 4,430) and the reversed transaction of the agreement regarding the sale of land concerning a property in Reutlingen (kEUR 1,704).

As a result of the deconsolidation of Youniq Karlsruhe GmbH & Co. KG and Youniq München II GmbH & Co. KG, real estate properties having a total value of kEUR 34,345 were disposed of by the Group in the financial year 2012. In as far as there are no sales prices, the real estate properties were appraised by the real estate experts CBRE GmbH (existing properties) and by Cushman & Wakefield LLP (student apartments) at market values (fair values) as of 31st December 2013. With regard to the changes in market values, reference is made to section 2.4.

The fair values were established at the level of the accounting entities. Group entities usually comprise the entire real estate property (land and buildings, plant facilities, outdoor facilities, garages and other facilities). The furnishings of the student apartments are shown separately in thestatement of financial position under property, plant and equipment.

There are no legal restrictions on the disposal of the investment properties; no current restrictions on their disposal can be discerned. Moreover, there were no legal obligations to sell the investment properties at specific prices or to buy such properties on the statement of financial position date.

In the financial year 2013, the rental income of the investment properties totalled approximately kEUR 3,665 (previous year: kEUR 2,558). Operating expenses (kEUR 2,209; previous year: kEUR 2,026) which can be directly attributed to the investment properties essentially result from the operating expenses and maintenance expenses.

4.4. LONG-TERM ORIGINAL FINANCIAL INSTRUMENTS

in kEUR	31/12/2013	31/12/2012
Financial assets available for sale		
5.1 % residual shares in Youniq Karlsruhe GmbH & Co. KG	1,560	1,475
5.1 % residual shares in Youniq Greifswald GmbH & Co. KG	517	489
5.1 % residual shares in Youniq München II GmbH & Co. KG	495	470
Total	**2,572**	**2,435**

The remaining residual shares constitute financial investments in equity instruments which are classified as available-for-sale financial assets and, accordingly recognised in equity at the respective fair value.

YOUNIQ Group has an option to assign these equity instruments to Elfte Sachwert Rendite-Fonds Deutschland GmbH & Co. KG, Hamburg after a holding period of 5.5 years in order to repay the MPC loans (including accrued interest). As a result, the fair value is measured on the basis of the current value level of the MPC loans.

4.5. DEFERRED TAX ASSETS

in kEUR	31/12/2013	31/12/2012
Deferred tax assets		
Usable loss carryforwards (corporation tax)	-	4,774
Usable loss carryforwards (trade tax)	-	4,405
Valuation differences in other assets	-	654
less deferred tax liabilities: (netting according to IAS 12.74)		
Valuation differences in investment properties	-	2,524
Other valuation differences	-	33
Total	**-**	**7,276**

As of 31st December 2013, netted-out reporting is effected under deferred tax liabilities.

4.6. INVENTORIES

As in the previous year, the inventories (kEUR 17,454; previous year: kEUR 8,388) comprise real estate properties which are to be sold without any further modifications (real estate properties held for trading purposes).

Overall, inventories developed as follows in the financial year 2013:

DEVELOPMENT OF INVENTORIES

in kEUR	2013	2012
Costs of acquisition and production		
As of 1st January	8,388	34,544
Additions	10,503	8,630
Disposals	-	(17,300)
Transfers	-	(17,487)
As of 31st December	18,890	8,388
Depreciations		
As pf 1st January	-	4,867
Additions	1,436	761
Appreciations	-	(346)
Disposals	-	(302)
Transfers	-	(4,979)
As of 31st December	1,436	-
Total	**17,454**	**8,388**

The additions resulted from the further progress of construction of the student apartments in Frankfurt/Main (Riedberg II). As in the previous year, new inventory properties were not acquired.

The additions also comprise borrowing costs. Borrowing costs of kEUR 146 (previous year: kEUR 43) were capitalised in the financial year 2013. The financing cost rate is established on the basis of the external financing on which the respective development project is based.

The transfers of the previous year were made with regard to the non-current assets held for sale (kEUR 12,397) as a component of the discontinued operations and with regard to the construction contracts (kEUR 110).

Because of sales agreements which were concluded as of the statement of financial position date and of updated project calculations as of the statement of financial position date which disclose a lower fair value compared with the previous year, corresponding depreciations to the lower net realisable value were made. In the financial year 2013, this depreciation concerned one real estate property in Frankfurt/Main (Riedberg II) with an accounting value of kEUR 17,417 as of 31st December 2013 (previous year: three real estate properties with an accounting value of kEUR 868).

On account of sales contracts concluded in the course of the year and of new market value appraisals as of the statement of financial position date, which disclose a changed value compared with the expertise regarding the previous year, corresponding appreciations of kEUR 0 (previous year: kEUR 346) were effected on depreciations on inventories made in previous years.

According to the current business plan, all inventories listed as of the reporting-date are to be sold and/or handed over to the buyers in the financial year 2014. With regard to the pending sale of the student apartments in Frankfurt/Main (Riedberg II) reference is made to section 2.8.

4.7. TRADE RECEIVABLES

in kEUR	31/12/2013	31/12/2012
Trade receivables	216	99
Allocable operating expenses	24	187
Gross accounts receivable	**239**	**286**
Value adjustments	(127)	(72)
Total	**112**	**214**

The trade receivables comprise receivables for rents and billed service charges and outstanding payments from the sale of apartments.

In the financial year 2013, additions were made for individual valuation allowances for trade receivables and receivables from construction contracts settled with customers or from sales of apartments (kEUR 335; previous year: kEUR 37). On the other hand, there was a utilisation/write-back of kEUR 280 (previous year: kEUR 1,260).

4.8. INCOME TAX ASSETS

in kEUR	31/12/2013	31/12/2012
Corporation tax and solidarity surcharge	21	238
Trade tax	-	0
Total	**21**	**239**

4.9. OTHER SHORT-TERM RECEIVABLES AND ASSETS

in kEUR	31/12/2013	31/12/2012
Accounts receivable from KfW investment grant	1,130	-
Residual receivables from MPC Deal (sale of Youniq Karlsruhe GmbH & Co. KG)	596	604
Residual receivables from the sale of the real estate properties in Munich	584	-
Residual receivables from MPC Deal (sale of Youniq München II GmbH & Co. KG)	577	1,048
Payments on account regarding project developments and property, plant and equipment	223	360
Refund claims	142	0
Security deposits	68	67
Prepayment of invoices (accruals and deferrals)	46	165
Creditors with debit balance	25	-
Sales tax refund claims	12	9
Receivables from loans to third parties	1	7
Other	25	56
Total	**3,430**	**2,316**

The receivables under the KfW investment grant (programme 153 – Efficient building) concern the real estate properties in Potsdam (kEUR 630) and Mainz (kEUR 500). Crediting is effected in the form of repayment grants for the existing real estate financing which are created with the value date of 31st March 2014 (3 months after the date of the interest and repayment which follows the audit and recognition of the confirmation of the execution by the KfW funding bank in accordance with the application) in accordance with the letter by WGZ Bank AG Westdeutsche Genossenschafts-Zentralbank and Mainzer Volksbank e.G.

The residual receivables under the MPC deal concern security deposits regarding the purchase price by Elfte Sachwert Rendite-Fonds Deutschland GmbH & Co. KG. These amounts are released after full processing of the residual defects in the real estate properties in Karlsruhe and Munich and after the handover of the agreed documentations and operating permits.

The residual receivables from the sale of the real estate properties in Munich (kEUR 584) concern the last instalment of the purchase price for the sale of the student apartments in Munich, Berzeliusstraße. Payment is still to be provided in accordance with the completion works on the real estate property.

The payments on account regarding the project developments and property, plant and equipment essentially concern payments on account already made with regard to the student apartments which are still in the construction stage.

4.10. CASH AND CASH EQUIVALENT

The item cash and cash equivalents (only regarding continued business segments) of kEUR 2,517 (previous year: kEUR 6,113) comprises cash funds and the short-term bank deposits held within the Group.

Cash and cash equivalents of kEUR 637 (previous year: kEUR 1,042) are disposable. Until 31st December 2013, these essentially concern warranty retentions (kEUR 290), the cash sweep account (kEUR 186) and pledged rent accounts (kEUR 86).

4.11. NON-CURRENT ASSETS HELD-FOR-SALE

The non-current assets held-for-sale (kEUR 17,945; previous year: kEUR 39,173) comprise investment properties with regard to which notarised sales agreements have been concluded and the remaining current and non-current assets of the discontinued operations.

LONG-TERM ASSETS CLASSIFIED AS HELD-FOR-SALE (INVESTMENT PROPERTIES)

in kEUR	2013	2012
As of 1st January	**21,448**	**9,002**
Reclassification from investment properties	32,714	26,582
Change in scope of consolidation	-	(9,002)
Disposals	(35,532)	(7,575)
Net profit / (loss) from fair value assessment	(7,295)	2,442
As of 31st December	**11,335**	**21,448**
of which appraisal by CBRE GmbH	*370*	*12,046*
of which derived from sales prices	*10,965*	*9,402*

The investment properties disclosed here are attributable to the “YOUNIQ – Student Housing” segment (kEUR 8,600; previous year: 0), the “Renting and Trading Real Estate” segment (kEUR 2,735; previous year: 20,948) and to the “Services” segment (kEUR 0; previous year: kEUR 500).

In addition to the reversed transaction of the contract regarding the sale of a property in Reutlingen (kEUR 1,704), the disposals primarily concern the sale of the properties in Munich, Berzeliusstraße (kEUR 14,177) and in Göttingen (kEUR 3,600) as well as a large number of existing properties and apartments in and around Leipzig. In the previous year, real estate properties (kEUR 8,225) and property, plant and equipment (kEUR 777) were disposed of by the Group as a result of the deconsolidation of Youniq Greifswald GmbH & Co. KG (“YOUNIQ – Student Housing” segment).

Beneficial ownership of the residential property in Berlin, Iranische Straße passed to the buyer upon the payment of the purchase price (kEUR 8,600) into a notary trust account on 31st January 2014.

LONG-TERM ASSETS CLASSIFIED AS HELD-FOR-SALE (OTHER ASSETS)

in kEUR	31/12/2013	31/12/2012
Property, plant and equipment	1	0
Inventory properties	4,706	12,397
Receivables from construction contracts	-	291
Trade receivables	1,107	2,400
Claims to tax refunds	0	2
Other short-term receivables and assets	168	51
Cash and cash equivalents (restricted)	279	1,479
Cash and cash equivalents (non-restricted)	350	1,104
Total	**6,610**	**17,724**

The trade receivables comprise receivables from rent and settled utility expenses as well as outstanding payments from the sale of apartments. In the financial year 2013, additions were made as a result of value adjustments regarding trade payables and/or receivables from construction contracts settled with the customers and/or the sale of apartments (kEUR 430).

The remaining assets disclosed here are attributable to the “Renting and Trading Real Estate” segment (kEUR 5,747; previous year; kEUR 15,346) and to the “Project Development” segment (kEUR 863; previous year: kEUR 2,378).

4.12. EQUITY

With regard to the development of equity, reference is made to the Statement of Changes in Equity.

4.12.1. Subscribed capital

The subscribed capital (nominal capital) is divided into 10,400,000 no-par bearer shares without any changes as against the previous year.

Dividend payments were not approved at the general meeting of 17th July 2013.

4.12.2. Authorised capital (not issued)

As a result of a resolution approved at the general meeting on 10th August 2011, the Management Board was authorised to increase the share capital of the Company by up to EUR 5,200,000 (which corresponds to 50 % of the current nominal capital) by issuing new no-par value bearer shares once or several times up until 9th August 2016 with the approval of the Supervisory Board (Authorised Capital 2011 – section 4 (4) of the Articles of Association of YOUNIQ AG). In this context, the new shares can be issued in return for cash contributions or contributions in kind.

With regard to further information regarding the Authorised Capital, reference is made to the information according to section 289 (4) HGB and section 315 (4) HGB in the summary management report of YOUNIQ AG and of YOUNIQ Group for the financial year 2013 (section 5.7.1 – Authorised capital (section 4 (4) of the Articles of Association of YOUNIQ AG).

4.12.3. Conditional capital (not issued)

CONDITIONAL CAPITAL 2011 / I (SECTION 4 (5) OF THE ARTICLES OF ASSOCIATION OF YOUNIQ AG):

On the basis of a resolution by the general meeting on 10th August 2011, the share capital was increased conditionally by up to EUR 4,680,000 by issuing up to 4,680,000 new no-par value bearer share certificates (Conditional Capital 2011 / I). The conditional capital increase is only carried out in so far as the bearers of or creditors with regard to convertible or warrant-linked bonds, participating rights and / or participating bonds (or combinations of these instruments), which are issued or guaranteed by YOUNIQ AG or its affiliate companies against cash on the basis of the authorising resolution from 10th August 2011 until (and including) 9th August 2016, use their rights of conversion or option or in as far as corresponding conversion or option obligations are fulfilled and provided no other forms of performance are used to fulfil these.

With regard to further information on the Conditional Capital 2011 / I reference is made to the information according to section 289 (4) HGB and section 315 (4) HGB in the summary management report of YOUNIQ AG and of YOUNIQ Group for the financial year 2013 (section 5.7.2 – Conditional Capital 2011 / I (section 4 (5) of the Articles of Association of YOUNIQ AG).

CONDITIONAL CAPITAL 2011 / II / "YOUNIQ AG SHARE OPTION PLAN 2011"

The Management Board was authorised by the general meeting on 10th August 2011 to establish one or several share option plans on the basis of which option rights involving in total up to 520,000 bearer share certificates of YOUNIQ AG will be issued to members of the Management Board and employees of YOUNIQ AG and to members of the management board and employees of YOUNIQ Group companies once or several times up until 9th August 2016.

With regard to further information on the Conditional Capital 2011 / II reference is made to the information according to section 289 (4) HGB and section 315 (4) HGB in the summary management report of YOUNIQ AG and of YOUNIQ Group for the financial year 2013 (section 5.7.3 – Conditional Capital 2011 / II / "YOUNIQ AG Share Option Plan 2011").

4.12.4. Own shares

According to the resolution by the general meeting of 11th June 2010, the Company was authorised to buy own shares to an extent of ten percent of the current equity capital up until 10th June 2015 with the approval by the Supervisory Board according to section 71 (1) no. 8 AktG.

With regard to further information on the share buyback reference is made to the summary management report of YOUNIQ AG and YOUNIQ Group for the financial year 2013 (section 5.8 - Powers of the management to buy back shares).

On 31st December 2013, there were no own shares or convertible bonds.

4.12.5. Capital reserve

In the financial year 2013, the capital reserve of YOUNIQ AG changed as follows:

in kEUR	2013	2012
As of 1st January	**61,897**	**61,870**
Share option programme	27	27
As of 31st December	**61,924**	**61,897**

4.12.6. Retained income

The equity item “Retained income” comprises the statutory reserve according to section 150 AktG (kEUR 48) and other retained income.

The other retained income mainly comprises retained profits from the previous years and withdrawals from the capital reserve as well as effects from the acquisition of non-controlling shares. The retained income is structured as shown in the statement on changes in equity.

4.12.7. Revaluation reserve

Financial year 2013 (kEUR)	Financial assets available for sale	Effective part of profits/losses from cash flow hedging relationships	Income tax	Total
As of 1st January 2013	**98**	**-**	**(32)**	**67**
Valuation effects	137	-	(44)	93
As of 31st December 2013	**236**	**-**	**(75)**	**160**

Financial year 2012 (kEUR)	Financial assets available for sale	Effective part of profits/losses from cash flow hedging relationships	Income tax	Total
As of 1st January 2012	**-**	**(724)**	**222**	**(502)**
Additions	-	-	-	-
Valuation effects	98	(134)	12	(23)
Disposal/Reclassification	-	858	(266)	592
As of 31st December 2012	**98**	**-**	**(32)**	**67**

This exclusively concerns items which are retroactively reclassified in the Group result for the accounting period (profit and loss account) under certain circumstances (IAS 1.81A b).

4.12.8. Non-controlling interests

Profit shares for the results for the accounting period (as well as for the overall results) to the amount of kEUR -44 (previous year: kEUR 35) are allocated to the shares without non-controlling interests.

The non-controlling interests in business (or commercial) partnerships which have to be disclosed as liabilities have ceased to apply in previous years.

4.13. LONG-TERM LIABILITIES TO BANKS

Liabilities of the continued business segments to banks with a residual term of more than one year are reported. As of the statement of financial position date this concerned a total of five loans, of which some have a fixed interest rate (interest rates as of the reporting date between 1.25 % and 3.75 % p.a.).

in kEUR	Original loan principal	End of fixed interest rate / term	Interest rate in %	Type of interest	31/12/2013	31/12/2012
Mainzer Volksbank e.G.	10,000	30.11.2022	1.250	Fixed	8,883	-
Mainzer Volksbank e.G.	7,000	30.12.2023	3.750	Fixed	6,073	-
WGZ Bank AG	12,600	31.08.2022	1.800	Fixed	12,452	2,232
Berlin-Hannoversche Hypothekenbank	12,400	17.06.2016	Euribor plus Margin	Floating	11,999	-
Liechtensteinische Landesbank AG	5,000	30.06.2015	Euribor plus Margin	Floating	1,250	2,500
Postbank AG	5,730	31.12.2014	5.380	Fixed	-	5,301
WGZ Bank AG	2,620	30.12.2014	Euribor plus Margin	Floating	-	2,372
Deutsche Kreditbank AG	1,230	31.07.2014	4.630	Fixed	-	685
Total					**40,657**	**13,089**

Liabilities which have to be repaid in the financial year 2014 were reclassified as short-term liabilities to banks.

The long-term loan granted by WGZ Bank AG (loan principal: kEUR 12,600) and Mainzer Volksbank e.G. (loan principal: kEUR 10,000) for the financing of the project developments in Potsdam and Mainz are refinanced with funds from KfW Mittelstandsbank (programme: 153 – Efficient building). YOUNIQ Group is granted a repayment bonus of 5 % of the loan principal promised at the time of the approval from public funds in the context of energy-efficient building. As a result, the financing provided by the banks will be repaid accordingly using the KfW funds provided the construction measures are carried out properly (repayment grant).

All liabilities to banks are secured through registered land charges to the amount of the respective loan proceeds with the exception of the loan by Liechtensteinische Landesbank AG. In addition, rights under tenancy and lease relationships, sales contracts and interest hedging transactions have also been assigned to the respective financial institution as collateral for liabilities to banks.

4.14. DEFERRED TAX LIABILITIES

in kEUR	31/12/2013	31/12/2012
Deferred tax liabilities		
Valuation differences regarding investment properties	3,900	-
Other valuation differences	75	-
less deferred tax assets: (netting according to IAS 12.74)		
Valuation differences regarding investment properties	1,343	-
Valuation differences regarding inventory properties	1,078	-
Usable loss carry-forwards (corporation tax)	567	-
Usable loss carry-forwards (trade tax)	553	-
Total	**435**	**-**

In the financial year 2013, deferred tax assets from valuation differences regarding the investment properties and portfolio properties resulted from the waiver of current-value depreciations for tax purposes (valuation option in the tax balance sheet).

With regard to the calculation of the deferred tax assets on tax loss carry-forwards, the corporation and trade tax loss carry-forwards determined as of the reporting date were used.

4.15. DERIVATIVE FINANCIAL INSTRUMENTS

in kEUR	Type	Beginning	Maturity	Initial amount	Currency	Fixed interest rate	Fair value 31/12/2013	Fair value 31/12/2012
Derivative financial instruments with positive fair value								
Landesbank Berlin AG	Interest rate swap	07/01/2014	29/03/2019	13,250	EUR	1.500 %	288	-
Total				**13,250**			**288**	**-**
Derivative financial instruments with negative fair value								
Westdeutsche Genossenschafts-Zentralbank AG	Interest rate swap	31/12/2009	dissolced in 2013	2,620	EUR	2.680 %	-	118
Total				**2,620**			**-**	**118**

YOUNIQ Group uses interest rate swaps and caps as derivative financial instruments in order to avoid risks existing on account of increases in interest rates. These will be assessed at their market value at the time of addition and on the statement of financial position date.

The costs of acquisition (“up-front fee”) of the interest rate cap at Landesbank Berlin AG amounted to kEUR 299.

The interest rate swap from Westdeutsche Genossenschafts-Zentralbank AG regarding kEUR 2,620 (original term until 31st December 2014) was terminated early on 10th June 2013 (date of termination). The compensation payment amounted to kEUR 103.

4.16. LONG-TERM PROVISIONS

in kEUR	2013	2012
As of 1st January	-	-
Addition	1,647	-
As of 31st December	**1,647**	-

The long-term provisions exclusively concern impending losses from the general lease agreements with Elfte Sachwert Rendite-Fonds Deutschland GmbH & Co. KG or its specific object companies. The calculation was effected on the basis of the difference between the guaranteed general rent payments and the costs of letting and the estimated revenue from subletting of the respective student apartments concerned in Munich, Greifswald and Karlsruhe. The general rent agreements are assessed as a commercial unit since they could only be concluded together and were part of the entire MPC deal. The assumptions regarding the costs of future new furnishings and the annual rent increases from subletting were re-assessed as against the previous year. In the framework of discounting of the future payments streams, the interest structure for (hypothetical) zero-coupon bonds without a credit default risk published by Deutsche Bundesbank as of 31st December 2013 was used. Risks and opportunities were taken into account in the future payment streams.

4.17. OTHER LONG-TERM LIABILITIES

in kEUR	31/12/2013	31/12/2012
MPC loan	2,572	2,435
Security deposits	352	130
Leasing liabilities (long-term)	29	44
Bearer bond of Youniq Potsdam GmbH	-	4,923
Total	**2,953**	**7,533**

In the context of the sale of 94.9 % of the shares in Youniq Karlsruhe GmbH & Co. KG, Youniq Greifswald GmbH & Co. KG and Youniq München II GmbH & Co. KG, Elfte Sachwert Rendite-Fonds Deutschland GmbH & Co. KG, Hamburg, granted the YOUNIQ Group long-term loans (“MPC loans”). These loans have a term of six years and are subject to a fixed interest rate of 6 % p.a. The YOUNIQ Group has the option of repaying these loans plus the interest accrued by assigning the residual shares in the companies referred to above following a holding period of 5.5 years.

The security deposits largely comprise retentions from subcontractors until the end of the warranty periods.

Leasing liabilities result from long-term leasing of operating equipment and fixtures and furniture (debit card payment systems including equipment). The lease is classified as a finance lease since the present value of the minimum leasing payments initially corresponded, at least, to the fair value of the asset.

The bearer bond (WKN A1RE6N/ISIN DE00A1RE6N9) regarding a total nominal amount of kEUR 5,000 for financing of the real estate project development in Potsdam will fall due for repayment on 17th December 2014 and was reclassified to the short-term other liabilities in December 2013 for this reason.

4.18. OTHER SHORT-TERM PROVISIONS

in kEUR	2013	2012
As of 1st January	**466**	**1,024**
Utilisation	(446)	(929)
Reversal	(11)	(5)
Addition	3,308	377
As of 31st December	**3,318**	**466**

COMPOSITION OF OTHER SHORT-TERM PROVISIONS

in kEUR	31/12/2013	31/12/2012
Imprending losses from the reversed transaction of sales agreements (MPC deal)	1,822	-
Warranties and remedying of defects	574	-
Impending losses from executory contracts	379	-
Outstanding invoices (e.g. consultancy fees, operating expenses)	231	346
Costs of the annual general meeting, publications	75	65
Personnel expenses and supervisory board emoluments	68	45
Other	168	10
Total	**3,318**	**466**

Upon the conclusion of the termination agreement with Elfte Sachwert Rendite-Fonds Deutschland GmbH & Co. KG (MPC-Deal) regarding the sale of the property in Frankfurt/Main (Riedberg II), a provision for liabilities from the reverse transaction of sales agreements is reported as a liability. The exact amount of the obligations partly depends on the time of the execution of the termination agreement which is expected for the first quarter of the financial year 2014.

The provision for impending losses from pending contracts concerns the expected excess liability from a transaction regarding the procurement of furniture (kEUR 100), the termination agreement regarding the tenancy agreement for the premises of YOUNIQ AG in Frankfurt/Main (kEUR 200) and commission fees (kEUR 79). All of these contracts are still being negotiated as regards the amount and the time of the payments.

A provision was formed for warranty obligations and remedying of defects regarding real estate properties sold in the previous years and regarding construction contracts. The evaluation is made on the basis of experience in the field of repairs and complaints in the past. It is expected that a large part of these costs will be incurred during the financial year 2014 and that the entire amount reported as a liability will be incurred within a period of two years after the reporting date.

4.19. INCOME TAX LIABILITIES

in kEUR	31/12/2013	31/12/2012
Trade tax	83	83
Corporation tax (including solidarity surcharge)	-	0
Total	**83**	**83**

4.20. SHORT-TERM LIABILITIES TO BANKS

in kEUR	Original loan principal	End of fixed interest rate period/term	Interest rate in %	Type of interest rate	31/12/2013	31/12/2012
Berlin Hyp AG	14,200	31.10.2014	Euribor plus Margin	Floating	11,561	-
Deutsche Genossenschafts-Hypothekenbank AG	9,000	30.06.2014	Euribor plus Margin	Floating	8,964	925
Postbank AG	5,730	31.12.2014	5,380	Fixed	5,471	-
Liechtensteinische Landesbank AG	-	30.06.2014	Euribor plus Margin	Floating	1,250	1,250
Mainzer Volksbank e.G.	-	2014	1.250 or 3.750	Fixed	1,210	-
Berlin-Hannoversche Hypothekenbank	12,400	2014	Euribor plus Margin	Floating	259	-
WGZ Bank AG	12,600	2014	1.800	Fixed	148	-
Landesbank Berlin AG	10,000	15.04.2013	Euribor plus Margin	Floating	-	10,006
Eurohypo Aktiengesell-schaft	7,000	30.06.2013	Euribor plus Margin	Floating	-	6,709
Deutsche Genossenschafts-Hypothekenbank AG	-	31.07.2013	Euribor plus Margin	Floating	-	4,064
Deutsche Genossenschafts-Hypothekenbank AG	-	31.07.2013	Euribor plus Margin	Floating	-	2,951

Continued on next page

Deutsche Genossenschafts-Hypothekenbank AG	-	31.07.2013	7,500	Fixed	-	872
Deutsche Genossenschafts-Hypothekenbank AG	-	31/12/2013	7,500	Fixed	-	458
Deutsche Genossenschafts-Hypothekenbank AG	-	31.07.2013	7,500	Fixed	-	354
other (< kEUR 300, e.g. current account liabilities)	-	-	-	-	22	333
Total					**28,885**	**27,922**

The short-term repayment shares of the otherwise long-term loans are also reported under the „short-term liabilities to banks".

The loan by Postbank AG (loan proceeds: kEUR 5,471) was repaid early using the proceeds from the sale on 10th February 2014 in the framework of the sale of the real estate property in Berlin.

4.21. TRADE PAYABLES

in kEUR	31/12/2013	31/12/2012
Outstanding invoices regarding construction costs from the scope of services as of the balance sheet date	2,465	2,248
Trade payables	1,848	2,211
Accounting and auditing fees	326	298
Prepayment of utilities and common charges by the tenants	22	31
Total	**4,661**	**4,788**

Outstanding invoices regarding construction costs from the scope of services as of the statement of financial position date concern construction services which have been rendered but not invoiced or settled in another form yet. These essentially concern the development projects reported under investment properties (including the completion work still to be carried out on the sold property in Munich, Berzeliusstraße).

The trade payables primarily comprise receivables by suppliers from current construction operations and for services procured. In addition, the advance payments of heating and operating costs (prepayments of incidental rent expenses) are reported until they are finally settled with the tenant.

The trade payables are not subject to interest and usually have a due date of between 30 and 60 days.

4.22. OTHER SHORT-TERM LIABILITIES

in kEUR	31/12/2013	31/12/2012
Bearer bond of Youniq Potsdam GmbH	4,984	27
Prepayments received from the sale of real estate properties	750	-
Liabilities to employees and members of the Management Board	442	149
Compensation obligations	150	-
Prepaid rents	141	30
Purchase price liabilities from the purchase of company shares	100	100
Liabilities from income and church tax	37	52
Deferral of rent-free periods for the business premises in Frankfurt am Main	32	48
Liasing liability (short-term)	15	14
Social security liabilities	5	15
Security deposits received	4	-
Sales tax liabilities	0	0
Land transfer tax liabilities	-	80
Other	56	34
Total	**6,716**	**549**

With a global certificate (German securities identification number: A1RE6N / ISIN DE00A1RE6N9) from December 2012, the group company Youniq Potsdam GmbH issued a bearer bond regarding a total nominal amount of kEUR 5,000 to finance the real estate project development in Potsdam. The bond was secured by group companies which pledged their shares in Youniq Potsdam GmbH. This bearer bond has a term from 17th December 2012 (date of issue) until 17th December 2014. A fixed interest of 13 % p.a. is paid on this bond. In December 2013, the liability was reclassified from other long-term liabilities.

The liabilities to employees and members of the Management Board essentially concern contractual obligations under employment contracts (bonuses) and holidays not taken (kEUR 307; previous year: kEUR 149) and the expected liabilities under the termination and early release of an employee (kEUR 135).

The liabilities for damages (kEUR 150) result from the ruling by Lübeck Regional Court of 21st August 2013 regarding the development of a property located in Lübeck.

As in the previous year, the purchase price liabilities from the acquisition of shares in companies concern the remaining purchase price of kEUR 100 (previous year: kEUR 100) from the acquisition of the shares in the group company Youniq Potsdam GmbH which has not yet fallen due.

4.23. LIABILITIES IN CONNECTION WITH NON-CURRENT ASSETS HELD-FOR-SALE

The liabilities in connection with assets held for sale comprise the short- and long-term liabilities of the discontinued operations.

in kEUR	31/12/2013	31/12/2012
Liabilities to banks	5,104	17,621
Provisions	1,682	771
Accounts payable	1,437	2,212
Payments received on account	255	-
Tax liabilities	60	61
Derivative financial instruments	-	690
Other liabilities	362	510
Total	**8,900**	**21,866**

All liabilities to banks are secured by a mortgage having the form of registered land charges in the amount of the respective loan proceeds. In addition, rights under tenancy and lease agreements, sales agreements and interest hedging transactions have in part also been assigned to the respective bank as security for bank liabilities.

The swap at SEB AG regarding kEUR 14,000 (original term until 30th June 2015) was terminated early, as of 24th October 2013 (date of termination). The compensation payment amounted to kEUR 473.

5. NOTES ON THE PROFIT AND LOSS ACCOUNT

5.1. RENTAL INCOME (SEGMENTS TO BE CONTINUED)

The rental income is structured as follows:

in kEUR	2013	2012
Rental income - All-in rents for student apartments	7,648	4,438
Rental income - Residential units	445	866
Rental income - Parking spaces	128	36
Rental income - Commercial units	16	3
Rental income - Other	11	-
Rent reductions, vacancy	(37)	-
Total	**8,210**	**5,342**

As in the previous year, the entire rental income was exclusively generated in Germany.

The "Rental income – flat-rate rent for student apartments" comprises payments from subleases amounting to kEUR 4,155 (previous year: kEUR 2,745).

With regard to the real estate-specific parameters for each segment, reference is made to the summary management report (section 1.1.4 – Development of business and of the real estate portfolio).

5.2. REVENUE FROM ON-CHARGING OF ANCILLARY EXPENSES (SEGMENTS TO BE CONTINUED)

The revenue from on-charging of ancillary expenses (kEUR -7; previous year: kEUR 445) concerns the heating and running costs to be charged to the tenants.

The further decline in revenue from on-charging of ancillary expenses is due to the fact that the student apartments are exclusively let for a so-called "flat-rate rent" ("one price for everything - including all ancillary expenses").

5.3. RENTAL EXPENSES (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Impending losses from general rent agreements with MPC	(1,647)	-
General rents for MPC (properties in Karlsruhe)	(1,631)	(1,339)
General rents for MPC (properties in Greifswald)	(585)	(480)
General rents for MPC (properties in Munich)	(466)	(39)
General rents for uniVersa Versicherung (property in Erlangen)	(473)	(473)
Rent guarantees	-	(0)
Total	**(4,803)**	**(2,332)**

The expenses for impending losses from the general rent agreements with Elfte Sachwert Rendite-Fonds Deutschland GmbH & Co. KG and its object companies (MPC) concern the addition to provisions. With regard to this we make reference to our explanations in section 4.16.

5.4. PROPERTY-RELATED OPERATING EXPENSES (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Operating expenses (power, gas, water, etc.)	(1,262)	(1,026)
Ongoing maintenance	(478)	(142)
Cleaning, waste disposal	(359)	(226)
Property management expenses	(251)	(58)
Property-related legal counselling	(230)	(248)
Letting commission, real estate agent's fees	(221)	(431)
Non-deductible input tax	(218)	(101)
Telecommunications	(184)	(154)
Property tax	(101)	(120)
Janitorial expenses	(35)	(58)
Maintenance of the grounds	(20)	(14)
Legal fees, dunning fees	(20)	(4)
Building insurance (contributions, refunds)	185	(22)
Other property-related operating expenses	(141)	(284)
Total	**(3,334)**	**(2,889)**

5.5. OTHER PROPERTY-RELATED INCOME AND EXPENSES (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Admission and processing fees	481	305
Income from property management of student partments for third parties	182	117
Income from project-related services for tenants and third parties	137	55
Income from the use of washing machines	88	50
Other property-related income	26	2
Other property-related income (unrelated to the accounting period)	11	3
Compensation obligations	(500)	-
Property-related consultancy	(363)	-
Total	**62**	**532**

5.6. REVENUE FROM THE SALE OF REAL-ESTATE ASSETS (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Revenue from the sale of real estate assets	18,340	406
Sales proceeds from investment properties	18,296	-
Sales proceeds from inventory properties	-	419
Other sales proceeds	43	(13)
Disposal of book values from the sale of real estate properties	(18,579)	(408)
Disposal of book values of investment properties	(18,579)	-
Disposal of book values of inventory properties	-	**(408)**
Expenses from the sale of real estate assets	(5,653)	(76)
Costs from the withdrawal from the Riedberg II purchase agreement (MPC-deal)	(3,122)	-
Commission fees and selling costs	(614)	(21)
Value adjustment regarding account receivable from sale under MPC deal (Munich II property)	(450)	-
Expenses for warranties	(1,467)	-
Costs for portfolio sale	-	(36)
Grant regarding costs of reconstruction	-	(19)
Costs of acquisition and costs of corporate mergers	(8)	(102)
Other costs, subsequent costs	(8)	(2)
Subsequent purchase price adjustment of Youniq Potsdam GmbH	-	**(100)**
Revenue/(expenses) from the purchase or sale of real estate companies	-	(1,565)
Loss from deconsolidations of Youniq Karlsruhe GmbH & Co. KG	-	(1,579)
Loss from deconsolidations of Youniq München II GmbH & Co. KG	-	(130)
Profits from the deconsolidations of Youniq Greifswald GmbH & Co. KG	-	107
Other consolidation effects	-	37
Total	**(5,900)**	**(1,744)**

5.7. REVENUES FROM CONSTRUCTION CONTRACTS (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Construction contract regarding Leipzig, Schützenstraße 2a	-	1,004
Revenue from construction contracts	**-**	**1,004**
Construction contract regarding Leipzig, Schützenstraße 2a	-	(1,111)
Expenses from construction contracts	**-**	**(1,111)**
Total	**-**	**(107)**

5.8. PROFIT / (LOSS) FROM CHANGES IN VALUATION OF INVESTMENT PROPERTY (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Increases in value in the context of the on-going market appraisal	535	8,016
Increases in value in the context of sales (sales prices)	-	2,442
Impairments in the framework of sales (sales prices)	(4,330)	-
Impairments in the context of the on-going market appraisal	(13,125)	(3,747)
Total	**(16,920)**	**6,711**

5.9. PERSONNEL AND ADMINISTRATIVE EXPENSES (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Personnel expenses	**(1,507)**	**(1,803)**
Wages and salaries (employees and members of the Management Board)	(1,279)	(1,564)
Statutory social insurance contributions	(218)	(223)
Other personnel expenses	(11)	(16)
Administrative expenses	**(2,887)**	**(2,651)**
Legal and consultancy fees	(854)	(478)
Rents, costs of office space	(512)	(363)
Costs of exchange, publication, etc.	(362)	(197)

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Costs of auditing, preparing annual accounts and consultancy services (cost of annual accounts)	(295)	(302)
Costs of projects not carried out	(223)	(260)
Travelling expenses	(141)	(190)
Costs of IT hardware and software	(120)	(19)
Office and communication costs	(91)	(148)
Costs of real estate appraisal	(80)	(99)
Insurances	(79)	(77)
Costs of tax consulting	(62)	(292)
Recruitment	(25)	(159)
Other	(42)	(67)
Total	**(4,394)**	**(4,455)**

Taking consideration of the discontinued business divisions, the total personnel expenses in the financial year 2013 totalled kEUR 2,891 (previous year: kEUR 2,368). This includes pension insurance contributions (employer's share) of kEUR 84 (previous year: kEUR 102).

On an annual average, the Company employed 42 staff (previous year: 36). On 31st December 2013, the Company had a total staff of 42 (previous year: 42) employees.

Personnel expenses include payments in connection with the termination of employment contracts (compensation payments) amounting to kEUR 308 (previous year: kEUR 42). This concerned a former member of the Management Board (kEUR 20) and two executive employees (kEUR 260).

5.10. GENERAL SELLING AND MARKETING EXPENSES (SEGMENTS TO BE CONTINUED)

The general selling and marketing expenses (kEUR 281; previous year: kEUR 460) essentially comprise marketing expenses and selling costs. This includes, in particular, the general commission fees involved in the selling of apartments and apartment units at student apartments, brand management of the „YOUNIQ" brand and participation in relevant trade fairs.

5.11. WRITE-UPS / (DEPRECIATIONS) (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Depreciations on inventories	(1,436)	-
Depreciations on property, plant and equipment	(377)	(137)
Depreciations on intangible assets	(25)	(54)
Impairments of property, plant and equipment	(16)	-
Total	**(1,854)**	**(191)**

5.12. INTEREST INCOME (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Interest income according to Art. 233a AO	18	106
Interest income from short-term financial investments	5	24
Other	-	6
Total	**23**	**136**

In the preview year, other interest income contained kEUR 6 from the discounting of a non-current liability.

5.13. INTEREST EXPENSES (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Interest expenses	(2,735)	(1,793)
Interest from bank loans	(1,941)	(1,578)
Interest expenses from bearer bond	(650)	(27)
Interest from the MPC loans	(140)	(98)
Interest expenses according to Art. 233a AO	(2)	(90)
Other interest expenses	(2)	-
less capitalised interest on borrowed capital	1,131	535
Project developments regarding investment properties	985	492
Project developments regarding inventory properties	146	43
Total	**(1,604)**	**(1,258)**

The other interest expenses comprise kEUR 2 through the addition of accrued interest for a long-term liability.

5.14. OTHER FINANCIAL INCOME / (FINANCIAL EXPENSES) (SEGMENTS TO BE CONTINUED)

in kEUR	2013	2012
Other financial income	118	28
Revenue from the market valuation of derivative financial instruments	118	28
Other financial expenses	(1,089)	(938)
Bank fees	(30)	(18)
Expenses from the termination of derivative financial instruments	(103)	(74)
Expenses from the market appraisal of derivative financial instruments	(11)	(118)
Financing fees and prepayment penalties	(946)	(728)
Total	**(971)**	**(910)**

5.15. INCOME TAX - INCOME / (EXPENSES) (SEGMENTS TO BE CONTINUED)

According to IAS 12, the taxes on income for the accounting period consist of current taxes on income and profit and of deferred taxes.

in kEUR	2013	2012
Deferred taxes	(8,612)	1,396
Taxes on income (current year)	(0)	(15)
Payment of tax arrears for previous years	-	(125)
Tax refunds for previous years	-	291
Total	**(8,612)**	**1,547**

Tax assets and tax liabilities are shown separately in the balance sheet.

The real income tax expenditure primarily depends on the applicable rules regarding the determination of taxable profit of YOUNIQ AG in its capacity as the parent company. The taxable profit is derived from the separate financial statements of YOUNIQ AG and all subsidiary companies included in it, which are prepared in accordance with the taxation rules. Most Group companies are included in the interlocking relationship for corporation and trade tax purposes. The re-assessment of the future use of tax loss carry-forwards prepared by YOUNIQ AG as of the balance sheet date has led, in particular, to the depreciation of deferred tax assets.

5.16. OFFSETTING AND TAX RECONCILIATION

According to IAS 12, the entire income taxes for the accounting period (including the discontinued business segments) consist of current taxes on income and profit and of deferred taxes:

in kEUR	2013	2012
Deferred taxes (continued segments)	(8,612)	1,396
Deferred taxes (discontinued segments)	944	(1,498)
Taxes on income (continued segments)	(0)	151
Taxes on income (discontinued segments)	5	(74)
Total	**(7,663)**	**(24)**

This results in the following tax reconciliation

in kEUR	2013	2012
Group earnings before income taxes	(46,419)	(7,036)
Tax rate	31.93 %	31.93 %
Expected (tax revenue)/tax expenses	**(14,819)**	**(2,246)**
Non-usable tax loss carry-forwards	7,810	2,788
Effects related to other accounting periods	111	(240)
(Tax refunds)/additional payments regarding previous years	-	(92)
Non-deductible expenses	603	66
Trade tax effects (deviating assessment basis)	308	239
(Appreciation)/depreciation on loss carry-forwards of the previous year	8,060	2,215
Valuation effects according to IAS 12.51 (likelihood of realisation)	5,590	(2,449)
Tax-free revenue/expenses	-	(257)
Total	**7,663**	**24**
Effective tax rate	-16.51 %	-0.34 %

5.17. RESULT PER SHARE

According to IAS 33, the result per share is established by dividing the Group's profit or loss for the accounting period by the weighted average number of the shares issued the respective financial years (10,400,000 bearer share certificates as in the previous year).

In principle, this parameter can be diluted by so-called potential shares (convertible bonds, option bonds, share options). So far, YOUNIQ AG has issued neither options nor conversion rights nor share options. The agreed performance criteria for the outstanding purchase options for employees (share option plan) were not yet fully fulfilled on the balance sheet date. Therefore, there is no dilution at present.

Therefore, the diluted result per share is not calculated since this result corresponds to the undiluted result. However, if the instruments adopted by the general meeting of YOUNIQ AG (authorised and conditional capital) are used, this could lead to a dilution of the result per share in the future.

The undiluted result per share amounts to EUR -5.20 for the 2013 financial year and to EUR -0.68 for the 2012 financial year.

5.18. ACCOUNTING VALUE PER SHARE

The accounting value per share is established on the basis of equity before shares without controlling influence, divided by the number of shares.

in EUR	31/12/2013	31/12/2012
Equity which the Group shareholders account for	27,016,007	80,939,393
Number of shares (number)	10,400,000	10,400,000
Accounting value per share	**2.60**	**7.78**

6. CASH FLOW STATEMENT

The cash flow statement shows how the Group's cash and cash equivalents have changed in the course of the financial year on account of the inflow and outflow of funds. According to IAS 7, we differentiate between payment flows from current operations and from investment and financing activities.

The cash inflows and outflows in the course of the financial year have the following structure - broken down according to activities and according to abandoned and continued business segments:

in kEUR	2013	2012
Cash flow from operating activities (discontinued segments)	1,157	15,082
Cash flow from operating activities (continued segments)	(18,262)	(13,362)
Cash flow from operating activities (total)	**(17,105)**	**1,720**
Cash flow from investing activities (discontinued segments)	15,390	6,016
Cash flow from investing activities (continued segments)	(15,172)	1,188
Cash flow from investing activities (total)	**218**	**7,204**
Cash flow from financing activities (discontinued segments)	(18,501)	(21,668)
Cash flow from financing activities (continued segments)	29,838	11,002
Cash flow from financing activities (total)	**11,337**	**(10,666)**
Net change in cash and cash equivalents (discontinued segments)	(1,954)	(570)

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Net change in cash and cash equivalents (continued segments)	(3,597)	(1,172)
Net change in cash and cash equivalents (total)	**(5,551)**	**(1,742)**
Cash and cash equivalents at the end of the period (discontinued segments)	629	2,583
Cash and cash equivalents at the end of the period (continued segments)	2,517	6,113
Cash and cash equivalents at the end of the period (total)	**3,146**	**8,696**

In addition to personnel and administrative expenses, the cash flow from operating activities (continued segments) comprises, in particular, outflows of funds to the amount of kEUR 10,503 (previous year: kEUR 8,314) from the acquisition and construction activities regarding the project development in Frankfurt/Main (Riedberg II) with regard to which there were no cash inflows from the sale of other short-term assets.

The cash funds considered in the cash flow statement include all forms of cash funds and cash equivalents consisting of cash in hand and cash at banks. This also includes cash funds to the amount of kEUR 916 (previous year: kEUR 2,521), which are not freely available. The cash funds which are not freely available are amounts which are earmarked on account of agreements in various loan contracts and/or which are deposited as security. Furthermore, amounts deferred for the purpose of interest hedging (swaps) and warranty retentions regarding subcontractor invoices are also included in this.

The cash flows from the investment and financing activity are established on a cash basis. The cash flow from current operations, on the other hand, is derived indirectly and is based on the annual net profit for the Group. In the framework of the indirect calculation the changes in balance sheet items in connection with the current operations, which have been taken into account, are adjusted for effects from a change of the scope of consolidation. For this reason, the changes in the balance sheet items concerned cannot be adjusted to the corresponding values based on the published consolidated balance sheet.

Essential non-cash transactions concerned deferred taxes, the changes in the fair values of the investment properties, provisions, changes in market value and appreciations and depreciations.

The total of the cash flows from the acquisition or sale of subsidiaries are shown separately and classified as investment activity in the statement of cash flows.

Cash flows from the acquisition and sale of subsidiaries	**Purchase prices received/(paid)**	**Cash of the subsidiary received/(sold)**	**Inflows/(outflows) of funds from the purchase/sale of subsidiaries**
Total 2013	**-**	**-**	**-**
Establishment of Youniq Düsseldorf GmbH	(25)	25	-
Establishment of Youniq Reutlingen GmbH	(25)	25	-
Establishment of Youniq Dritte Objektgesellschaft mbH	(25)	25	-
Establishment of Youniq Vierte Objektgesellschaft mbH	(25)	25	-
Sale of Youniq Karlsruhe GmbH & Co. KG	25,546	(475)	25,070
Sale of Youniq Greifswald GmbH & Co. KG	4,985	(31)	4,954
Sale of Youniq München II GmbH & Co. KG	7,615	(56)	7,559
Total 2012	**38,046**	**(463)**	**37,583**

The residual receivables from the 2012 sale of the shares in Youniq Karlsruhe GmbH & Co. KG and Youniq München II GmbH & Co. KG (kEUR 1,652) will probably only become cash effective after full remedying of the residual deficiencies in the real estate properties in Karlsruhe and Munich and / or after the handover of the agreed documentations and operating permits in the financial year 2014.

The payouts from the acquisition of shares without controlling influence (repurchase of minority shares) are classified as investing activities in the cash flow statement. Interest paid and received from financing activities is also shown in the cash flow statement.

In the financial year 2013, liabilities to banks of kEUR 23,537 (previous year: kEUR 40,133) were repaid and new loans in the amount of kEUR 39,688 (previous year: kEUR 24,727) were taken out (balance: kEUR 16,151; previous year: kEUR -15,406). In addition, two mezzanine loans regarding in total kEUR 5,000 were taken out on 1st October 2013 as intermediate financing of current project developments. These were repaid on 21st November 2013.

7. SEGMENT REPORTING

As a capital market oriented company according to IFRS 8.2b(i) YOUNIQ AG is obliged to provide information on segments in the consolidated financial statement. The segment reporting and reporting within YOUNIQ Group corresponds to the internal reporting to the main decision-making body and is provided on the basis of the operating business divisions (so-called “management approach”). The Management Board of YOUNIQ AG and the Supervisory Board (as the controlling body with essential approval requirements) are the central decision-making bodies.

In addition to various items of the profit and loss accounts, segment reporting also comprises key indicators as well as selected balance sheet items. Segment reporting fulfils the materiality criteria as per IFRS 8.13.

The business segments described below constitute primary segments:

- “YOUNIQ – Student Housing”,
- “Services”,
- “Renting and Trading Real Estate“ (abandoned segment) and
- “Project Development“ (abandoned segment).

Disclosures regarding geographic segments (secondary segments) have been omitted due to the fact that the Group operates exclusively in Germany. As a result, the entire revenue was generated in Germany.

Tenants and / or buyers who account for more than 10 % of the group turnover concern the sale of the student apartments (including furniture) in Munich; Berzeliusstraße (sales price: kEUR 14,522; segment: “YOUNIQ – Student Housing”). In the previous year, this concerned the sale of the inventory property in Nuremberg, Ulmenstr. 15-29 (sales price: kEUR 5,150; “Renting and Trading Real Estate” segment).

“YOUNIQ – STUDENT HOUSING” SEGMENT

With the “YOUNIQ” brand, the YOUNIQ Group has established a comprehensive concept for student housing on the market. YOUNIQ properties are concept properties offering their student tenants a diverse range of additional offers in the field of leisure and services through the YOUNIQ World, in addition to high-quality furnished apartments. YOUNIQ Group has already successfully marketed these concept properties at the sites in Greifswald, Leipzig, Munich (2 properties), Karlsruhe, Potsdam, Mainz, Frankfurt / Main (2 properties) and Erlangen. The property in Bayreuth is currently under construction and is about to be completed. The project in Lübeck is at the planning stage. YOUNIQ Group holds a part of the YOUNIQ properties in its own portfolio; the other properties have been sold to institutional investors or to capital investors.

„SERVICES“ SEGMENT

Currently, the “Services” segment only comprises YOUNIQ AG and Youniq Service GmbH. YOUNIQ AG primarily has the function of a holding company within the group and, at the same time, it is also in charge of group financing. In addition, YOUNIQ AG has a real estate portfolio of its own from which it regularly generates rental income. According to the Articles of Association of YOUNIQ AG, its business objective also includes the acquisition, sale and brokerage of real estate properties and, in addition, the brokerage of financing.

Youniq Service GmbH provides letting and conventional property management services both for the properties which YOUNIQ Group holds within its own portfolio and for most of the properties and apartments sold to final investors or capital investors. Moreover, there are plans for the further expansion of the business operations of Youniq Service GmbH. In this connection, services are increasingly provided by own staff (instead of by external service providers) - this began on 1st August 2012.

The “Services” segment is, on principle, controlled in accordance with the same general philosophy as the other business segments.

The essential personnel and administrative expenses of YOUNIQ Group are incurred in the “Services” segment since YOUNIQ AG and Youniq Service GmbH do not allocate costs to other group companies.

“RENTING AND TRADING REAL ESTATE” SEGMENT

YOUNIQ Group has a real estate property portfolio for letting and selling purposes within the “Renting and Trading Real Estate” segment. In the financial year 2013, as well as in the previous year, no further acquisitions were carried out in this business segment. The existing portfolio (comprising, essentially, inventory and portfolio properties) in this segment is currently being sold with a view to the strengthened focus on the “YOUNIQ – Student Housing” and “Services” segments. As a result of the active marketing efforts, numerous sales agreements regarding real estate properties were concluded in the financial years 2012 and 2013. The “Renting and Trading Real Estate” segment is allocated to the discontinued business segments.

“PROJECT DEVELOPMENT” SEGMENT

Within the “Project Development” segment, YOUNIQ Group has refurbished/rebuilt high-quality, listed real estate properties in premium locations. These properties were sold to investors and owner-users through a national distribution network. Because of the Group’s new focus on the “YOUNIQ – Student Living” segment, projects initiated in the “Project Development” segment were completed but new projects will not be commenced. The “Project Development” segment is allocated to the discontinued business segments.

With the exception of expenses and revenues from profit and loss transfer agreements, the segment data is shown on a non-consolidated basis, i.e. there is no consolidation of debts and/or expenses and revenue and intercompany elimination of profits and losses between the different segments. However, the segment data is established on a pre-consolidated basis, i.e. consolidation of the accounts receivable/liabilities, expenses/revenues and intercompany profits and losses between the individual group companies of one segment is carried out.

Within YOUNIQ Group there are no essential sales and/or transactions between segments subject to a reporting requirement. The few transactions in this respect (excluding profit and loss transfer agreements) include:

- Interest bearing loans of YOUNIQ AG with CAMPUS Real Estate GmbH and CAMPUS 1. Verwaltung GmbH
- Interest on the settlement accounts between all companies which is common on the market (since 1st December 2010)
- Liability remuneration to general partners (kEUR 5; previous year: kEUR 5)
- Services rendered by Youniq Service GmbH to different group companies holding real estate property within the “YOUNIQ – Student Housing” segment (kEUR 464; previous year: kEUR 62) and the “Project Development” segment (kEUR 29; previous year: kEUR 0)

The segment assets consist of the real estate assets (regardless of the classification according to IFRS) which are shown separately and of the other segment assets. The other segment assets primarily comprise deferred tax assets, receivables and other assets, in addition to the cash at bank.

The segment debts comprise financial liabilities, internal group financing and the other segment debts. The other segment debts primarily comprise deferred tax liabilities, trade payables, reserves and tax liabilities.

The segment investments comprise additions in the field of investment properties, property, plant and equipment and intangible assets including goodwill and enterprise values.

On account of the fact that internal reporting to the main decision-making body is effected on the basis of all operating segments and on account of the fact that this is effected irrespective of a classification into discontinued segments and segments to be continued, the segment information comprises the entire income and expenses of the Group. Therefore, the reconciliation column “Consolidation and rounding” is used to provide a reconciliation to the values of the business segments to be continued which are reported in the consolidated statement of comprehensive income. In line with this, the result-related items in the reconciliation accounts essentially comprise the corresponding results and/or expenses/income from the discontinued business segments. These are the values from the “Project Development” and “Renting and Trading Real Estate” segments. In addition, personnel and administrative expenses from the “Services” segment which can be clearly allocated (kEUR 2,070; previous year: kEUR 996) and income tax (kEUR 944; previous year: kEUR 987) were allocated to the discontinued business segments.

In contrast to the consolidated balance sheet, the deferred tax assets and tax liabilities are partly reported after netting out on a segment basis under the other segment assets and segment liabilities. Afterwards, a reconciliation (kEUR 1,487; previous year: 1,270) to the values reported in the consolidated balance sheet is effected in the reconciliation column.

Segment reporting forms a fundamental part of the group notes. For reasons of clarity the figures are enclosed with these group notes as Annex 1.

With regard to further explanations on segment results reference is made to the notes regarding the assets, financial and earnings situation of the Group in the Summary Management Report (Section 2.2 – Development of business).

8. FINANCIAL RISK AND CAPITAL MANAGEMENT

8.1. RISK FACTORS

Because of its business activities the Group is generally exposed to various financial risks: credit risks, liquidity risks and interest risks.

There are no market risks regarding financial instruments since there is no considerable volume of financial instruments classified as being held for sales purposes, and since trading in financial instruments is not in line with the business activities of the Group.

The risk management system designed in accordance with the size of the Group and transcending the individual segments is aligned to the unpredictability of developments on the financial markets and aims at minimising potentially negative impacts on the Group’s financial situation.

The risk management which is documented in a risk management manual is provided by the Management Board of YOUNIQ AG in consultation with the manager in charge of the respective segment, in line with the specifications adopted by the Supervisory Board.

YOUNIQ AG identifies, assesses and hedges financial risks at regular intervals.

The Management Board and the Supervisory Board establish provisions regarding interest and credit risk management as well as regarding the appropriation of any liquidity surplus.

The Supervisory Board is regularly updated on the Group’s financial risk factors.

8.2. CURRENCY RISK

Up to now YOUNIQ Group has operated exclusively within the Euro area. Therefore, there are no currency risks.

8.3. CREDIT RISK

There are no essential credit risks within the Group. For this reason, financial transactions are only concluded with financial institutions with a high credit rating in order to keep the counterparty risk as low as possible.

As regards business operations, outstanding accounts are monitored both centrally at YOUNIQ AG and locally by the respective property managers (rents receivable). Default risks are taken into account through individual value adjustments.

The maximum theoretical default risk is reflected by the accounting value of the financial assets shown in the balance sheet. Payments received on account, security deposits and rental deposits reduce the default risk accordingly.

The default risk in the field of letting is also minimised by the mix of tenants and the tenants' credit rating (letting only takes place after prior credit investigation).

Default risks arising in the framework of the settlement of sales of plots of land or apartments are minimised by the usual hedging tools employed in contract management. This means that the legal title to a given property is only transferred once full payment has been received.

8.4. LIQUIDITY RISK

YOUNIQ Group needs comprehensive funds for the implementation of its business concept, for financing of its real estate portfolio and for its growth strategy in order to be able to consistently continue the planned project developments. In this context, the Company is obliged in part to provide the funds in advance while returns of funds in the form of advance payments by buyers/clients or the final purchase price payments can only be collected in stages according to the progress of the projects (or according to the German Real Estate Agent and Commercial Construction Industry Ordinance – MaBV) according to mandatory legal provisions. In this case, the Company has taken out borrowed funds from credit institutions as interim financing and, in one case, by means of a bearer bond.

Therefore, there is the risk that the acquisition or renewal of debt capital from credit institutions might not be possible in due time in the future or that such might only be possible at unfavourable conditions. Furthermore, there is the risk that payments of purchase prices by the customer might be effected later than planned. If debt capital cannot be taken out in the future or if such cannot be taken out at adequate conditions or in case raising of debt financing takes longer than planned by the Company, this might adversely affect the group's earnings and financial situation.

Financial planning instruments applicable throughout the Group permit the early quantification of the future liquidity situation as it emerges from the implementation of the Group strategy. In addition to the current overview of loans connected with a repayment plan comprising several years, the Group also keeps a liquidity plan on a rolling monthly basis for a planning period of twelve months. The planning systems reflect the entire scope of consolidation. Prudent liquidity management includes a sufficient reserve of liquid funds.

Financing of existing real estate properties is provided through customary real estate loans from reputable banks. These long-term loans are tied to the properties and repaid from the sales proceeds in the cases where the properties are sold. This leads to the risk that loans might have to be taken out on considerably worse conditions in the framework of follow-up financing or upon interest rate adjustment dates. The investment properties are largely financed long-term.

There were no delays and defaults in the repayment of loans and the interest payments. Moreover, there were no violations of the loan agreements and covenants (i.e. balance sheet ratio provisions in connection with loan agreements under which the company taking out the loan is obliged to comply with financial ratios).

The due dates of the financial liabilities are as follows:

MATURITY OF THE FINANCIAL LIABILITIES
(AS OF 31ST DECEMBER 2013 PLUS EXPECTED FUTURE INTEREST)

in kEUR	31/12/2013	within 1 year	1 to 5 years	> 5 years
Liabilities to banks	81,048	35,266	20,807	24,975
Trade payables	6,097	6,097	-	-
Payments received on account	255	255	-	-
Other liabilities	11,015	7,714	3,300	-
Total financial liabilities	**98,415**	**49,333**	**16,493**	**24,975**

MATURITY OF THE FINANCIAL LIABILITIES
(AS OF 31ST DECEMBER 2012 PLUS EXPECTED FUTURE INTEREST)

in kEUR	31/12/2012	within 1 year	1 to 5 years	> 5 years
Liabilities to banks	65,410	47,213	8,021	10,177
Trade payables	5,570	5,570	-	-
Derivative financial instruments (negative market value)	808	690	118	-
Payments received on account	1,450	1,450	-	-
Other liabilities	10,733	1,738	8,354	641
Total financial liabilities	**83,972**	**56,661**	**16,493**	**10,818**

It is expected that all short-term liability items will be fulfilled within a period of 12 months after the balance sheet date. In addition to the repayments, the interest incurred in the future usually also leads to an outflow of liquidity.

On 31st December 2013, YOUNIQ Group had firmly promised but unused credit lines of kEUR 3,365 for financing of the student apartments..

8.5. INTEREST RISK

Interest rate risks are caused by the fluctuations of interest rates on account of the situation on the market. On the one hand, these have an impact on the amount of the future interest expenditure within YOUNIQ Group. On the other hand, they can influence the market value of financial instruments.

In this context, the aim is to minimise the risk of fluctuating interest expenditure in the future. Therefore, the bank liabilities within YOUNIQ Group are partly concluded with a fixed interest rate so that the impacts of interest rate fluctuations can be foreseen in the medium term. Nonetheless, there is a risk of adverse adjustments of the conditions at the end of the lock-down period for the interest rates. With regard to the (loan) liabilities with a variable interest rate there is the risk of changes of the interest rate in as far as the interest rate for the loans taken out is connected to the EURIBOR (European Interbank Offered Rate) reference interest rate.

In addition to this, the real estate properties within the “Renting and Trading Real Estate” segment (which are partly financed on a long-term basis) are subject to the risk that the sale of such might lead to an early repayment of loans which, in turn, might entail high prepayment penalties.

In order to manage the interest risk caused by the variable interest rate on debt capital the Management Board will use (to some degree) swaps (payer swaps) or similar instruments (swaptions and caps) in a targeted manner. In addition to this, the relevant interest markets are analysed and monitored regularly.

In the event of a change in the interest rate by 100 basis points („bps“), the annual interest expenditure from the loans subject to a variable interest rate would increase or decrease by approx. kEUR 353 (previous year: kEUR 308) – based on the value of the loans as of the balance sheet date.

Speculation risks are prevented by exclusively permitting the use of derivative financial instruments for hedging original underlying transactions. In this context, the derivative financial instruments must not exceed the original underlying transactions as to their amount and term.

In the case of the derivative financial instruments, the risk of interest rate changes is as follows:

SENSITIVITY ANALYSIS OF DERIVATIVE FINANCIAL INSTRUMENTS

in kEUR	Type	Interest rate (-100bps)	Interest rate (-50bps)	Fair value 31 Dec 2013	Interest rate (-´+50bps)	Interest rate (+100bps)
Landesbank Berlin AG	Interest rate cap	59	162	288	465	676
Total		**59**	**162**	**288**	**465**	**676**

On principle, contracts regarding derivative financial instruments and financial transactions are only concluded with financial institutions with a high credit rating (usually with the lending banks) in order to keep the counterparty risk as low as possible.

8.6. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Within YOUNIQ Group, only original financial instruments are used, with the exception of interest rate swaps and interest rate caps. The financial assets and liabilities can be divided into evaluation categories with the following book values and fair values:

in kEUR	IAS 39 category	Accounting value 31/12/2013	Costs of acquisition	Continued costs of acquisition	Fair Value (affecting net income)	Fair Value (without effect on income)	Not applicable	Fair Value 31/12/2013
Equity instruments	AfS	2,572	-	-	-	2,572	-	2,572
Derivative financial instruments	FAHfT	288	-	-	288	-	-	288
Trade receivables	LaR	1,219	-	1,219	-	-	-	1,219
Other current receivables and assets	LaR	3,597	3,020	577	-	-	-	3,597
Cash and cash equivalents	n/a	3,146	-	-	-	-	3,146	3,146
Total financial assets		**10,823**	**3,020**	**1,797**	**288**	**2,572**	**3,146**	**10,823**
Liabilities to banks (long-term)	FLaC	40,657	-	40,657	-	-	-	40,657
Liabilities to banks (short-term)	FLaC	33,989	-	33,989	-	-	-	33,989
Trade payables	FLaC	6,097	-	6,097	-	-	-	6,097
Prepayments received	FLaC	255	-	255	-	-	-	255
Other liabilities	FLaC	7,079	-	7,079	-	-	-	7,079
Total financial liabilities		**88,078**	**-**	**88,078**	**-**	**-**	**-**	**88,078**

in kEUR	IAS 39 category	Accounting value 31/12/2012	Costs of acquisition	Continued costs of acquisition	Fair Value (affecting net income)	Fair Value (without effect on income)	Not applicable	Fair Value 31/12/2012
Equity instruments	AfS	2,435	-	-	-	2,435	-	2,435
Receivables from construction contracts	n/a	291	-	-	-	-	291	291
Trade receivables	LaR	2,614	-	2,614	-	-	-	2,614
Other current receivables and assets	LaR	2,316	2,316	-	-	-	-	2,316
Cash and cash equivalents	n/a	8,696	-	-	-	-	8,696	8,696
Total financial assets		**16,352**	**2,316**	**2,164**	**-**	**2,435**	**8,987**	**16,352**
Liabilities to banks (long-term)	FLaC	13,089	-	13,089	-	-	-	13,089
Liabilities to banks (short-term)	FLaC	45,646	-	45,646	-	-	-	45,646
Derivative financial instruments	FLHfT	808	-	-	808	-	-	808
Trade payables	FLaC	5,550	-	5,550	-	-	-	5,550
Prepayments received	FLaC	1,450	-	1,450	-	-	-	1,450
Other liabilities	FLaC	8,591	-	8,591	-	-	-	8,591
Total financial liabilities		**75,135**	**-**	**74,327**	**808**	**-**	**-**	**75,135**

The fair values of “cash and cash equivalent”, “trade receivables” and “other short-term assets and liabilities” roughly correspond to the accounting values. This is primarily due to the short term of such instruments.

The liabilities comprise the original financial instruments assessed at the continued costs of acquisition. With regard to the short-term liabilities, it is assumed that the accounting value roughly corresponds to the fair value. The fair value of long-term loans with a fixed interest rate, which are primarily granted for specific properties, cannot be reliably established since there is no active market in being and the current discounting interest rates cannot be established objectively (e.g. because of the credit rating of the company, fluctuations in the fair values of the real estate properties used as security).

The effective interest rate for borrowed capital was approximately 5.95 % (previous year: 5.72 %) p.a. as an annual average. The increase as against the previous year is primarily due to the bearer bond, which is subject to a high interest rate.

Net profits / losses from “trade receivables” and “other short-term receivables and assets” contain changes in the valuation allowances, profits or losses from derecognition and receipts of payment and reversals of impairments regarding loans and receivables which were originally depreciated. In the financial year 2013, the netted loss arising from this amounted to kEUR 765 (previous year: kEUR 1,360). „Trade receivables“ and „other short-term receivables and assets“ which have been overdue for more than 12 months have been adjusted in value by between 75 % and 100 % in the event that YOUNIQ Group does not have collateralisation regarding such.

Net profits / losses from financial liabilities at continued costs of acquisition consist of profits or losses from the derecognition of liabilities (kEUR 0; previous year: profit of kEUR 0), the valuation effect from the interest derivatives (loss of kEUR 351; previous year: loss of kEUR 780) and the redemption sums (kEUR 576; previous year: KEUR 74).

All liabilities to banks (with the exception of the loan from Liechtensteinische Landesbank AG) are e.g. secured through registered land charges or mortgages on all investment properties and / or inventory properties (accounting value: in total kEUR 107,876). The provisions of the German Civil Code [BGB] and the agreements in the underlying loan contracts apply with regard to the utilisation of these securities. The liabilities under the “MPC Deal” and the bearer bond have second-priority security by pledging of the business shares in the companies concerned. All other liabilities are usually unsecured.

8.7. CAPITAL MANAGEMENT

Capital management within YOUNIQ Group primarily aims at ensuring that the capacity to repay debts and the financial strength of the company are preserved – also with a view to the future. In addition to this, capital management pursues the aim of establishing an optimum mixture of borrowed capital and equity with regard to the return on equity. In this process, care is taken to ensure that all affiliates can operate subject to the premise of the operation of the company as a going concern.

On the balance sheet date, the total capital (equity and financial liabilities) had the following structure:

CAPITAL MANAGEMENT

in kEUR	31/12/2013	31/12/2012	Change
Group equity	**27,198**	**81,160**	**-66.5 %**
as a share of the total capital	24.8 %	55.1 %	
Short-term financial liabilities	38,988	45,557	-14.4 %
Long-term financial liabilities	43,610	20,622	111.5 %
Total financial liabilities	**82,599**	**66,179**	**24.8 %**
as a share of the total capital	75.2 %	44.9 %	
Total capital (equity plus financial liabilities)	**109,797**	**147,339**	**-25.48 %**

Financial security is essentially measured with the help of the equity ratio as a parameter. This parameter comprises the Group's balance sheet total as well as the equity capital reported in the consolidated balance sheet. The equity ratio is used as an important parameter for the majority shareholder, the investors, analysts, banks and rating agencies.

EQUITY RATIO

in kEUR	31/12/2013	31/12/2012
Consolidated equity, total	27,198	81,160
Consolidated balance sheet	125,453	157,574
Equity ratio	**21.68 %**	**51.51 %**

YOUNIQ AG can control its capital structure by adjusting dividends, reducing capital and / or issuing new shares or financial instruments (which are specified as equity capital according to IFRS). With regard to this, reference is made to the explanations on the authorised and conditional capital in sections 4.12.2 and 4.12.3.

YOUNIQ AG is subject to the minimum requirements for public limited companies. Compliance with these requirements is monitored continuously. The statutory requirements were complied with in the 2013 financial year.

The Group's overall strategy regarding capital management is unchanged as against the financial year 2012.

9. OTHER NOTES

9.1. NOTES REGARDING CONTINGENT LIABILITIES AND CONTINGENT ASSETS

YOUNIQ AG has only established joint liabilities in rem and under the law of obligations with regard to liabilities of subsidiaries included in the scope of consolidation. Such liabilities have not been established towards third parties.

Corresponding accounting provisions were made with regard to risks from legal disputes in as far as an outflow of funds is expected. In the opinion of the Management Board, there are no further significant unresolved legal disputes.

On the balance sheet date, there were different contingent liabilities from actively conducted legal proceedings regarding claims to damages and legal redress, which can, however, not be quantified at present. The amount in dispute is several hundred thousand euros.

9.2. OTHER FINANCIAL LIABILITIES

There are other financial obligations of EUR 0.0 million (previous year: EUR 3.8 million) (real estate purchase agreements) and of EUR 1.4 million (previous year: EUR 25.9 million) (commitments regarding services by subcontractors) from orders which have already been granted for investment projects begun or planned as well as on the basis of contractual agreements with tenants and other contracting parties.

With regard to the other financial obligations from tenancy agreements reference is made to section 9.3 “Leasing agreements”.

9.3. LEASING AGREEMENTS

Description of the leasing agreement	Lessee	Lessor
Tenancy agreement - offices in Frankfurt am Main	YOUNIQ AG	CORESTATE Capital Advisors GmbH
Tenancy agreement - offices Leipzig branch	YOUNIQ AG	MIArg Real Estate 2 properties SarL
General rent agreement property in Karlsruhe	Youniq Service GmbH	Youniq Karlsruhe GmbH & Co. KG
General rent agreement properties in Greifswald	Youniq Service GmbH	Youniq Greifswald GmbH & Co. KG
General rent agreement property in Munich	Youniq Service GmbH	Youniq München II GmbH & Co. KG
General rent agreement property in Erlangen	CAMPUS REAL ESTATE GmbH	uniVersa Lebensversicherung a.G.
Car parking spaces	YOUNIQ AG / Youniq Service GmbH	Q-Park
Vehicle leasing agreements	YOUNIQ AG / Youniq Service GmbH	various
Leasing - office equipment	YOUNIQ AG	various
Debit card payment system with equipment	Youniq Service GmbH	VR IT-LEASING GmbH

Beginning of contract	End of contract	Leasing instalment (per month, incl. sales tax)	Minimum leasing payments in 2014 (incl. sales tax)	Minimum leasing payments 2015 to 2019 (incl. sales tax)	Minimum leasing payments from 2020 (incl. sales tax)	Classification
01/08/2012	31/07/2017	9	113	292	-	operating lease
01/09/2009	31/08/2015	12	144	96	-	operating lease
01/03/2012	31/08/2026	136	1,661	8,763	12,971	operating lease
01/03/2012	31/08/2026	49	596	3,144	4,653	operating lease
01/12/2012	31/05/2027	39	475	2,505	4,153	operating lease
01/08/2009	31/07/2014	39	276	-	-	operating lease
01/09/2013	indefinite	0	1	6	k.A.	operating lease
2009/2010	2014 bis 2016	5	43	23	-	operating lease
2009 - 2011	2014 bis 2018	7	89	169	-	operating lease
01/10/2011	30/09/2016	2	21	37	-	finance lease
		299	3,419	15,034		

There are further financial obligations arising from the renting of business premises in Eschersheimer Landstraße 6 in 60322 Frankfurt/Main (flat monthly rent of kEUR 9 incl. sales tax; term of the lease agreement until 31st July 2017) and at the "City Hochhaus", Augustusplatz 9, 04109 Leipzig (monthly rent and ancillary costs of in total kEUR 12; term of the lease agreement until 31st August 2015 with the option for a renewal). Monthly rents of kEUR 1 (gross) are incurred for renting parking spaces in Frankfurt/Main and Leipzig.

In the framework of the sale of the majority of the shares in Youniq Karlsruhe GmbH & Co. KG, Youniq Greifswald GmbH & Co. KG and Youniq München II GmbH & Co. KG in 2012, these companies have concluded long-term property lease agreements (term: 14.5 years plus two options for a renewal by 5 years each) in order to safeguard property management for YOUNIQ Group for the future. Taken together, the sale of the shares and the lease agreement form lease-back transactions which are classified as operating leasing according to the criteria of IAS 17. As a result, ownership of these properties no longer rests with YOUNIQ Group from a civil law and commercial perspectives; the sale was effected at conditions common in the market.

Moreover, there are other financial obligations arising from vehicle leasing contracts for the years 2014 to 2017 of kEUR 66 and for office equipment for the years 2014 to 2018 of in total kEUR 258. According to IAS 17, the lease agreements specified above are also classified as operating leases.

YOUNIQ Group (lessor) has concluded contracts regarding letting of its investment properties and inventory properties (operating leases). In the field of residential real estate, there are usually leases for an indefinite term which can, however, be terminated in accordance with the statutory periods of notice. The long-term leases concern commercial real estate properties and usually have residual terms of the tenancy agreement of between 1 and 5 years.

Various lease agreements contain a clause according to which the rent can be increased annually on the basis of the respective conditions prevailing on the market. Only a few of the contracts concluded for a fixed term provide for a renewal option for the tenant. There are no purchase options on the part of the tenants.

In the financial year 2013, the Group will probably receive minimum lease payments (net rent exclusive of heating) to the amount of kEUR 8,473 (based on the lease agreements as of 31st December 2013) under the contracts which were concluded as of the balance sheet date and which cannot be terminated. On the balance sheet date, an amount of EUR 4,223 thereof is attributable to subleases. An estimate regarding future minimum lease payments for the subsequent business years does not appear appropriate on account of the possibility of terminating lease agreements in the field of residential real estate and on account of rent indexation.

9.4. INFORMATION ACCORDING TO ART. 160 PARA. 1 NO. 8 AKTG (REPORTABLE SHAREHOLDINGS)

The announcements regarding the existence of shareholdings published according to the German Securities Trading Act had the following contents:

On 25th May 2011, CORESTATE GERMAN RESIDENTIAL LIMITED, St. Peter Port, Guernsey, Channel Islands, informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the threshold of 75 % on 17th May 2011 and that it amounted to 66.46 % (6,911,941 voting rights) on that day. 66.46 % (6,911,941 voting rights) of this have to be attributed to CORESTATE GERMAN RESIDENTIAL LIMITED in accordance with Art. 22 Paragraph 1 Sentence 1 WpHG. The following attributed voting rights were held through the following companies which were controlled by CORESTATE GERMAN RESIDENTIAL LIMITED and whose share in the voting rights in YOUNIQ AG amounted to 3 % or more in each case:

- *Yanworth Holdings Limited*
- *Sechep Investments Holding S.à r.l.*
- *SECHEP INVESTMENTS HOLDING II S.à r.l.*
- *GOETHE INVESTMENTS S.à r.l.*
- *RABANO PROPERTIES S.à r.l.*

On 25th May 2011, Yanworth Holdings Limited, Gibraltar, Gibraltar informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the threshold of 75 % on 17th May 2011 and that it amounted to 66.46 % (6,911,941 voting rights) on that day. 66.46 % (6,911,941 voting rights) of this have to be attributed to Yanworth Holdings Limited in accordance with Art. 22 Paragraph 1 Sentence 1 WpHG. The following attributed voting rights were held through the following companies which were controlled by Yanworth Holdings Limited and whose share in the voting rights in YOUNIQ AG amounted to 3 % or more in each case:

- *Sechep Investments Holding S.à r.l.*
- *SECHEP INVESTMENTS HOLDING II S.à r.l.*
- *GOETHE INVESTMENTS S.à r.l.*
- *RABANO PROPERTIES S.à r.l.*

On 25th May 2011, Sechep Investments Holding S.à r.l., Luxembourg, Luxembourg informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the threshold of 10 % on 17th May 2011 and that it amounted to 7.67 % (797,750 voting rights) on that day. 7.67 % (797,750 voting rights) of this have to be attributed to Sechep Investments Holding S.à r.l. in accordance with Art. 22 Paragraph 1 Sentence 1 WpHG. The following attributed voting rights were held through the following companies which were controlled by Sechep Investments Holding S.à r.l. and whose share in the voting rights in YOUNIQ AG amounted to 3 % or more in each case:

- *RABANO PROPERTIES S.à r.l.*

On 25th May 2011, GOETHE INVESTMENTS S.à r.l., Luxembourg, Luxembourg informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the threshold of 75 % on 17th May 2011 and that it amounted to 58.79 % (6,114,191 voting rights) on that day.

On 25th May 2011, RABANO PROPERTIES S.à r.l., Luxembourg, Luxembourg informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the threshold of 10 % on 17th May 2011 and that it amounted to 7.67 % (797,750 voting rights) on that day.

On 23rd May 2011, Close Brothers Group plc., London, UK informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was higher than the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 % and 30 % on 17th May 2011 and that it amounted to 32.21 % (3,350,000 voting rights) on that day. 32.21 % (3,350,000 voting rights) of this have to be attributed to Close Brothers Group plc. in accordance with Art. 22 Paragraph 1 Sentence 1 WpHG. The following attributed voting rights were held through the following companies which were controlled by Close Brothers Group plc. and whose share in the voting rights in YOUNIQ AG amounted to 3 % or more in each case:

- *Close Brothers Holdings Limited*
- *Close Securities Holdings Limited*
- *Close Securities (Germany) Limited*
- *Close Brothers Seydler Bank AG*

On 23rd May 2011, Close Brothers Holdings Limited, London, UK informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was higher than the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 % and 30 % on 17th May 2011 and that it amounted to 32.21 % (3,350,000 voting rights) on that day. 32.21 % (3,350,000 voting rights) of this have to be attributed to Close Brothers Holdings Limited in accordance with Art. 22 Paragraph 1 Sentence 1 WpHG. The following attributed voting rights were held through the following companies which were controlled by Close Brothers Holdings Limited and whose share in the voting rights in YOUNIQ AG amounted to 3 % or more in each case:

- *Close Securities Holdings Limited*
- *Close Securities (Germany) Limited*
- *Close Brothers Seydler Bank AG*

On 23rd May 2011, Close Securities Holdings Limited, London, Great Britain informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was higher than the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 % and 30 % on 17th May 2011 and that it amounted to 32.21 % (3,350,000 voting rights) on that day. 32.21 % (3,350,000 voting rights) of this have to be attributed to Close Securities Holdings Limited in accordance with Art. 22 Paragraph 1 Sentence 1 WpHG. The following attributed voting rights were held through the following companies which were controlled by Close Securities Holdings Limited and whose share in the voting rights in YOUNIQ AG amounted to 3 % or more in each case:

- *Close Securities (Germany) Limited*
- *Close Brothers Seydler Bank AG*

On 23rd May 2011, Close Securities (Germany) Limited, London, Great Britain informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was higher than the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 % and 30 % on 17th May 2011 and that it amounted to 32.21 % (3,350,000 voting rights) on that day. 32.21 % (3,350,000 voting rights) of this have to be attributed to Close Securities (Germany) Limited in accordance with Art. 22 Paragraph 1 Sentence 1 WpHG. The following attributed voting rights were held through the following companies which were controlled by Close Securities Holdings Limited and whose share in the voting rights in YOUNIQ AG amounted to 3 % or more in each case:

- *Close Brothers Seydler Bank AG*

On 23rd May 2011, Close Brothers Seydler Bank AG, Frankfurt/Main, Germany informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was higher than the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 % and 30 % on 17th May 2011 and that it amounted to 32.21 % (3,350,000 voting rights) on that day.

On 23rd May 2011, Close Brothers Group plc., London, UK informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on 23rd May 2011 and that it amounted to 0.0 % (0 voting rights) on that day.

On 23rd May 2011, Close Brothers Holdings Limited, London, UK informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on 23rd May 2011 and that it amounted to 0.0 % (0 voting rights) on that day.

On 23rd May 2011, Close Securities Holdings Limited, London, UK informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on 23rd May 2011 and that it amounted to 0.0 % (0 voting rights) on that day.

On 23rd May 2011, Close Securities (Germany) Limited, London, UK informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on 23rd May 2011 and that it amounted to 0.0 % (0 voting rights) on that day.

On 23rd May 2011, Close Brothers Seydler Bank AG, Frankfurt/Main, Germany informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on 23rd May 2011 and that it amounted to 0.0 % (0 voting rights) on that day.

On 24th May 2011, Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt/Main, Germany informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was higher than the thresholds of 3 % and 5 % on 23rd May 2011 and that it amounted to 8.65 % (899,990 voting rights) on that day.

On 27th October 2011, Asset Value Investors Limited, London, UK informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG (formerly: ALTA FIDES Aktiengesellschaft für Grundvermögen), Frankfurt/Main, Germany was lower than the thresholds of 5 % and 3 % on 13th October 2011 and that it amounted to 0.0 % (0 voting rights) on that day.

On 27th October 2011, European Asset Value Fund, Luxembourg, Luxembourg informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG (formerly: ALTA FIDES Aktiengesellschaft für Grundvermögen), Frankfurt/Main, Germany was lower than the threshold 3 % on 13th October 2011 and that it amounted to 0.0 % (0 voting rights) on that day.

On 4th December 2013, Allianz Global Investors Europe GmbH, Frankfurt/Main, Germany informed us according to Article 21 Paragraph 1 WpHG that its share in the voting rights in YOUNIQ AG, Frankfurt/Main, Germany was lower than the thresholds of 5 % and 3 % on 3rd December 2013 and that it amounted to 0.00 % (corresponding to 0 of in total 10,400,000 voting rights) on that day..

9.5. MEMBERS OF THE MANAGEMENT BOARD AND THEIR REMUNERATIONS

- Marcus Schmitz (from 1st January 2012)
- Rainer Nonnengässer (Chairman of the Management Board) (until 15th April 2013)

In accordance with the cancellation agreement of 22nd March 2013, Rainer Nonnengässer was released from his duties on the management board upon the end of 15th April 2013. According to the statutes, Marcus Schmitz will manage the business of YOUNIQ AG alone for the time being.

As in the previous year, there were no advances or loans to members of the Management Board as of 31st December 2013.

During the 2013 financial year, the total compensation of the members of the Management Board (including components with a long-term incentivising effect) amounted to EUR 501,096 (previous year: EUR 491,818). The compensation of the Management Board had the following detailed structure:

Member of the Management Board	Fixed compensation	Variable compensation	Compensations/ Compensation payment	Total compensation	Components with long-term incentivising effect
Marcus Schmitz since 1st January 2012	EUR 275,000 (prev. year: EUR 225,000)	EUR 100,000 (prev. year: EUR 0)	EUR 0 (prev. year: EUR 0)	EUR 375,000 (prev. year: EUR 225,000)	EUR 25,775 (prev. year: EUR 25,775)
Rainer Nonnengässer until 15th April 2013	EUR 80,321 (prev. year: EUR 241,043)	Euro 0 (prev. year: EUR 0)	Euro 20,000 (prev. year: EUR 0)	Euro 100,321 (prev. year: EUR 241,043)	Euro 0 (prev. year: EUR 0)

Furthermore, there is a directors & officers liability insurance and, in addition to the basic cover, there is a directors & officers excess loss insurance up to the agreed coverage of EUR 20 million per insured event and overall per period of insurance and of EUR 10 million per insured event and overall per period of insurance in addition. Amongst others, all current, former and future supervisory bodies, management boards and executives of YOUNIQ AG and its subsidiaries are insured under these insurances. In the financial year 2013, the annual premium for this cover totalled kEUR 39 (previous year: kEUR 39) (gross).

With regard to further explanations on the compensation of the members of the Management Board reference is made to the compensation report contained in the summary management report (section 7.1 – Compensation report).

9.6. MEMBERS OF THE SUPERVISORY BOARD AND THEIR EMOLUMENTS

At the ordinary annual general meeting of YOUNIQ AG on 17th July 2013 an amendment of Art. 9 Paragraph 1 of the Articles of Association regarding a reduction in the size of the Supervisory Board from six to three members was adopted for reasons of efficiency and costs. This amendment of the Articles of Association was registered on 31st July 2013.

- Daniel Schoch, chief financial officer of CORESTATE Capital AG (chairman of the Supervisory Board since 28th August 2013)
- Dr. Carsten Strohdeicher, managing director of Arcadius Advisors GmbH
- Dr. Klaus Boemer, managing director of GEWOBAG EB and managing partner of ADITIO Financial Management Service GmbH (since 26th August 2013)
- Dr. Manfred Püschel, independent management consultant (chairman of the Supervisory Board) (until 31st July 2013)

- Martin Hitzer, lawyer at the law firm Gleiss Lutz (until 17th July 2013)
- Ralph Winter, managing director of CORESTATE German Residential Limited (until 22nd August 2013)
- Barbara Busch, lawyer, tax consultant and auditor at BÖGNER HENSEL & PARTNER Rechtsanwälte Notare Steuerberater [lawyers, notaries and tax consultants] (until 31st July 2013)

Martin Hitzer resigned from his office as a member of the Supervisory Board of YOUNIQ AG following the end of the annual general meeting on 17th July 2013. After the annual general meeting, the members of the Supervisory Board Ms Barbara Busch and Dr. Manfred Püschel resigned from their offices on the Supervisory Board subject to the condition precedent of the registration of the amendment of the Articles of Association in the commercial register of the company.

In a letter of 21st August 2013 Ralph Winter resigned from his office on the Supervisory Board of the company with effect as of 22nd August 2013. Dr. Klaus Boemer, Berlin was appointed as a new member of the Supervisory Board upon a resolution by Frankfurt/Main Local Court on 26th August 2013. His appointment will end, at the latest, at the conclusion of the next annual general meeting of YOUNIQ AG.

The compensation of the Supervisory Board had the following detailed structure in the financial year 2013:

Member of the Supervisory Board	Expenses and sales tax	Fixed remuneration per year including attendance fee per year
Daniel Schoch	EUR 3,373 (prev. year: EUR 0)	EUR 17,750 (prev. year: EUR 23,750)
Dr. Carsten Strohdeicher	EUR 4,903 (prev. year: EUR 3,415)	EUR 13,000 (prev. year: EUR 12,500)
Dr. Klaus Boemer (from 26th August 2013)	EUR 2,190 (prev. year: EUR 0)	EUR 5,667 (prev. year: EUR 0)
Dr. Manfred Püschel (until 31st July 2013)	EUR 12,478 (prev. year: EUR 9,091)	EUR 16,333 (prev. year: EUR 27,500)
Martin Hitzer (until 17th July 2013)	EUR 1,173 (prev. year: EUR 2,746)	EUR 6,175 (prev. year: EUR 11,500)
Ralph Winter (until 22nd August 2013)	EUR 0 (prev. year: EUR 0)	EUR 19,500 (prev. year: EUR 0)
Barbara Busch (until 31st July 2013)	EUR 1,203 (prev. year: EUR 2,233)	EUR 6,333 (prev. year: EUR 11,750)

On 31st December 2013, there was a non-interest-bearing account receivable of EUR 4,958 from Ms Busch. There were no advance payments and loans to members of the Supervisory Board as of 31st December 2013 (as in the previous year).

With regard to further explanations on the compensation of the members of the Supervisory Board reference is made to the compensation report contained in the summary management report (section 7.2 – Compensation of the Supervisory Board).

9.7. RELATIONS WITH PERSONS AND COMPANIES RELATED TO THE COMPANY

In addition to YOUNIQ AG and its subsidiaries, the persons and companies related to the Group also include the highest level parent company CORESTATE German Residential Limited, St. Peter Port, Guernsey. As a result of this, all affiliated companies of CORESTATE German Residential Limited are also affiliated companies of YOUNIQ AG and related companies at the same time. The asset manager and initiator of the closed property fund CORESTATE German Residential Limited, CORESTATE CAPITAL AG as well as its affiliated companies are also considered related companies.

Furthermore, the related persons and companies include the members of the Management Board, the Supervisory Board and executive staff in key positions (if any) as well as members of the boards of subsidiaries, each including close relatives, as well as those companies on which the members of the Management Board or the Supervisory Board of the Company and/or their close relatives can exercise decisive influence or in which they hold a major share in the voting rights.

Moreover, the related persons include those companies with which YOUNIQ AG forms a corporate group or in which it holds a share enabling it to exercise decisive influence on the business policy of the associate company and the main shareholders in YOUNIQ AG, including their affiliated companies.

During the financial years 2013 and 2012, the following service relationships were concluded between affiliated companies and/or with related companies and persons:

a. Service relationships with affiliated companies

On the basis of a loan agreement of 10th June 2011, Liechtensteinische Landesbank (AG, Vaduz (Liechtenstein) granted YOUNIQ AG a loan of kEUR 5,000 earmarked for the repayment of the credit line granted by GOETHE INVESTMENTS S.à r.l. which was still outstanding at the time. This loan has to be repaid to an amount of kEUR 1,250 on an annual basis on 30th June every year from 2012. This loan has a variable interest rate (3-month EURIBOR plus surcharge). The loan is secured by a guarantee by GOETHE INVESTMENTS S.à r.l.

With an invoice of 19th September 2013, YOUNIQ AG charged the costs of kEUR 22 incurred by it at the instance of the majority shareholder to SECHEP Investments Holding II S.á r.l., an affiliated company of CORESTATE German Residential Limited.

b. Compensation for services and other financial transactions with related companies

As in the previous year, there were no compensations for services and other financial transactions with related companies in the financial year 2013 – with the exception outlined below.

There is a rent agreement with CORESTATE Capital Advisors GmbH, Frankfurt/Main, regarding renting of business premises in Eschersheimer Landstraße 6 in 60322 Frankfurt/Main (previous year: Frankfurt/Main, Mainzer Landstraße). This led to rental expenses of in total kEUR 139 (previous year: kEUR 180) in the financial year 2013. With regard to the current conditions of the said agreement reference is made to section 9.3. In addition, on 31st December 2013, a provision of kEUR 200 was formed for the expected costs from the early termination of this tenancy agreement.

With a loan agreement of 1st October 2013, CORESTATE Capital AG, Zug/Switzerland granted subsidiaries of YOUNIQ AG two mezzanine loans regarding in total kEUR 5,000 in the framework of interim financing of the current project developments. In this respect, YOUNIQ AG has the function of a guarantor. The loans have a term of, at maximum, 12 months; these mezzanine loans were repaid from the proceeds of the payment on account regarding the sale of the student apartments in Munich, Berzeliusstraße on 21st November 2013. Interest of 11.0% p.a. (October 2013) and of 12.5% p.a. (November 2013) was charged on these loans. This resulted in interest expenses of kEUR 82 and prepayment penalties of kEUR 138.

YOUNIQ AG and its subsidiaries have provided planning services for the Messecarree Nord-Bauplatz B project in Vienna. Beneficiary was Turbo Ö2 Liegenschaftsbesitzverwaltungs GmbH in Vienna, which is a related company to YOUNIQ AG via Core State Capital AG. The agreed remuneration – subject to a condition precedent - amounts to kEUR 300 and is due for payment in three stages depending on the project progress.

c. Real estate transactions with related companies and persons

With the exception outlined below, real estate transactions were not concluded with related companies and persons in the financial years 2012 and 2013.

On 22nd November 2013, CAMPUS REAL ESTATE GmbH and Youniq Service GmbH submitted an irrevocable bid (so-called "Call option") to Corestate Turbo FRA HoldCo S.á r.l and TURBO FRA AcquiCo II GmbH & Co. KG (jointly referred to as the "interested parties") with regard to their shares in Youniq Frankfurt Riedberg II GmbH. In addition, CAMPUS REAL ESTATE GmbH sold its account receivable from Youniq Frankfurt Riedberg II GmbH to the interested parties at a price of kEUR 3,100 subject to a condition precedent. The interested parties are companies related to YOUNIQ Group via CORESTATE Capital AG. With regard to further explanations on the envisaged transaction, reference is made to section 2.8.

d. Compensation for services and other financial transactions with related persons and companies

In the financial year 2013, there were no compensations for services and other financial transactions with related persons with the following exceptions.

With regard to the compensation for members of the Management Board and the emoluments for members of the Supervisory Board, reference is made to sections 9.5 and 9.6.

In the framework of consultancy services, remuneration of kEUR 44 (previous year: kEUR 16) was paid to the law firms Bögner Hensel & Partner, Frankfurt/Main, and MARCCUS Rechtsanwaltsgesellschaft mbH, Frankfurt/Main, until 31st July 2013. Barbara Busch, member of the Supervisory Board, is a partner at the law firm of Bögner Hensel & Partner and a lawyer at MARCCUS Rechtsanwaltsgesellschaft mbH.

In the framework of consultancy services, compensation of kEUR 1 has been paid to ADITIO Financial Management Service GmbH, Berlin since 26th August 2013. Dr. Klaus Boemer, member of the Supervisory Board, is a managing director at ADITIO Financial Management Service GmbH.

During the year under review, the other members of the Supervisory Board did not receive any other compensation or benefits for services rendered personally by them, in particular, consulting and agency services. In the financial year 2013, the members of the Management Board of YOUNIQ AG did not receive any remuneration for work on the supervisory boards of group companies.

9.8. FEE FOR AUDITING OF THE ANNUAL ACCOUNTS ACCORDING TO ARTICLE 314 PARAGRAPH 1 FIGURE 9 HGB

In 2013, the Group expenses for auditing of the annual accounts by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, were as follows:

in kEUR	2013	2012
Services for auditing of annual accounts (Art. 314 Paragraph 1 Fig. 9 a HGB)	185	156
Other confirmation services (Art.314 PAragraph 1 Fig. 9 b HGB)	10	13
Tax consultancy services (Art. 314 AParagraph 1 Fig. 9 c HGB)	219	237
Other services (Art. 314 Paragraph 1 Fig. 9 d HGB)	73	87
Total	**487**	**492**

The amounts are specified without statutory value-added tax.

9.9. IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

Until completion of the consolidated financial statement as of 31st December 2013 there have been no important events which had a decisive influence on the assets, financial and earnings situation of YOUNIQ Group with the exception of the matters outlined in the summary management report (section 3 – Report on events after the balance sheet date).

9.10. CONSOLIDATED FINANCIAL STATEMENT

YOUNIQ Group is included in the consolidated financial statement of the highest level parent company CORESTATE German Residential Limited, St. Peter Port, Guernsey as of 31st December 2013 which has to be prepared in accordance with the legal provisions of Guernsey (Great Britain). Said consolidated financial statement is prepared according to the International Financial Reporting Standards and published in Luxembourg.

9.11. PUBLICATION

The annual financial statement of YOUNIQ AG as of 31st December 2013, which was audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, and the consolidated financial statement of YOUNIQ AG as of 31st December 2013 are published in the German Electronic Federal Gazette.

9.12. DECLARATION ACCORDING TO ART. 161 AKTG

YOUNIQ AG is the only German listed company included in the consolidated financial statement. YOUNIQ AG has issued the declarations required according to Art. 161 of the German Companies Act and made these accessible to its shareholders.

In August 2013, the Management Board and the Supervisory Board of YOUNIQ AG jointly issued the declaration of compliance according to Art. 161 AktG regarding the recommendations by the German Corporate Governance Codex in the respectively valid version, which will probably be re-issued in March 2014. The form and contents of the declarations of compliance are permanently accessible by the shareholders on the Company's website (www.youniq-group.de).

Frankfurt / Main, 25th March 2014

Marcus Schmitz
(Management Board)

SEGMENT INFORMATION

FOR THE FINANCIAL YEAR 2013 „ANNEX 1 TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT““

in kEUR	Year	Renting and Trading Real Estate (discontinued operations)	Project Development (discontinued operations)
Net Operating Income (NOI)	2013	(29)	(397)
of which rental income	*2013*	*1,618*	*1*
	2012	(131)	(1,127)
	2012	*3,483*	*3*
Profit / (loss) from the sale of real estate assets	2013	(2,617)	(1,072)
of which revenue from the sale of real estate assets	*2013*	*18,991*	*240*
	2012	(1,427)	(14)
	2012	*23,885*	*806*
Profit / (loss) from construction contracts	2013	–	(370)
of which revenue from construction contracts	*2013*	–	-
	2012	–	(790)
	2012	–	*510*
Profit / (loss) from changes in valuation of investment property	2013	(2,963)	(0)
	2012	2,442	-
Personnel and administrative expenses	2013	(6)	(55)
	2012	50	0
General selling and marketing expenses	2013	(87)	(15)
	2012	(99)	(30)
Depreciation, amortisation and write-downs	2013	(2,041)	(1,124)
	2012	(307)	(113)
EBIT	2013	(7,742)	(3,034)
	2012	528	(2,074)
FIncome tax	2013	(1,966)	(76)
of which interest income	*2013*	*4*	*1*
of which interest expenses	*2013*	*(721)*	*(0)*
	2012	(3,497)	(153)
	2012	*52*	*27*
	2012	*(1,506)*	*(64)*

YOUNIQ – Student Housing	Services	Consolidation and rounding	Total
1,284	(1,552)	452	(242)
4,371	*3,839*	*(1,619)*	*8,210*
842	(53)	1,253	783
2,926	*2,416*	*(3,487)*	*5,342*
(5,849)	(105)	3,742	(5,900)
17,525	*814*	*(19,231)*	*18,340*
(1,683)	(61)	1,441	(1,744)
414	*(8)*	*(24,691)*	*406*
-	–	370	-
-	–	-	-
(107)	–	790	(107)
1,004	–	*(510)*	*1,004*
(16,578)	(343)	2,963	(16,920)
6,678	34	(2,442)	6,711
(1,078)	(5,333)	2,077	(4,394)
(279)	(5,177)	950	(4,455)
(100)	(181)	102	(281)
(29)	(431)	129	(460)
(1,687)	(167)	3,165	(1,854)
(39)	(152)	421	(191)
(24,008)	(7,679)	12,871	(29,592)
5,384	(5,840)	2,541	539
(4,222)	2,308	1,404	(2,552)
2	*21*	*(4)*	*23*
(1,452)	*(152)*	*721*	*(1,604)*
(3,577)	2,193	3,002	(2,032)
9	*127*	*(79)*	*136*
(871)	*(387)*	*1,570*	*(1,258)*

Continued on next page

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in kEUR	Year	**Renting and Trading Real Estate** (discontinued operations)	**Project Development** (discontinued operations)
EBT	2013	(9,708)	(3,110)
	2012	(2,969)	(2,227)
Income tax	2013	610	216
	2012	(753)	169
Consolidated net profit/(loss) for the period (overall)	2013	(9,098)	(2,894)
of which continued segments	*2013*	-	-
of which discontinued segments	*2013*	*(9,098)*	*(2,894)*
	2012	(3,722)	(2,059)
	2012	-	-
	2012	*(3,722)*	*(2,059)*
Real estate assets (IAS 40/IFRS 5, IAS 2, IAS 11)	31/12/2013	6,935	506
	31/12/2012	33,346	291
Other segment assets	31/12/2013	2,581	710
	31/12/2012	3,376	2,225
Financial liabilities	31/12/2013	5,104	-
	31/12/2012	17,621	-
Group financing	31/12/2013	192	(876)
	31/12/2012	12,552	1,236
Other segment liabilities	31/12/2013	1,580	2,006
	31/12/2012	3,208	1,085
Segment investments	2013	-	–
	2012	15	–

YOUNIQ – Student Housing	Services	Consolidation and rounding	Total
(28,230)	(5,371)	14,275	(32,143)
1,807	(3,647)	5,543	(1,493)
(592)	(7,897)	(949)	(8,612)
2,240	(1,680)	1,571	1,547
(28,821)	(13,268)	-	(54,082)
(28,821)	*(13,268)*	*1,334*	*(40,755)*
-	-	*(1,334)*	*(13,326)*
4,047	(5,327)	-	(7,061)
4,047	*(3,345)*	*(648)*	*54*
-	*(1,982)*	*648*	*(7,114)*
100,298	137	-	107,876
96,839	1,282	-	131,758
13,681	2,092	(1,487)	17,577
7,887	13,614	(1,287)	25,815
74,926	2,569	-	82,599
43,894	4,664	-	66,179
18,845	(18,161)	-	-
29,730	(43,519)	-	0
9,881	3,676	(1,487)	15,656
6,114	1,115	(1,287)	10,235
35,792	196	–	35,988
34,757	279	–	35,050

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FROM 1ST JANUARY TO 31ST DECEMBER 2013 „ANNEX 2 TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT“

in kEUR	Group 1/1/-31/12/2013	Discontinued segments 1/1/-31/12/2013	Continued segments 1/1/-31/12/2013
Consolidated Profit and Loss Account for the Period from 1st January to 31st December 2013			
Rental income	9,829	1,619	8,210
Revenue from on-charging of ancillary expenses	540	546	(7)
Rental expenses	(4,839)	(37)	(4,803)
Property-related operating expenses	(5,515)	(2,182)	(3,334)
Other property-related income and expenses	93	31	62
Net Operating Income (NOI) before expensed capital expenditures and write-downs	**107**	**(22)**	**129**
Expensed capital expenditures	(35)	-	(35)
Rent-receivables write-downs/write-ups	(765)	(430)	(335)
Net Operating Income (NOI) after expensed capital expenditures and write-downs	**(693)**	**(452)**	**(242)**
Revenue from the sale of real estate assets	37,571	19,231	18,340
Cost of sales	(8,563)	(2,911)	(5,653)
Book value of real estate assets sold	(38,642)	(20,063)	(18,579)
Costs of acquisition and costs from corporate mergers	(8)	-	(8)
Income/(expenses) from the purchase and/or sale of real estate companies	-	-	-
Profit/(loss) from the sale of real estate assets	**(9,643)**	**(3,742)**	**(5,900)**
Revenues from construction contracts	-	-	-
Expenses for construction contracts	(370)	(370)	-
Profit/(loss) from construction contracts	**(370)**	**(370)**	**-**
Profit/(loss) from changes in valuation of investment property	**(19,883)**	**(2,963)**	**(16,920)**
Personnel and administrative expenses	(6,471)	(2,077)	(4,394)
General selling and marketing expenses	(383)	(102)	(281)
Depreciation, amortisation and write-downs	(5,019)	(3,165)	(1,854)
Earnings before Interest and Taxes (EBIT)	**(42,463)**	**(12,871)**	**(29,592)**

in kEUR	Group 1/1/-31/12/2013	Discontinued segments 1/1/-31/12/2013	Continued segments 1/1/-31/12/2013
Interest income	28	4	23
Interest expenses	(2,325)	(721)	(1,604)
Other financial income/(financial expenses)	(1,658)	(687)	(971)
Financial result	**(3,956)**	**(1,404)**	**(2,552)**
Earnings before Tax (EBT)	**(46,419)**	**(14,275)**	**(32,143)**
Income tax	(7,663)	949	(8,612)
Consolidated net profit/(loss) for the period	**(54,082)**	**(13,326)**	**(40,755)**
of which attributable to Group shareholders	(54,038)	(13,323)	(40,715)
of which attributable to non-controlling interests	(44)	(3)	(41)
Average number of shares outstanding during the period	10,400,000	10,400,000	10,400,000
Result per share (undiluted)	**EUR -5.20**	**EUR -1.28**	**EUR -3.92**
Comprehensive income reconciliation for the period from 1 January to 31 March 2013 (in kEUR)			
Consolidated net profit/(loss) for the period	**(54,082)**	**(13,326)**	**(40,755)**
Other comprehensive income			
Change in revaluation reserve of property, plant and equipment	137	-	137
Effective part of the profits/losses from cash flow hedging relationships	-	-	-
Income tax applicable to the components of the "Other comprehensive income"	(44)	-	(44)
Other comprehensive income for the period	**93**	**-**	**93**
Consolidated comprehensive income	**(53,988)**	**(13,326)**	**(40,662)**
of which attributable to Group shareholders	(53,936)	(13,316)	(40,619)
of which attributable to non-controlling interests	(53)	(10)	(43)

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FROM 1ST JANUARY TO 31ST DECEMBER 2012 „ANNEX 2 TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT“

in kEUR	Group 1/1/-31/12/2012	Discontinued segments 1/1/-31/12/2012	Continued segments 1/1/-31/12/2012
Consolidated Profit and Loss Account for the Period from 1st January to 31st December 2012			
Rental income	8,829	3,487	5,342
Revenue from on-charging of ancillary expenses	1,740	1,295	445
Rental expenses	(2,358)	(26)	(2,332)
Property-related operating expenses	(6,020)	(3,666)	(2,889)
Other property-related income and expenses	538	6	532
Net Operating Income (NOI) before expensed capital expenditures and write-downs	**2,728**	**1,096**	**1,097**
Expensed capital expenditures	(1,302)	(1,025)	(277)
Rent-receivables write-downs/write-ups	(1,360)	(1,323)	(37)
Net Operating Income (NOI) after expensed capital expenditures and write-downs	**66**	**(1,253)**	**783**
Revenue from the sale of real estate assets	25,097	24,691	406
Cost of sales	(1,951)	(1,875)	(76)
Book value of real estate assets sold	(24,665)	(24,257)	(408)
Costs of acquisition and costs from corporate mergers	(102)	-	(102)
Income/(expenses) from the purchase and/or sale of real estate companies	(1,565)	-	(1,565)
Profit/(loss) from the sale of real estate assets	**(3,185)**	**(1,441)**	**(1,744)**
Revenues from construction contracts	1,513	510	1,004
Expenses for construction contracts	(2,410)	(1,299)	(1,111)
Profit/(loss) from construction contracts	**(897)**	**(790)**	**(107)**
Profit/(loss) from changes in valuation of investment property	**9,154**	**2,442**	**6,711**
Personnel and administrative expenses	(5,405)	(950)	(4,455)
General selling and marketing expenses	(589)	(129)	(460)
Depreciation, amortisation and write-downs	(611)	(421)	(191)
Earnings before Interest and Taxes (EBIT)	**(1,467)**	**(2,541)**	**539**

in kEUR	Group 1/1/-31/12/2012	Discontinued segments 1/1/-31/12/2012	Continued segments 1/1/-31/12/2012
Interest income	215	79	136
Interest expenses	(3,363)	(1,570)	(1,258)
Other financial income/(financial expenses)	(2,421)	(1,511)	(910)
Financial result	**(5,569)**	**(3,002)**	**(2,032)**
Earnings before Tax (EBT)	**(7,036)**	**(5,543)**	**(1,493)**
Income tax	(24)	(1,571)	1,547
Consolidated net profit/(loss) for the period	**(7,061)**	**(7,114)**	**54**
of which attributable to Group shareholders	(7,096)	(7,115)	19
of which attributable to non-controlling interests	36	1	35
Average number of shares outstanding during the period	10,400,000	10,400,000	10,400,000
Result per share (undiluted)	**EUR -0.68**	**EUR -0.68**	**EUR 0.00**
Comprehensive income reconciliation for the period from 1 January to 31 March 2012			
Consolidated net profit/(loss) for the period	**(7,061)**	**(7,114)**	**54**
Other comprehensive income			
Change in revaluation reserve of property, plant and equipment	98	-	98
Effective part of the profits/losses from cash flow hedging relationships	733	567	166
Income tax applicable to the components of the "Other comprehensive income"	(263)	(210)	(53)
Other comprehensive income for the period	**569**	**358**	**212**
Consolidated comprehensive income	**(6,491)**	**(6,757)**	**265**
of which attributable to Group shareholders	(6,526)	(6,757)	231
of which attributable to non-controlling interests	35	1	34

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INFORMATION ON THE DETERMINATION OF THE FAIR VALUE OF INVESTMENT PROPERTIES

„ANNEX 3 TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT“

Real estate appraisal:

Real estate asset class	Value (in kEUR)	Appraisal method
Student apartments in Frankfurt am Main (Riedberg I)		DCF (as in previous year)
Book value (fair value) as of 1st January 2013	**18,300**	
Additions from acquisition	-	
Additions from subsequent costs of acquisition	404	
Disposals (from sales)	-	
Transfers to other real estate asset classes	-	
Transfers to other appraisal hierarchies	-	
Disposals	-	
Net profits (losses) from fair value appraisal	(504)	
Book value (Fair value) as of 31st December 2013	**18,200**	
Student apartments in Mainz, Wallstraße 31-37		DCF (previous year: residual value)
Book value (fair value) as of 1st January 2013	15,700	
Additions from acquisition	-	
Additions from subsequent costs of acquisition	11,963	
Disposals (from sales)	-	
Transfers to other real estate asset classes	-	
Transfers to other appraisal hierarchies	-	
Disposals	-	
Net profits (losses) from fair value appraisal	(3,763)	
Book value (Fair value) as of 31st December 2013	23,900	

Appraisal parameter:		Additional information:	
Type of parameter	Bandwidth 2013 (weighted average)	Type of information	Bandwidth 2013 (weighted average)
Market rent for apartments p.m. (EUR/sqm)	17.50	Appraisal hierarchy	Level 3
Market rent parking place p.m. (EUR per parking space)	60.00	Segment:	YOUNIQ – Student Housing
Rate of rent increase p.a. (in %)	2.00 %		
Vacancy rate, current (in %)	9.54 %	Year of construction of building	2012
Vacancy rate, long-term (in %)	2.10 %	Plot area, total (in sqm)	5,329.0
Discount rate (in %)	5.75 %	Floor space, total (in sqm)	5,160.0
Cap rate (in %)	5.13 %	Number of apartments	232
Costs of sale (in %)	6.20 %	Number of parking spaces	78
Developer margin (in % of sales price)	n/a	Degree of completion	100.00 %

Market rent for apartments p.m. (EUR/sqm)	17.00	Appraisal hierarchy	Level 3
Market rent parking place p.m. (EUR per parking space)	45.00	Segment:	YOUNIQ – Student Housing
Rate of rent increase p.a. (in %)	2.00 %		
Vacancy rate, current (in %)	70.26 %	Year of construction of building	2013
Vacancy rate, long-term (in %)	2.10 %	Plot area, total (in sqm)	7,727.0
Discount rate (in %)	5.75 %	Floor space, total (in sqm)	7,689.0
Cap rate (in %)	5.00 %	Number of apartments	392
Costs of sale (in %)	6.20 %	Number of parking spaces	132
Developer margin (in % of sales price)	n/a	Degree of completion	99.00 %

Continued on next page

YOUNIQ AKTIENGESELLSCHAFT

INFORMATION ON THE DETERMINATION OF THE FAIR VALUE OF INVESTMENT PROPERTIES

„ANNEX 3 TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT“

Real estate appraisal

Real estate asset class	Value (in kEUR)	Appraisal method
Student apartments in Potsdam, Jochen-Klepper Str.		DCF (prev. year: residual value)
Book value (fair value) as of 1st January 2013	**14,700**	
Additions from acquisition	-	
Additions from subsequent costs of acquisition	9,109	
Disposals (from sales)	-	
Transfers to other real estate asset classes	-	
Transfers to other appraisal hierarchies	-	
Disposals	-	
Net profits (losses) from fair value appraisal	(3,109)	
Book value (Fair value) as of 31st December 2013	**20,700**	
Student apartments in Bayreuth, Bismarckstraße 45		Residual value method (DCF) (as in prev. year)
Book value (fair value) as of 1st January 2013	5,200	
Additions from acquisition	-	
Additions from subsequent costs of acquisition	8,080	
Disposals (from sales)	-	
Transfers to other real estate asset classes	-	
Transfers to other appraisal hierarchies	-	
Disposals	-	
Net profits (losses) from fair value appraisal	(3,080)	
Book value (Fair value) as of 31st December 2013	10,200	

Appraisal parameter: Type of parameter	Bandwidth 2013 (weighted average)	Additional information: Type of information	Bandwidth 2013 (weighted average)
Market rent for apartments p.m. (EUR/sqm)	15.00	Appraisal hierarchy	Level 3
Market rent parking place p.m. (EUR per parking space)	20.00	Segment:	YOUNIQ – Student Housing
Rate of rent increase p.a. (in %)	2.00 %		
Vacancy rate, current (in %)	86.58 %	Year of construction of building	2013
Vacancy rate, long-term (in %)	2.10 %	Plot area, total (in sqm)	8,994.0
Discount rate (in %)	4.88	Floor space, total (in sqm)	8,084.0
Cap rate (in %)	5.00 %	Number of apartments	387
Costs of sale (in %)	6.20 %	Number of parking spaces	27
Developer margin (in % of sales price)	n/a	Degree of completion	99.00 %
Market rent for apartments p.m. (EUR/sqm)	12.50	Appraisal hierarchy	Level 3
Market rent parking place p.m. (EUR per parking space)	50.00	Segment:	YOUNIQ – Student Housing
Rate of rent increase p.a. (in %)	2.00 %		
Vacancy rate, current (in %)	n/a	Year of construction of building	2014
Vacancy rate, long-term (in %)	n/a	Plot area, total (in sqm)	5,764.0
Discount rate (in %)	15.24	Floor space, total (in sqm)	5,208.0
Cap rate (in %)	5.38 %	Number of apartments	236
Costs of sale (in %)	5.48 %	Number of parking spaces	80
Developer margin (in % of sales price)	1.10 %	Degree of completion	85.00 %

AUDITOR'S REPORT

"We have audited the consolidated financial statements prepared by the YOUNIQ AG, comprising the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements, and the combined management report on the situation of the Company and of the Group for the financial year from 1st January to 31st December 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Art. 315a Paragraph 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch, "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit so that

misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with a reasonable degree of assurance. Knowledge of the business activities and the economic and legal environment

of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The

audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report for both the Group and the parent company. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Art. 315a Paragraph 1 HGB and give a true and fair view of the net assets, financial and profit position of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying this assessment, we refer to the remarks contained in the combined management report. There, in the sections 4.1 “Outlook“, 4.2.1./II/a “Risks to the company as o going concern” and 4.2.1/III “Overall statement on the risk situation“, it is commented that, in the instance of a shortfall in additions to equity, the parent company‘s liquidity can be maintained only through significant cost-reduction measures and the rapid disposal of student halls of residence, in order to thereby offset shortfalls in liquidity arising from negative cash flow, the repayment of the kEUR 5,000 bearer bond that falls due in December 2014, and a breach of covenants with the Liechtensteinische Landesbank (non-compliance with requisite NAV) in the instance that the outstanding loan amount of kEUR 2,500 falls due. As a consequence, the continuation of the operating activities of the parent company, and consequently of the Group, depends on whether, due to a lack of raising of additional equity, liquidity bottlenecks can be offset by significant cost-reductions and rapid disposals of student halls of residence.“

Berlin, 25 March 2014

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Wehner
Auditor

Werling
Auditor

RESPONSIBILITY STATEMENT

The Management Board of YOUNIQ AG is responsible for the preparation, completeness and correctness of the consolidated financial statement and the consolidated management report, as well as for the other information provided in the management report.

The consolidated financial statement was prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the supplementary provisions under German commercial law to be applied according to Art. 315 a Paragraph 1 HGB [German Commercial Code].

The consolidated management report comprises an analysis of the assets, financial and profit situation of the group, as well as further explanations which have to be provided according to the provisions of the German Commercial Code (Art. 315 HGB).

An effective internal control system has been put in place in order to safeguard the completeness and reliability of the data used for the preparation of the consolidated financial statement and for internal reporting. This system comprises uniform guidelines regarding accounting and risk management in accordance with the German Law on Control and Transparency in Companies (KonTraG) applicable throughout the Group and an integrated internal auditing concept as an element of value-oriented management. This enables the Management Board to detect fundamental risks early on and to initiate countermeasures which might be required.

The declaration according to Art. 37y Figure 1 WpHG [German Securities Trading Act] in conjunction with Art. 297 Paragraph 2 Sentence 4 and Art. 315 Paragraph 1 Sentence 6 HGB [German Commercial Code] has the following wording:

“We assure to the best of our knowledge that the consolidated financial statement conveys an impression of the assets, financial and profit situation of the Group which is in line with the actual situation in accordance with the accounting principles to be applied, and that the course of business, including the results of the business activities and the situation of the Group are presented in the consolidated management report in such a manner that an impression corresponding to the actual situation is conveyed and that the essential opportunities and risks inherent in the probable development of the Group are described.“

Frankfurt am Main, 25th March 2014

Marcus Schmitz
Management Board of YOUNIQ AG

IMPRINT

The annual report of YOUNIQ AG contains statements referring to the future which are based on current assumptions and evaluations. These statements should not be considered a guarantee that these events will materialise.

This annual report is also available in German. In case of doubt, the German annual report shall prevail.

An on-line version of the annual report is available on the internet site of the Company (www.youniq-group.de).

PUBLISHED BY

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LAYOUT AND SETTING

cometis AG

PHOTOGRAPHY AND ILLUSTRATIONS

15TH MAY 2014	QUARTERLY FINANCIAL REPORT AS OF 31 MARCH 2014
14TH JULY 2014	ANNUAL GENERAL MEETING
28TH AUGUST 2014	INTERIM FINANCIAL REPORT AS OF 30 JUNE 2014
17TH NOVEMBER 2014	QUARTERLY FINANCIAL REPORT AS OF 30TH SEPTEMBER 2014

FINANCIALCALENDAR